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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. Tian Jiong

### Independent Non-Executive Directors

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

## COMPANY SECRETARY

Mr. Deng Ren Yu

## AUDITOR

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

## LEGAL ADVISER

Loong & Yeung

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## REGISTERED OFFICE

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

## CORPORATE INFORMATION

### HEADQUARTERS IN THE PRC

No. 1 Xiangheyuan Road  
Dongcheng District  
Beijing  
PRC 100028

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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  
E-mail: modernland@wsfg.hk

### PRINCIPAL BANKERS

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

### STOCK CODE

1107

### COMPANY WEBSITE

[www.modernland.hk](http://www.modernland.hk)

## COMPANY PROFILE



### OVERVIEW

Modern Land (China) Co., Limited (hereinafter referred to as the “Company” or “Modern Land”, together with its subsidiaries as the “Group”) was established in 2000 in Beijing and is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) from 12 July 2013 with Class 1 qualification in real estate development in the People’s Republic of China (the “PRC” or “China”). The Company was rated as one of “Top 100 China Real Estate Enterprises” (中國房地產百強企業) for six consecutive years. The Company has always been adhering to the development concept of “Health Buildings, Green Homeland Community and Beautifying Cities”, sticking to the development philosophy of “Natural Simplicity, Harmonious Health, Simple Focus, and Endless Vitality” and focusing on the theme of “Action of Loving My Homeland” to bring customers the sincere and real life experience and bring positive economic and social benefits to the shareholders of the Company (the “Shareholders”) and the entire society. The Company pours itself to a homeland of “Green Technology + Comfort & Energy-saving + Digital Interconnecting Whole-life Cycle Communities”, successfully establishing “MOMA” (i.e. The Museum of Modern Architecture, meaning new architecture of science and art) as the iconic brand of green technology real estate operators in China. MOMA consists of four text graphics “M” “O” “M” “A”. Two “M” symbolise our home, “O” represents the origin of the universe and “A” stands for human. The left and right half of the pattern symbolise architecture and life respectively.

## COMPANY PROFILE

### INSISTING ON THE CORE COMPETITIVENESS OF GREEN TECHNOLOGY

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

### STRENGTHENING STANDARD PRODUCT CAPABILITY

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



## COMPANY PROFILE

### BUILDING STRONG BRAND-NAME INFLUENCE

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

The Company has continued to expand its brand influence in the industry. In terms of industry brands, the Company was awarded as "2020 Top 100 China Listed Real Estate Companies (2020中國房地產上市公司百強)" and "2020 Top 5 China Listed Real Estate Companies in Innovation (2020中國房地產上市公司創新能力5強)" by China Real Estate Association, and was "2020 Top 10 China Real Estate Enterprises in Stability (2020中國房地產企業穩健性TOP10)" and accredited as "2020 Top 100 China Real Estate Enterprises with TOP 10 Financing Capability (2020中國房地產百強企業 — 融資能力TOP10)", "2020 China Real Estate Company with Outstanding Productivity (2020中國房地產產品力優秀企業)" and "2020 China Specialized Real Estate Company with Excellence in Operation — Green Technology Real Estate (2020中國特色地產運營優秀企業 — 綠色科技地產)" by China Index Academy.

The Company has put more efforts in social responsibility. The Company was elected as "Grade AAA Joint Construction Unit for Credit Construction in China (中國誠信建設AAA共建單位)". In addition to focusing on its own green technology-based MOMA construction projects, Modern Land is also committed to working with industry partners and institutions to promote green businesses. In 2015, Modern Land became an enterprise with the largest number of green residences by cooperating with China Habitat and Environment Committee (中國人居環境委員會) of China Real Estate Association to promote the national project layout and industry standards for green residences. In 2019, Fūzhou Modern City MOMA, Shaanxi Modern Jiabao Park YUE MOMA, Beijing Modern Xishan Shang Pin Wan MOMA, Modern Shishou Xian Yang Fu MOMA, Modern Huzhou Shang Pin Wan MOMA, Zhangjiakou Yuanzhu MOMA, Xiaogan Modern Shi Guang Li MOMA and Heze Modern City MOMA were awarded the title of "Green Residences".

The Company is the first enterprise in China which focuses on the exploration of green and healthy buildings. For 20 years, the Company has specialized in green technology real estate, established differentiated core competitiveness and continued its improvement and upgrades from original greening, self-greening, dark greening to full life cycle greening. The Company is engaged in the research and development as well as implementation of green building, healthy building, active architecture, hundred year residence, passive house, green residence, zero energy consumption building and positive energy building.

## COMPANY PROFILE

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

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



# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of the Company, I am pleased to present the business review of the Group for the six months ended 30 June 2020 (the “**Period**”) and its prospects.

## SALES RESULTS

For the six months ended 30 June 2020, the Company achieved contracted sales of approximately RMB14.21 billion, of which approximately RMB13.91 billion was from properties and approximately RMB0.29 billion was from car parking spaces. Area of properties under contracted sales was approximately 1,360,574 square metres (“**sq.m.**”) and the average selling price (“**ASP**”) per sq.m. was approximately RMB10,226.

## REVIEW ON THE FIRST HALF OF 2020

### Precisely feeling the pulse of the real estate market to achieve steady development in results performance

Since the beginning of 2020, the world has come under the blight of the ever-evolving novel coronavirus (COVID-19) pandemic which caused significant impact on the domestic and foreign economies. The confirmation of “Six Stable (六穩)” and “Six Guarantees (六保)” as the fundamental policies has exerted immense pressure on annual growth. The tightening financial environment amid stability has highlighted the liquidity spirals. Adhering to the principle of “houses are for living but not for speculation (房住不炒)”, the real estate industry has entered the era of “Three New (三新)”, namely, New Market (from creating new market space to both exploring new market and developing the existing market), New Value (return of productivism and customer value) and New Mode (from scramble for stakes to exquisite operation), and will confront with the cumulative effects of market stratification, demand growth and risk escalation in the near future. Facing the new industry development environment and uncertain market situation, the Company adhered to the established development strategy, improved the process and operation system, modified the investment layout and supply rhythm, adopted innovative marketing strategy, enhanced the product and service ecology and avoided uncertain risks, thus achieving steady development in results performance.

### Adhering to the region-oriented strategies to realise steady expansion of resource reserves

In the first half of 2020, the Company adhered to its investment layout principles of exploring the core metropolitan area and focusing on major first-tier and second-tier cities. Through precise analysis and scientific investment, the Company has successfully obtained 8 new projects in Chongqing, Changsha, Xi'an and other cities, with an increased gross floor area (“**GFA**”) of 1,205,451 sq.m. and an additional value of approximately RMB10.94 billion. Among which, 7 projects are located in cities we already have a presence, and the exploration initiative in the above-mentioned premium cities and regions will be continued. Moreover, the Company will constantly leverage its own advantages as a green and healthy technology brand to further expand the real estate agency service business. Take the entrusted construction business as an example, there were 9 new projects with a contract value of RMB0.39 billion and a contracted GFA of 2,200,000 sq.m. in the first half of 2020, witnessing the continuous improvement of service quality and satisfaction.

# CHAIRMAN'S STATEMENT

## **Maintaining a solid capital structure to ensure adequate provision of capital**

Sustainable development is our constant pursuit. In the face of a stable yet changing financing environment, the Company adhered to a prudent financial strategy and actively integrated its value chain resources to maintain a solid capital structure by continuously adjusting the financing strategies and selecting the optimal financing methods. In the first half of 2020, the Company has received extensive recognition from a wide range of investors with positive ratings on its development prospect due to its sound and effective operation. The Company continued to enlarge its credit facilities, the balance of credit facilities as at 30 June 2020 was RMB109.9 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 support through the issuance of offshore green bonds with an amount of US\$350 million in the first half of 2020. Facilitated by the synergy of the domestic and foreign capital markets, the Company has ample access to various financing channels which is beneficial to the quality of financing.

## **Focusing on green and healthy technology product to extend the brand influence**

Subsequent to the outbreak of the pandemic, green, health, safety and comfort have become the new rigid demand of the market as well as the new evolution direction of the industry. The Company has constantly strengthened its differentiated advantages in the field of green and healthy technology, and continued to refine its technology, products and services. The Company was awarded 5 new patents in the first half of 2020, accumulating various core green technology patents, which enable our green and healthy products to reach different levels of customers. At the same time, the Company has obtained a total of 8 green certifications. The Company will continue to sharpen its edge in green and healthy construction.

## **OUTLOOK FOR THE SECOND HALF OF 2020**

### **The normalisation of epidemic prevention will become a new basic fact in the second half of 2020**

As the first industry bearing the brunt of the epidemic, real estate enterprises should make all-round coping strategies in the aspects of operation mode, management logic, value chain and industrial elements. We must examine and adapt to this trend with a long-term and development perspective. The Company will proceed to achieve its 2020 strategic business targets from the following four aspects.

### **Adhering to the strategy of green and healthy development to enhance the differentiated core competitiveness**

The Company will continue to adhere to the green and healthy development strategy, constantly evolve the top 15 technology systems, and continuously iterate the application ecology of all scenarios. By further catering to the core demands of customers in the new era and new generation on the basis of the four standardised product lines and green and healthy complex community, the Company will strive to innovate and make breakthroughs in the dimensions of building technology system, living space combination, energy operation plan, community service ecology and field industry connection, in order to achieve rapid product layout, gradual improvement in quality and effective cost control, empowering enterprises to go beyond the cycle and advance their market position.

## CHAIRMAN'S STATEMENT

### **Focusing on city-oriented strategy to precisely invest in quality projects**

Adhering to its existing city and region-oriented strategies and strategic investment layout named “5+15+M”, the Company will continue to work on five major megalopolises, namely Jing-Jin-Ji region, Yangtze River Delta region, Guangdong-Hong Kong-Macao Greater Bay Area, Middle Yangtze River Valley region and Cheng-Yu region with particular focus on several provincial capitals or core first-tier and second-tier cities such as Hangzhou, Chongqing, Xi'an, Nanchang and Zhengzhou. Apart from that, the Company keeps abreast of the dynamics of third-tier and fourth-tier cities and capitalizes on the opportunities there that meet its investment criteria, and particularly, secures projects that can materialize large premium, high turnover with fast cash recovery. When it comes to resources acquisition, the Company aims to optimize the utilization of resources and maximize the value of projects so as to facilitate its strategic layout and safeguard its resource backup, by developing locally customized plans, making good use of resources and integrating various strategies such as synergy of different industries, merger and acquisition, tender, auction and listing, projects focusing on minority interests and entrusted construction system.

### **Adopting dual-pronged approach in investment and financing to strengthen the synergic effect arising from industrial chain cooperation**

The Company sees the integration of investment and financing as its long-term strategic goal. During the second half of 2020, the Company will carry out precise analysis on condition for financing policies and follow three approaches as below so as to actively identify opportunities, become more compliant and innovative and cooperate with other counterparts. First, the Company will rationalize its financing channels to fill in its nine cash pools by creating more new and diversified financing means and communicating with various financing partners. Second, the Company will avert its exposure to capital risk by striking a balance among different regional companies, cities and projects with reasonable and scientific allocation and deployment of capital in terms of space and time. Third, the Company should be more cooperative with its counterparts, enhance its corporate creditworthiness and financing capability, as well as engage in co-financing with enterprises along the industrial chain in order to enjoy better mutual support and synergy effect.

### **Enhancing brand building and consolidating its operation of whole-life cycle industrialized communities**

The Company will continue to strive to be a leading operator of “Green Technology + Comfort and Energy-saving + Digital Interconnecting” whole-life cycle industrialized communities in China. Experienced in its core business, excelling in innovation and skillful in service providing, the Company strives to develop whole-life cycle of its construction projects, its customer services and corporate management with green and healthy competitive technologies, futuristic smart AI as well as data-based digital technology, respectively. Moreover, the Company will continue to create a social environment of “MOMA Homeland 4+1” with green residential area and the communities of AI technology, health, wholeage and humanities and art to provide all-round, full-cycle and full-ecological services for children, youth, adults, the middle-aged, and the elderly, aiming at realizing the dream of a better life and enhancing the brand value of the Company.

## CHAIRMAN'S STATEMENT

Looking forward, the Company will continue to adhere to its strategic direction in the second half of 2020. Through careful assessment of the situation, the Company will establish its layout and focus on technological innovative products so as to open up a win-win ecosystem and achieve steady growth in the new era, new logic and new cycle of the real estate industry.

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*

17 August 2020

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

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

### Sale of Properties

During the Period, the Group's revenue from sale of properties amounted to approximately RMB8,576.9 million, representing an increase of approximately 26.3% as compared to the corresponding period in 2019. The Group delivered 668,144 sq.m. of properties in terms of total GFA and 1,434 units of car parking spaces during the Period. Delivered ASP for properties was RMB12,454 per sq.m. and that for car parking spaces was RMB178,411 per unit for the six months ended 30 June 2020.

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

Project name	Six months ended 30 June					
	2020			2019		
	Revenue RMB'000	Total GFA or car parking space sq.m. or unit	ASP RMB/sq.m. or unit	Revenue RMB'000	Total GFA or car parking space sq.m. or unit	ASP RMB/sq.m. or unit
Hanyang Modern Wan Guo Cheng (Wuhan)	–	–	–	1,188,307	82,353	14,429
Huzhou Shang Pin Wan MOMA	69,768	6,377	10,941	–	–	–
Man Tang Yue MOMA (Huizhou)	–	–	–	82,433	8,178	10,079
Man Ting Chun Modern City MOMA (Xiantao)	6,892	1,327	5,194	6,694	1,318	5,081
Man Ting Chun MOMA (Xiantao)	9,279	1,057	8,779	602,694	121,979	4,941
Man Ting Chun MOMA (Zhangjiakou)	10,657	2,070	5,148	3,183	482	6,609
Modern Hong Shan Fu (Fujian)	65,111	12,320	5,285	–	–	–
Modern Jiaxing Man Tang Yue MOMA	286,036	25,824	11,076	–	–	–
Modern Jinjiang Wan Guo Cheng MOMA (Fujian)	2,914,424	269,750	10,804	1,045,860	111,136	9,411
Modern Jinzhong Shang Pin Xue Fu (Shanxi)	4,995	628	7,954	23,340	2,757	8,467
Modern MOMA City of Future (Guizhou)	22,089	2,921	7,562	–	–	–
Modern MOMA Plaza (Taiyuan)	124,078	12,041	10,305	49,145	4,723	10,405
Modern MOMA Yan Hu Cheng (Taiyuan)	2,345	264	8,883	67,425	7,140	9,443
Modern Shang Pin Wan MOMA (Foshan)	15,242	1,006	15,151	231,102	14,461	15,981
Modern Shang Pin Xue Fu (Huzhou)	456,424	49,948	9,138	9,274	1,205	7,693

# MANAGEMENT DISCUSSION AND ANALYSIS

Six months ended 30 June

Project name	2020			2019		
	Total GFA or car parking			Total GFA or car parking		
	Revenue	space	ASP	Revenue	space	ASP
	RMB'000	sq.m. or unit	RMB/sq.m. or unit	RMB'000	sq.m. or unit	RMB/sq.m. or unit
Modern Su Zhou Fu MOMA	38,129	950	40,136	–	–	–
Modern Wan Guo Fu (Hefei)	1,607,203	75,860	21,186	1,277,202	57,253	22,308
Modern Wan Guo Fu MOMA (Foshan)	1,388,955	60,468	22,970	256,332	10,573	24,244
Modern Wan Guo Fu MOMA (Nanjing)	–	–	–	143,622	3,676	39,071
Modern Zhongrui Wan Guo Fu (Wuhan)	1,227	47	26,106	48,631	1,611	30,192
Modern Zhuzhou Shang Pin Wan MOMA (Hunan)	469,316	53,575	8,760	41,165	5,254	7,836
Shao Quan Hu City of Future (Heifei)	–	–	–	1,083,996	121,020	8,957
Wuqing Modern Shi Guang Li (Tianjin)	–	–	–	475,887	40,104	11,866
Wuxi Chun Feng Hu Shang MOMA (Wuxi)	63,823	5,818	10,970	(867)	(81)	10,685
Yangluo Man Ting Chun MOMA (Wuhan)	619,510	79,924	7,751	32,707	4,602	7,107
Others	145,550	5,969	24,384	61,468	7,624	8,062
Subtotal	8,321,053	668,144	12,454	6,729,600	607,368	11,080
Car parking spaces	255,841	1,434 units	178,411/unit	63,099	611 units	103,272/unit
Total	8,576,894			6,792,699		

## Contracted Sales

During the Period, the Group, its joint ventures and associates achieved contracted sales of approximately RMB14,206.2 million, representing a decrease of approximately 14.8% as compared to the corresponding period in 2019. The Group, its joint ventures and associates sold 1,360,574 sq.m. in total GFA and 2,755 units of car parking spaces, representing a decrease of approximately 13.3% and an increase of approximately 21.5%, respectively, as compared to the corresponding period in 2019.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

Province/city	Six months ended 30 June					
	2020			2019		
	Contracted sales	GFA	ASP	Contracted sales	GFA	ASP
	RMB'000	(in sq.m.) or units	RMB/sq.m. or unit	RMB'000	(in sq.m.) or units	RMB/sq.m. or unit
Anhui	1,186,613	137,967	8,601	1,913,426	241,363	7,928
Beijing	1,524,824	33,025	46,172	1,362,127	33,661	40,466
Fujian	100,715	4,314	23,346	47,790	4,515	10,585
Guangdong	30,854	1,822	16,934	279,378	7,711	36,231
Guizhou	144,241	27,952	5,160	90,116	15,835	5,691
Hebei	109,614	14,007	7,826	515,240	45,881	11,230
Henan	917,729	138,343	6,634	—	—	—
Hubei	2,345,993	281,706	8,328	1,506,645	253,258	5,949
Hunan	1,167,889	143,206	8,155	214,818	18,405	11,672
Jiangsu	1,700,708	113,887	14,933	840,704	47,514	17,694
Jiangxi	1,157,659	147,069	7,872	2,543,566	231,109	11,006
Liaoning	2,833	521	5,438	15,611	2,163	7,217
Shaanxi	2,053,246	169,964	12,080	1,685,884	201,810	8,354
Shandong	644,375	65,633	9,818	—	—	—
Shanxi	643,605	60,472	10,643	5,404,324	453,776	11,910
Tianjin	140,009	16,992	8,240	47,285	3,625	13,044
Zhejiang	42,152	3,694	11,411	82,652	7,844	10,537
<b>Properties Sub-total</b>	<b>13,913,059</b>	<b>1,360,574</b>	<b>10,226</b>	<b>16,549,566</b>	<b>1,568,470</b>	<b>10,551</b>
Car parking spaces	293,165	2,755 units	106,412/unit	118,735	2,267 units	52,375/unit
<b>Total</b>	<b>14,206,224</b>			<b>16,668,301</b>		

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

During the Period, the Group's revenue from property investment decreased by approximately 16.4% to approximately RMB23.9 million from approximately RMB28.6 million for the corresponding period of 2019.

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 2020, the Group's revenue from real estate agency services decreased by approximately 56.4% to approximately RMB73.2 million from approximately RMB168.0 million for the corresponding period of 2019.



## MANAGEMENT DISCUSSION AND ANALYSIS

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 2020 decreased by approximately 44.1% to approximately RMB18.5 million from approximately RMB33.1 million for the corresponding period of 2019. During the Period, the revenue from other services was approximately RMB17.8 million, representing an increase of approximately 295.6% as compared to that of approximately RMB4.5 million for the corresponding period of 2019.

### Land Bank

As at 30 June 2020, total GFA of land bank in the PRC (excluding investment properties and properties held for own use) held by the Group, its joint ventures and associates was 12,394,462 sq.m..

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

**Table 3: Land bank held by the Group, its joint ventures and associates**

Province/City	As at 30 June 2020	
	Total GFA unsold (sq.m.)	Aggregated GFA sold but undelivered with sales contracts (sq.m.)
Anhui	1,184,495	926,131
Beijing	558,123	195,527
Chongqing	202,143	—
Fujian	129,294	12,270
Guangdong	462,166	28,245
Guizhou	567,829	463,868
Hebei	602,749	352,249
Henan	266,586	155,894
Hubei	2,676,103	1,191,229
Hunan	635,179	157,467
Jiangsu	374,502	196,811
Jiangxi	926,842	523,204
Liaoning	120,013	9,933
Shaanxi	1,255,895	783,023
Shandong	845,852	390,033
Shanghai	17,704	—
Shanxi	1,192,521	951,530
Tianjin	193,660	107,605
Zhejiang	182,806	116,593
<b>Total</b>	<b>12,394,462</b>	<b>6,561,612</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Land Acquisitions in 2020

In 2020, the Group, its joint ventures and associates continued to apply the same conservative and balanced strategy as its general direction towards land acquisitions. During the Period, the Group, its joint ventures and associates purchased a total of 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 with an aggregate GFA of approximately 1,205,451 sq.m..

Project location (province/city)	Number of new projects	Estimated total GFA (sq.m.)
Chongqing	1	202,143
Henan	1	25,705
Hubei	2	272,130
Hunan	2	249,714
Jiangxi	1	211,193
Shaanxi	1	244,566
Total	8	1,205,451

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased by approximately 24.0% to approximately RMB8,710.3 million for the six months ended 30 June 2020 from approximately RMB7,026.9 million for the corresponding period of 2019, which was mainly attributable to the increase in area delivered and unit sales price, with a period-on-period increase of approximately RMB1,784.2 million in revenue from sale of properties.

### Cost of sales

The Group's cost of sales amounted to approximately RMB6,589.2 million for the six months ended 30 June 2020, representing an increase of approximately 27.5% as compared to the corresponding period of 2019, which is in line with the increase in revenue.

### Gross profit and gross profit margin

For the six months ended 30 June 2020, the Group's gross profit was approximately RMB2,121.1 million and the gross profit margin was 24.4%, representing a decrease of approximately 2.1 percentage points as compared to the corresponding period of 2019, which was due to the combined effect of different regions and different product lines of the projects recognized in revenue during the Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other income, gains and losses

The Group's other income, gains and losses recorded a net loss of approximately RMB149.3 million during the Period as compared to a net gain of approximately RMB97.3 million for the six months ended 30 June 2019, which was mainly due to net exchange loss of approximately RMB196.0 million.

## Change in fair value

The change in fair value decrease by approximately 57.7% to approximately RMB115.6 million for the six months ended 30 June 2020 from approximately RMB273.5 million for the six months ended 30 June 2019, which was mainly due to the decrease in areas of newly recognised leased properties as compared to that of the corresponding period of 2019.

## Selling and distribution expenses

The selling and distribution expenses decreased by approximately 20.3% to approximately RMB206.6 million for the six months ended 30 June 2020 from approximately RMB259.3 million for the corresponding period of 2019, primarily due to the optimization of the structure and accounting methods of the Group's sales and distribution expenses. Selling and distribution expenses accounted for approximately 1.5% of the contracted sales of the Group for the Period, which was approximate to that of about 1.6% in the first half of 2019.

## Administrative expenses

The administrative expenses of the Group amounted to approximately RMB268.8 million for the six months ended 30 June 2020, representing a decrease of approximately 12.2% as compared to the corresponding period of 2019, primarily due to the Group continued to place strict control to the scale of administrative expenses. The administrative expenses for the Period accounted for approximately 1.9% of contracted sales, which remained stable as compared to that of approximately 1.8% for the corresponding period of 2019.

## Finance costs

The finance costs of the Group decreased by approximately 21.4% to approximately RMB166.6 million for the six months ended 30 June 2020 from approximately RMB212.0 million for the six months ended 30 June 2019. Amidst the general rising market interest rates both at home and abroad, the Group's weighted average interest rate of borrowings was approximately 9.97% in the Period, which remained stable as compared to that of 9.90% for the year ended 31 December 2019.

## Profit before taxation and profit for the period

The profit before taxation of the Group increased by approximately 0.2% to approximately RMB1,427.1 million for the six months ended 30 June 2020 from approximately RMB1,424.2 million for the six months ended 30 June 2019, and profit for the period increased by approximately 4.8% to approximately RMB556.4 million for the Period from approximately RMB531.0 million for the six months end 30 June 2019, 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 2020, the Group had cash, restricted cash and bank balances of approximately RMB11,697.6 million, representing an increase of approximately 2.8% as compared to that of approximately RMB11,382.6 million as at 31 December 2019. The cash position remained stable mainly due to the expanding scale of sales during the Period. As at 30 June 2020, the bank balances and cash (including restricted cash) accounted for approximately 16.2% 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 2020, the Group had aggregate remaining balance of approximately RMB21,554.0 million, including bank and other borrowings of approximately RMB13,712.3 million, senior notes of approximately RMB6,776.4 million and corporate bonds of approximately RMB1,065.3 million, representing an increase of approximately 16.5% as compared to that of approximately RMB18,496.0 million as at 31 December 2019. As at 30 June 2020, certain banking and other facilities granted to the Group were secured by the Group's assets, such as investment properties, properties under development for sale, completed properties held for sale, property, plant and equipment, equity interests in subsidiaries and bank deposits, which had a carrying amount of approximately RMB21,117.6 million (31 December 2019: RMB20,187.2 million). A majority of the carrying value of the Group's bank loans was denominated in RMB.

### Breakdown of indebtedness

#### *By type of borrowings and maturity*

	30 June 2020 RMB'000	31 December 2019 RMB'000
<b>Bank and other borrowings</b>		
within one year or on demand	5,349,149	7,087,864
more than one year, but not exceeding two years	5,081,999	2,233,706
more than two years, but not exceeding five years	3,231,649	1,417,106
more than five years	49,500	50,000
<b>Sub-total</b>	<b>13,712,297</b>	<b>10,788,676</b>
<b>Senior notes</b>		
within one year	2,319,893	2,379,120
more than one year, but not exceeding five years	4,456,474	4,305,879
<b>Sub-total</b>	<b>6,776,367</b>	<b>6,684,999</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

	30 June 2020 RMB'000	31 December 2019 RMB'000
<b>Corporate bonds</b>		
within one year	130,473	—
more than one year, but not exceeding five years	934,852	1,022,303
<b>Sub-total</b>	<b>1,065,325</b>	<b>1,022,303</b>
<b>TOTAL</b>	<b>21,553,989</b>	<b>18,495,978</b>
<b>Less:</b>		
Bank balances and cash (including restricted cash)	11,697,570	11,382,626
<b>Net debt</b>	<b>(9,856,419)</b>	<b>(7,113,352)</b>
<b>Total equity</b>	<b>9,189,960</b>	<b>8,604,313</b>
<b>Net debt to equity</b>	<b>107.3%</b>	<b>82.7%</b>
<b>By current denomination</b>		
— Denominated in RMB	12,200,507	9,755,848
— Denominated in US\$	1,109,091	551,322
— Denominated in HK\$	402,699	481,506
	<b>13,712,297</b>	<b>10,788,676</b>

## Leverage

The Group's net gearing ratio increased from approximately 82.7% as at 31 December 2019 to approximately 107.3% as at 30 June 2020. The Group's net current assets (current assets less current liabilities) increased by approximately 77.0% to approximately RMB11,290.8 million as at 30 June 2020 from approximately RMB6,378.0 million as at 31 December 2019; while the current ratio (current assets/current liabilities) increased from approximately 1.13 times as at 31 December 2019 to approximately 1.23 times as at 30 June 2020.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 2020, the Group had monetary assets denominated in US dollars and Hong Kong dollars of approximately RMB76.8 million and approximately RMB15.5 million, respectively, as well as liabilities denominated in US dollars and Hong Kong dollars of approximately RMB7,885.5 million and approximately RMB402.7 million, respectively. Those amounts were exposed to foreign currency risk. Considering the actual impacts caused to the Group arising from the market condition and fluctuations of foreign exchange rates during the Period, the Group has currently no foreign currency hedging policy in place yet, but the management will constantly monitor foreign exchange exposure and identify one that will be appropriate to the Group. The Group will consider hedging against any significant foreign currency exposure when necessary.

## Contingent liabilities

As at 30 June 2020, the Group had contingent liabilities amounting to approximately RMB15,364.3 million (31 December 2019: approximately RMB13,474.3 million) in relation to guarantees provided to the domestic banks for the mortgage bank loans granted to the Group's customers. Under the terms of the guarantees, if a purchaser has defaulted on the mortgage payments, the Group will be liable for the payment of outstanding mortgage principals plus accrued interest and the penalties owed by the defaulted purchaser to the bank, and, in such circumstances, the Group will be entitled to take over the legal title and ownership of the relevant property. These guarantees will be released upon the earlier of: (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgaged property and cancellation of mortgage registration.

## Employees and compensation policy

As at 30 June 2020, the Group had 2,293 employees (31 December 2019: 2,038). Employee's remuneration is determined based on the employee's performance, skills, knowledge, experience and market trends. The Group regularly reviews compensation policies and programs, and will make any necessary adjustment in order to be in line with the remuneration levels in the industry. In addition to basic salaries, employees may be granted with share options, discretionary bonus and cash awards based on individual performance.

## FUND AND TREASURY POLICIES AND OBJECTIVES

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 24 June 2020, Nanchang Xinjian Modern Real Estate Development Co., Ltd. (“**Nanchang Xinjian**”), an indirect wholly-owned subsidiary of the Company, Jiangsu Zhentou Industrial Co., Ltd. (“**Jiangsu Zhentou**”) and Lianyungang Tianxingjian Real Estate Development Co., Ltd. (the “**Target Company**”) entered into a joint development agreement, pursuant to which Nanchang Xinjian agreed to cooperate with Jiangsu Zhentou in joint development of a real estate development project of three parcels of land located at Lianyun District, Lianyungang City, Jiangsu Province, the PRC with an aggregate site area of approximately 429,087.3 sq.m. and acquire 51% equity interest in the Target Company from Jiangsu Zhentou and repay the secured debts as at the date of the said joint development agreement at an aggregate consideration of RMB783,000,000. For details, please refer to the announcement of the Company dated 24 June 2020.

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

## PROSPECT

Looking forward to the second half of 2020, the global economy will continue to be filled with uncertainties under the shadow of COVID-19 pandemic. Nevertheless, the Group will adhere to the core competitiveness of its green and healthy strategy, continuously improve its products and expand its scale of performance, and will also achieve precise investment through diversified investment and financing strategies with risk control measures. At the same time, the Group will consolidate its operation of whole-life cycle industrialized communities and continuously enhance its brand value, striving to become a leading green technology city operator in China. The Group will continue to exert its core competitiveness to ensure the achievement of its 2020 strategic business goals.



## OTHER INFORMATION

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

As at 30 June 2020, the interests and short positions of the Directors and chief executives of the Company in the shares (the “**Shares**”), underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”)) which would be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), were as follows:

#### INTERESTS IN THE COMPANY (LONG POSITION)

Name of Director	Capacity/Nature of Interest	Number of Shares	Approximate % of Interest in the Company
Mr. Zhang Lei	Beneficiary of a trust ( <i>Note 1</i> )	1,827,293,270	65.38%
	Beneficial owner ( <i>Notes 2 &amp; 6</i> )	16,017,890	0.57%
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> )	10,743,000	0.38%

*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 16,017,890 Shares are beneficially held by Mr. Zhang Lei in his own capacity while the remaining 4,290,000 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.

## OTHER INFORMATION

*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 4,290,000 Shares and Mr. Zhang Peng's interest in 4,290,000 Shares) is held pursuant to the share options granted under the Share Option Scheme, details of which are set out on pages 25 to 26 in this report.

Save as disclosed in the foregoing, as at 30 June 2020, 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 2020, 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 2020, 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	65.38%
Fantastic Energy Ltd.	Interest in a controlled corporation ( <i>Note 1</i> )	1,827,293,270	65.38%
TMF (Cayman) Limited	Trustee ( <i>Note 1</i> )	1,827,293,270	65.38%
Mr. Salum Zheng Lee	Settlor of a discretionary trust ( <i>Note 1</i> )	1,827,293,270	65.38%

## 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	65.38%
China Cinda (HK) Asset Management Co., Limited	Registered holder ( <i>Note 3</i> )	267,877,500	9.58%
China Cinda (HK) Holdings Company Limited	Interest in a controlled corporation ( <i>Note 3</i> )	267,877,500	9.58%
China Cinda Asset Management Co., Ltd.	Interest in a controlled corporation ( <i>Note 3</i> )	267,877,500	9.58%
China Great Wall AMC (International) Holdings Company Limited	Registered holder ( <i>Note 4</i> )	190,159,200	6.80%
China Great Wall Asset Management Co. Ltd.	Interest in a controlled corporation ( <i>Note 4</i> )	190,159,200	6.80%

*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 2020, 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 May 2017, the Company proposed to refresh the scheme mandate limit under the Share Option Scheme which was approved by the Shareholders at an annual general meeting of the Company held on 29 June 2017. As a result, the Company may grant share options to eligible participants entitling them to subscribe for a total of up to 250,354,200 Shares under the Share Option Scheme.

#### 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 2020 to 30 June 2020

	1 January 2020 Opening	Exercised	Lapsed	30 June 2020 Closing
<b>Tranche Three Options — 28 September 2016</b>				
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	16,332,500	—	—	16,332,500
<b>Tranche Three Options — 28 September 2016</b>	<b>24,912,500</b>	<b>—</b>	<b>—</b>	<b>24,912,500</b>
<b>Total</b>	<b>24,912,500</b>	<b>—</b>	<b>—</b>	<b>24,912,500</b>

*Note 1:* For details of the vesting periods and exercise periods of the share options, please refer to Note 22 to the Condensed Consolidated Interim Financial Statements in pages 55 to 56 of this report.

*Note 2:* Tranche One Options has expired on 3 September 2019. Accordingly, no information of Tranche One Options is presented during the period from 1 January 2020 to 30 June 2020.

*Note 3:* Plan A and Plan B of Tranche Two Options remained in force for a period of three to five years from the date of grant, Plan A and Plan B were expired on 10 July 2018 and 30 June 2019, respectively. Accordingly, no information of Tranche Two Options is presented during the period from 1 January 2020 to 30 June 2020.

## OTHER INFORMATION

### 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 2019 Annual Report.

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

For the six months ended 30 June 2020, 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 2020 of HK3.98 cents per share. The said interim dividend will be paid on or about Friday, 30 October 2020 to shareholders of the Company whose names appear on the register of members of the Company on Friday, 16 October 2020.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 14 October 2020 to Friday, 16 October 2020 (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 Tuesday, 13 October 2020.

### AUDIT COMMITTEE

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

The Audit Committee has 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 2020 and considered that the interim results have been prepared in accordance with the applicable accounting standards and requirements and have made appropriate disclosures accordingly.

## OTHER INFORMATION

### 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 2020.

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

Mr. Chen Zhiwei, a non-executive Director, has been appointed as a deputy general manager of China Cinda (HK) Asset Management Co., Limited and an executive director of Zhongchang International Holdings Group Limited (stock code: 859) since May 2020.

Save as disclosed above, after having made all reasonable enquiries, the Board is not aware of any information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Period.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code to govern securities transactions by Directors. Further to the specific enquiries made by the Company to the Directors, all Directors have confirmed their compliance with the Model Code for the six months ended 30 June 2020.

# 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 29 to 60 which comprises the consolidated statement of financial position of Modern Land (China) Co., Limited ("the Company") as of 30 June 2020 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 2020 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

17 August 2020



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020 — unaudited

	Note	For the six months ended 30 June	
		2020 RMB'000	2019 RMB'000
<b>Revenue</b>	3	<b>8,710,301</b>	7,026,870
Cost of sales		(6,589,204)	(5,166,137)
<b>Gross profit</b>		<b>2,121,097</b>	1,860,733
Other income, gains and losses	4	(149,321)	97,281
Recognition of changes in fair value of completed properties held for sale and properties under development for sale upon transfer to investment properties	10	67,925	241,022
Changes in fair value of investment properties, net	10	47,685	32,520
Selling and distribution expenses		(206,600)	(259,263)
Administrative expenses		(268,826)	(306,334)
Finance costs	5	(166,573)	(212,048)
Share of profits less losses of joint ventures		(18,028)	(29,088)
Share of profits less losses of associates		(223)	(591)
<b>Profit before taxation</b>		<b>1,427,136</b>	1,424,232
Income tax expense	6	(870,712)	(893,209)
<b>Profit for the period</b>	7	<b>556,424</b>	531,023

The notes on pages 39 to 60 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020 — unaudited (continued)

		For the six months ended 30 June	
	Note	2020 RMB'000	2019 RMB'000
<b>Other comprehensive income for the period:</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations, net of nil tax		(10,648)	6,444
<b>Total comprehensive income for the period</b>		<b>545,776</b>	<b>537,467</b>
<b>Profit for the period attributable to:</b>			
Owners of the Company		398,136	459,311
Non-controlling interests		158,288	71,712
		<b>556,424</b>	<b>531,023</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		387,488	465,755
Non-controlling interests		158,288	71,712
		<b>545,776</b>	<b>537,467</b>
<b>Earnings per share, in Renminbi cents:</b>			
Basic	9	14.2	16.5
Diluted	9	14.2	16.4

The notes on pages 39 to 60 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020 — unaudited

		At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
	Note		
<b>Non-current assets</b>			
Investment properties	10	2,851,045	2,656,360
Property, plant and equipment	11	446,526	453,554
Intangible assets		10,991	8,149
Freehold land held for future development		32,988	32,507
Interests in associates		42,607	33,003
Interests in joint ventures	12	2,341,159	2,449,415
Loans to joint ventures	12	5,413,098	5,161,445
Equity investments at fair value through other comprehensive income		44,641	44,641
Deferred tax assets		1,251,363	980,251
		<b>12,434,418</b>	<b>11,819,325</b>
<b>Current assets</b>			
Properties under development for sale		31,178,718	33,242,482
Completed properties held for sale		5,673,580	3,293,758
Other inventories and contract costs		230,746	158,579
Trade and other receivables, deposits and prepayments	13	10,109,873	7,875,236
Amounts due from related parties	23	688,770	764,883
Restricted cash		3,856,746	3,523,971
Bank balances and cash		7,840,824	7,858,655
		<b>59,579,257</b>	<b>56,717,564</b>
<b>Current liabilities</b>			
Trade and other payables and accrued charges	14	15,902,080	13,398,451
Contract liabilities		16,703,306	20,724,982
Amounts due to related parties	23	3,912,169	3,516,909
Taxation payable		3,971,343	3,232,194
Bank and other borrowings — due within one year	15	5,349,149	7,087,864
Corporate bonds — due within one year	16	130,473	—
Senior notes — due within one year	17	2,319,893	2,379,120
		<b>48,288,413</b>	<b>50,339,520</b>
<b>Net current assets</b>		<b>11,290,844</b>	<b>6,378,044</b>
<b>Total assets less current liabilities</b>		<b>23,725,262</b>	<b>18,197,369</b>

The notes on pages 39 to 60 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020 — unaudited (continued)

		At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
	Note		
<b>Capital and reserves</b>			
Share capital	18	175,693	175,693
Reserves		6,283,141	5,983,938
<b>Equity attributable to owners of the Company</b>		<b>6,458,834</b>	6,159,631
<b>Non-controlling interests</b>		<b>2,731,126</b>	2,444,682
<b>Total equity</b>		<b>9,189,960</b>	8,604,313
<b>Non-current liabilities</b>			
Bank and other borrowings — due after one year	15	8,363,148	3,700,812
Corporate bonds	16	934,852	1,022,303
Senior notes — due after one year	17	4,456,474	4,305,879
Deferred tax liabilities		780,828	564,062
		<b>14,535,302</b>	9,593,056
		<b>23,725,262</b>	18,197,369

Approved and authorised for issue by the board of directors on 17 August 2020.

**Zhang Lei**  
Director

**Zhang Peng**  
Director

The notes on pages 39 to 60 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020 — unaudited

	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	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020	175,693	825,711	258,002	40,060	1,560	663,900	10,808	(11,583)	4,195,480	6,159,631	2,444,682	8,604,313
Profit for the period	-	-	-	-	-	-	-	-	398,136	398,136	158,288	556,424
Exchange differences on translating foreign operations	-	-	-	-	-	-	(10,648)	-	-	(10,648)	-	(10,648)
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-	(10,648)	-	-	(10,648)	-	(10,648)
Total comprehensive income for the period	-	-	-	-	-	-	(10,648)	-	398,136	387,488	158,288	545,776
Acquisition of additional interest in a subsidiary	-	-	2,090	-	-	-	-	-	-	2,090	(9,091)	(7,001)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	209,920	209,920
Share-based payment (note 22)	-	-	-	-	244	-	-	-	-	244	-	244
Contribution from a company controlled by a shareholder (note d)	-	-	204	-	-	-	-	-	-	204	-	204
Dividend approved in respect of the previous year (note 8)	-	-	-	-	-	-	-	-	(90,823)	(90,823)	-	(90,823)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(72,673)	(72,673)
At 30 June 2020	175,693	825,711	260,296	40,060	1,804	663,900	160	(11,583)	4,502,793	6,458,834	2,731,126	9,189,960

The notes on pages 39 to 60 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020 — unaudited (continued)

	Attributable to owners of the Company										Non-controlling interests RMB'000	Total equity RMB'000
	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			
<b>At 1 January 2019</b>	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 (note 22)	-	-	-	-	(3,605)	-	-	3,299	(306)	-	(306)	
Contribution from a company controlled by a shareholder (note d)	-	-	204	-	-	-	-	-	204	-	204	
Return of capital to non-controlling interests	-	-	-	-	-	-	-	-	-	(13,984)	(13,984)	
Issue of shares upon exercise of share options (note 18)	62	970	-	-	(208)	-	-	-	824	-	824	
Deemed disposal	-	-	-	-	-	-	-	-	-	(1)	(1)	
Dividend approved in respect of the previous year (note 8)	-	-	-	-	-	-	-	(48,402)	(48,402)	-	(48,402)	
<b>At 30 June 2019</b>	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 39 to 60 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020 — 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	Foreign currency translation reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>At 1 July 2019</b>	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
Equity investments at FVOCI-net movement in fair value reserves (non-recycling)	-	-	-	-	-	-	-	(11,583)	-	(11,583)	-	(11,583)
Exchange differences on translating foreign operations	-	-	-	-	-	-	(9,422)	-	-	(9,422)	-	(9,422)
Other comprehensive income	-	-	-	-	-	-	(9,422)	(11,583)	-	(21,005)	-	(21,005)
Profit for the period	-	-	-	-	-	-	-	-	271,361	271,361	252,063	523,424
Total comprehensive income for the year	-	-	-	-	-	-	(9,422)	(11,583)	271,361	250,356	252,063	502,419
Share-based payment	-	-	-	-	(10,010)	-	-	-	2,759	(7,251)	-	(7,251)
Issue of shares on exercises of share options (note 18)	290	4,385	-	-	(814)	-	-	-	-	3,861	-	3,861
Contribution from a company controlled by a shareholder (note d)	-	-	203	-	-	-	-	-	-	203	-	203
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	236,824	236,824
Acquisition of additional interest in subsidiaries	-	-	(25,399)	-	-	-	-	-	-	(25,399)	(109,393)	(134,792)
Return of capital to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	85,260	85,260
Appropriations to reserves (note c)	-	-	-	-	-	78,846	-	-	(78,846)	-	-	-
Dividend	-	-	-	-	-	-	-	-	(93,824)	(93,824)	-	(93,824)
<b>At 31 December 2019</b>	175,693	825,711	258,002	40,060	1,560	663,900	10,808	(11,583)	4,195,480	6,159,631	2,444,682	8,604,313

The notes on pages 39 to 60 form part of this interim financial report.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020 — 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 2020 (for the six months ended 30 June 2019: RMB204,000).

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020 — unaudited

	For the six months ended 30 June	
	2020 RMB'000	2019 RMB'000
<b>Net cash (used in)/generated from operating activities</b>	<b>(310,596)</b>	<b>2,087,643</b>
<b>Investing activities</b>		
Capital return from a joint venture	—	38,919
Capital injection in joint ventures	(148,030)	—
Net cash outflow from acquisition of a subsidiary	—	(26,123)
Capital injection into an associate	(9,827)	—
Net cash outflow from disposal of subsidiaries	—	(1)
Proceeds from disposal of an associate	—	141,220
Net cash outflow from acquisition of additional interest in a subsidiary	(7,001)	(127,647)
Loans to joint ventures	(1,231,515)	(1,813,183)
Repayments from joint ventures	714,615	959,668
Increase in restricted cash	(332,775)	(53,794)
Other cash used in investing activities	33,136	(97,148)
<b>Net cash used in investing activities</b>	<b>(981,397)</b>	<b>(978,089)</b>
<b>Financing activities</b>		
Interest paid	(1,136,175)	(869,178)
Dividends paid	(72,086)	—
Repayments to related parties	(593,362)	(432,538)
Advances from related parties	988,058	974,799
Repayments of bank borrowings	(1,492,277)	(1,852,239)
New bank borrowings raised	2,121,416	1,471,570
Repayments of other borrowings	(4,468,575)	(3,267,580)
New other borrowings raised	5,871,618	1,724,650
Proceeds from issue of senior notes	2,351,237	3,709,478
Repayment of senior notes and corporate bonds	(2,494,483)	(2,015,149)
Capital contribution from non-controlling interests	209,920	49,000
Proceeds from issue of shares upon exercise of share options	—	824
<b>Net cash generated from/(used in) from financing activities</b>	<b>1,285,291</b>	<b>(506,363)</b>

The notes on pages 39 to 60 form part of this interim financial report.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020 — unaudited (continued)

	For the six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Net (decrease)/increase in cash and cash equivalents	(6,702)	603,191
Cash and cash equivalents at the beginning of the period, represented by bank balances and cash	7,858,655	6,733,265
Effects of exchange rate changes on the balance of cash held in foreign currencies	(11,129)	6,390
Cash and cash equivalents at the end of the period, represented by bank balances and cash	7,840,824	7,342,846

The notes on pages 39 to 60 form part of this interim financial report.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 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 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 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 2019 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 17 August 2020. 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 28.

## 2 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IFRS 3, *Definition of a Business*
- Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest Rate Benchmark Reform*
- Amendments to IAS 1 and IAS 8, *Definition of Material*

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 3 REVENUE AND SEGMENT INFORMATION

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

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

	For the six months ended 30 June	
	2020 RMB'000	2019 RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Sale of properties	8,576,894	6,792,699
Real estate agency services	73,225	167,961
Hotel operation	18,547	33,149
Other services	17,763	4,483
	<b>8,686,429</b>	6,998,292
<b>Revenue from other sources</b>		
Property investment	23,872	28,578
	<b>8,710,301</b>	7,026,870
<b>Disaggregated by timing of revenue recognition</b>		
Point in time	7,473,790	5,952,050
Over time	1,236,511	1,074,820
	<b>8,710,301</b>	7,026,870

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 2020

## 4 OTHER INCOME, GAINS AND LOSSES

	For the six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Interest income	37,597	42,861
Government grants	1,501	457
Net exchange loss	(195,965)	(12,191)
Gain on disposal of an associate ( <i>note</i> )	–	63,733
Gain on disposal of property, plant and equipment	308	29
Others	7,238	2,392
	<b>(149,321)</b>	<b>97,281</b>

*Note:* 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.

## 5 FINANCE COSTS

	For the six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Interest on bank and other borrowings	(685,234)	(406,810)
Interest expense on senior notes and corporate bonds	(557,150)	(456,222)
	<b>(1,242,384)</b>	<b>(863,032)</b>
Less: Amount capitalised in properties under development for sale	1,075,811	650,984
	<b>(166,573)</b>	<b>(212,048)</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 6 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Current tax		
PRC Corporate Income Tax	(424,621)	(538,339)
Land appreciation tax ("LAT")	(488,269)	(368,506)
	(912,890)	(906,845)
Deferred tax		
PRC Corporate Income Tax	42,178	13,636
	42,178	13,636
Income tax expense	(870,712)	(893,209)

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 2020 and 2019.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 7 PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment recognised in profit or loss	10,472	14,211
Operating lease rentals	12,938	9,847

## 8 DIVIDENDS

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

	For the six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Declared interim dividend of HK3.98 cents per ordinary share (equivalent to approximately RMB3.56 cents (2019: RMB3.29 cents) per ordinary share)	99,502	91,845

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	
	2020 RMB'000	2019 RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK3.55 cents per share (six months ended 30 June 2019: HK1.98 cents per share)	90,823	48,402



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 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	
	2020	2019
	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)

398,136 459,311

	For the six months ended 30 June	
	2020	2019
	'000	'000

### Number of shares (basic)

Issued ordinary shares at 1 January  
Effect of share options exercised

2,794,994 2,789,919  
— 471

Weighted average number of ordinary shares at 30 June 2,794,994 2,790,390

### 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)

2,794,994 2,790,390  
756 5,001

Number of ordinary shares for the purpose of calculating diluted earnings per share 2,795,750 2,795,391

Note: The computation of the diluted earnings per share for the six months ended 30 June 2020 and 2019 has taken into consideration the weighted average number of 756,000 and 5,001,000 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 2020

## 10 INVESTMENT PROPERTIES

	<b>Total</b> RMB'000
<b>Fair value</b>	
At 1 January 2020	2,656,360
Transfer from properties under development for sale and properties held for sale	80,075
Net change in fair value recognised in profit or loss	115,610
Disposals	(1,000)
At 30 June 2020	2,851,045

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 2020 and 31 December 2019 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, prior to 1 January 2020, 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. Currently, in addition to the investment approach, and where appropriate, a direct comparison approach is taken into account in determining valuations using an open market value basis with reference to comparable sales transactions as identified in the relevant market. In the opinion of the Directors, such adjustment in valuation technique is equally or more representative of fair value in the circumstances and the above approaches did not result in significant differences in valuation results as of 30 June 2020. 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 2020, the amount transferred from completed 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 RMB80,075,000 with fair value gain of approximately RMB67,925,000 (six months ended 30 June 2019: RMB162,914,000 with fair value gain of approximately RMB241,022,000) based on valuation performed at the relevant dates of transfer.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, additions to property, plant and equipment amounted to RMB14,861,000 (six months ended 30 June 2019: RMB14,523,000), 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 2020, the carrying amount of leasehold land and buildings which are being occupied by the eligible employees under the Scheme amounted to RMB8,031,000 (31 December 2019: RMB9,240,000).

## 12 INTERESTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Cost of investment in joint ventures	2,082,875	2,183,776
Share of post-acquisition gain and other comprehensive income	258,284	265,639
	<b>2,341,159</b>	<b>2,449,415</b>
Loans to joint ventures	5,665,995	5,402,789
Less: share of post-acquisition losses that are in excess of cost of the investments	(252,897)	(241,344)
	<b>5,413,098</b>	<b>5,161,445</b>

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 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 2020 RMB'000	At 31 December 2019 RMB'000
Trade receivables, net of allowance ( <i>note i</i> )	420,704	513,786
Other receivables, net of allowance	6,011,997	4,537,025
Guarantee deposits for housing provident fund loans provided to customers ( <i>note ii</i> )	18,269	18,733
Financial assets measured at amortised cost	6,450,970	5,069,544
Prepayments to suppliers of construction materials	626,540	362,674
Deposits paid for acquisition of land use rights	740,630	594,134
Prepaid taxes	2,291,733	1,848,884
	10,109,873	7,875,236

Notes:

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

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Less than 1 year	126,337	155,176
1–2 years	289,624	358,610
2–3 years	4,743	–
	420,704	513,786

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 14 TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Trade and notes payables ( <i>note i</i> )	3,108,649	3,239,103
Accrued expenditure on construction	1,974,322	1,636,329
Amount due to non-controlling interests	3,090,727	4,105,167
Accrued interest	214,631	154,730
Accrued payroll	514	48,640
Dividend payable	93,893	2,483
Other payables ( <i>note ii</i> )	7,300,572	4,190,580
Financial liabilities measured at amortised cost	15,783,308	13,377,032
Other tax payables	118,772	21,419
	<b>15,902,080</b>	<b>13,398,451</b>

Notes:

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

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

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Less than 1 year	1,857,667	2,454,418
1–2 years	872,826	617,903
2–3 years	378,156	166,782
	<b>3,108,649</b>	<b>3,239,103</b>

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 15 BANK AND OTHER BORROWINGS

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Bank borrowings, secured	4,957,614	4,311,427
Other borrowings, secured	8,665,233	6,363,450
Other borrowings, unsecured	89,450	113,799
	<b>13,712,297</b>	<b>10,788,676</b>

The borrowings are repayable:

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Within one year or on demand	5,349,149	7,087,864
More than one year, but not exceeding two years	5,081,999	2,233,706
More than two years, but not exceeding five years	3,231,649	1,417,106
More than five years	49,500	50,000
	<b>13,712,297</b>	<b>10,788,676</b>
Less: Amount due within one year shown under current liabilities	<b>(5,349,149)</b>	<b>(7,087,864)</b>
Amount due after one year	<b>8,363,148</b>	<b>3,700,812</b>
Analysis of borrowings by currency		
— Denominated in RMB	12,200,507	9,755,848
— Denominated in USD	1,109,091	551,322
— Denominated in HK\$	402,699	481,506
	<b>13,712,297</b>	<b>10,788,676</b>

As at 30 June 2020, the borrowings with carrying amount of RMB4,617,334,834 (31 December 2019: RMB3,891,117,000) carry interest at variable rates based on the interest rates quoted by the People's Bank of China, the effective interest rate ranges from 1.4% to 10.0% (31 December 2019: 2.9% to 10.0%) 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 5.88% to 15.0% (31 December 2019: from 4.6% to 15.0%) per annum at 30 June 2020, and exposed the Group to fair value interest rate risk.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 16 CORPORATE BONDS

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

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

## 17 SENIOR NOTES

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Carrying amount at the beginning of the period/year	6,684,999	5,613,877
Net proceeds from issuance of 2019 USD Notes I ( <i>note (a)</i> )	—	1,012,714
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
Net proceeds from issuance of 2020 USD Notes I ( <i>note (d)</i> )	1,336,076	—
Net proceeds from issuance of 2020 USD Notes II ( <i>note (e)</i> )	1,015,161	—
Exchange loss	182,304	179,790
Other finance costs	52,310	9,557
Redemption	(2,494,483)	(2,827,704)
Carrying amount at the end of the period/year	6,776,367	6,684,999
Less: current portion of senior notes	(2,319,893)	(2,379,120)
Amount due after one year	4,456,474	4,305,879

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 USD150,000,000 (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 will 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. 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 2020

## 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 price equal 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 note 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 USD200,000,000 (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 USD203,797,000 (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 will 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. 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 price equal 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 2020

## 17 SENIOR NOTES (CONTINUED)

*Notes: (Continued)*

### (d) 2020 USD Notes I

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

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

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

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

### (e) 2020 USD Notes II

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

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

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 18 SHARE CAPITAL

	Number of shares '000	Amount USD'000	Equivalent to RMB'000
Ordinary shares of USD0.01 each			
Authorised:			
At 31 December 2019 and 30 June 2020	8,000,000	80,000	524,014
Issued and fully paid:			
At 1 January 2019	2,789,919	27,890	175,341
Exercise of share options ( <i>note (a)</i> )	924	9	62
At 30 June 2019 and 1 July 2019	2,790,843	27,899	175,403
Exercise of share options	4,151	42	290
At 31 December 2019 and 1 January 2020	2,794,994	27,941	175,693
Exercise of share options ( <i>note (b)</i> )	—	—	—
At 30 June 2020	2,794,994	27,941	175,693

*Notes:*

- (a) 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).
- (b) No share options were exercised during the six months ended 30 June 2020.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 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 2020 RMB'000	At 31 December 2019 RMB'000
Investment properties	1,260,225	1,260,225
Properties under development for sale	14,715,729	14,212,663
Completed properties held for sale	1,436,999	879,866
Property, plant and equipment	491,060	190,620
Equity interests in subsidiaries	1,725,006	2,348,660
Restricted cash	1,470,295	1,276,469
Guarantee deposits for housing provident fund loans provided to customers	18,269	18,733
	<b>21,117,583</b>	<b>20,187,236</b>

## 20 CAPITAL AND OTHER COMMITMENTS

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

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Contracted but not provided for in the consolidated financial statements:		
Expenditure in respect of properties under development	14,366,430	15,453,216

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 21 CONTINGENT LIABILITIES

The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the date of grant of the relevant mortgage loans and ends when the buyer obtained the individual property ownership certificate. In the opinion of the Directors, the fair value of guarantee contracts is insignificant at initial recognition. Also, no provision for the guarantee contracts as at 30 June 2020 and 31 December 2019 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 2020 RMB'000	At 31 December 2019 RMB'000
Mortgage guarantees	15,364,343	13,474,323

## 22 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 2020

## 22 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 25% from the date of grant to 3 September 2016 25% from the date of grant to 3 September 2017 25% from the date of grant to 3 September 2018	1 years 5 years 5 years 5 years
On 10 July 2015 Plan A	4,840,000	33% from the date of grant to 10 July 2016 67% from the date of grant to 10 July 2017	3 years 3 years
On 28 September 2016	8,580,000	25% from the date of grant to 28 September 2017 25% from the date of grant to 28 September 2018 25% from the date of grant to 28 September 2019 25% from the date of grant to 28 September 2020	5 years 5 years 5 years 5 years
Shares options granted to employees			
On 4 September 2014	12,980,000	25% from the date of grant to 3 September 2015 25% from the date of grant to 3 September 2016 25% from the date of grant to 3 September 2017 25% from the date of grant to 3 September 2018	2 years 5 years 5 years 5 years
On 10 July 2015 Plan A	61,270,000	33% from the date of grant to 10 July 2016 67% from the date of grant to 10 July 2017	3 years 3 years
On 10 July 2015 Plan B	50,050,000	25% from the date of grant to 10 July 2016 25% from the date of grant to 31 December 2016 25% from the date of grant to 30 June 2017 25% from the date of grant to 31 December 2017	1.5 years 4 years 4 years 4 years
On 28 September 2016	38,720,000	25% from the date of grant to 28 September 2017 25% from the date of grant to 28 September 2018 25% from the date of grant to 28 September 2019 25% from the date of grant to 28 September 2020	5 years 5 years 5 years 5 years
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.

The Group recognised total expense of RMB244,000 and reversed RMB307,000 during the six months ended 30 June 2020 and 2019, 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 2020 is Nil.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 23 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 2020 RMB'000	At 31 December 2019 RMB'000
Amount due from a company controlled by Mr. Zhang Lei, executive director of the Company	8,869	8,812
Amount due from joint ventures and their subsidiaries	343,195	345,383
Total non-trade balances (note i)	352,064	354,195
Amount due from companies controlled by Mr. Zhang Lei	63,307	68,666
Amount due from joint ventures	273,399	342,022
Total trade balances (note ii)	336,706	410,688
Amount due from related parties	688,770	764,883
Loans to joint ventures	5,413,098	5,161,445

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 23 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 2020 and 31 December 2019 are of non-trade nature, unsecured, interest free and repayable on demand.
- (ii) Trade receivables from related parties at 30 June 2020 and 31 December 2019 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 2020 RMB'000	At 31 December 2019 RMB'000
Less than 1 year	318,947	396,918
1-2 years	17,759	13,770
	<b>336,706</b>	410,688

#### (ii) Amounts due to related parties

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Amount due to a company controlled by Mr. Zhang Lei	20,502	24,594
Amount due to joint ventures	3,835,529	3,436,740
Total non-trade balances (note i)	<b>3,856,031</b>	3,461,334
Amount due to companies controlled by Mr. Zhang Lei	52,060	53,603
Amount due to joint ventures and their subsidiaries	4,078	1,972
Total trade balance (note ii)	<b>56,138</b>	55,575
Amount due to related parties	<b>3,912,169</b>	3,516,909

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 23 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 2020 and 31 December 2019 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 2020 RMB'000	At 31 December 2019 RMB'000
Less than 1 year	52,587	53,962
1–2 years	3,551	1,613
	<b>56,138</b>	<b>55,575</b>

### (b) Transactions with related parties

		For the six months ended 30 June	
Nature of related party	Nature of transaction	2020 RMB'000	2019 RMB'000
Companies controlled by Mr. Zhang Lei	Rental income	449	786
Companies controlled by Mr. Zhang Lei	Income from provision of technical know-how	344	7,340
Companies controlled by Mr. Zhang Lei	Property management services expenses	59,634	73,539
Companies controlled by Mr. Zhang Lei	Property contracting services expenses	814	3,992
Joint venture	Interest income	—	—
Joint venture	Management service income	2,411	1,084
Joint venture	Income from provision of real estate agency service	54,181	22,880



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 23 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

### (c) Transactions with key management

	For the six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Key management compensation		
Basic salaries and allowance	9,053	7,065
Retirement benefit contribution	178	186
Share-based payment	120	165
	9,351	7,416

## 24 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

### (i) Issuance of senior notes

On 6 July 2020, the Company issued senior notes to the public with aggregate nominal value of USD250,000,000 at 98.301% of the principal amount, which carries fixed interest of 11.5% per annum (interest payable semi-annually in arrears) and will be fully repayable by 13 November 2022.

### (ii) Grant of share options

On 7 July 2020 (the "Date of Grant"), the Company resolved to grant 47,800,000 share options to certain participants (the "Grantees"), which entitle the Grantees to subscribe for an aggregate of 47,800,000 ordinary shares of USD0.01 each of the Company. Upon acceptance of the grant of share options and subject to the terms of the share options scheme, 25% of the share options granted will vest on each of 7 July 2021, 7 July 2022, 7 July 2023 and 7 July 2024 and the validity period of the share options is five years from the Date of Grant.