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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1107)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

HIGHLIGHTS

- The Group achieved contracted sales of approximately RMB42,211.5 million in 2020, representing an increase of approximately 16.6% as compared with 2019, and the average selling price was approximately RMB10,224 per sq.m..
- Revenue increased to approximately RMB15,740.5 million in 2020, representing an increase of approximately 8.2% as compared with 2019.
- Gross profit amounted to approximately RMB3,784.5 million in 2020, representing an increase of approximately 2.1% as compared with 2019.
- Gross profit margin amounted to approximately 24.0%.
- Profit for the year of the Group amounted to approximately RMB1,117.0 million for the year ended 31 December 2020, representing an increase of approximately 5.9% as compared to the year ended 31 December 2019.
- The Group's total assets as at 31 December 2020 amounted to approximately RMB81,911.9 million, representing an increase of approximately 19.5% as compared to 31 December 2019.
- As at 31 December 2020, bank balances and cash (including restricted cash) amounted to approximately RMB14,092.7 million, accounting for approximately 17.2% of the total assets of the Group.

- The weighted average borrowing costs of the Group as at 31 December 2020 was approximately 9.9%. Debt to equity ratio amounted to approximately 95.7% as at 31 December 2020.
- Basic earnings per share was RMB26.4 cents (2019: RMB26.2 cents).
- Proposed final dividend of HK3.65 cents per share — together with interim dividend, full year dividend was equivalent to HK7.63 cents per share.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Modern Land (China) Co., Limited (the "**Company**" or "**Modern Land**", together with its subsidiaries, collectively, the "**Group**" or "**We**") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2020 with the comparative figures for preceding financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Renminbi)

	Note	**2020** *RMB'000*	2019 *RMB'000*
Revenue	*5*	**15,740,529**	14,551,683
Cost of sales		**(11,955,987)**	(10,844,359)
Gross profit		**3,784,542**	3,707,324
Other income, gains and losses	*6*	**475,302**	269,521
Recognition of changes in fair value of completed properties held for sale upon transfer to investment properties		**153,826**	294,419
Changes in fair value of investment properties, net		**82,810**	63,054
Selling and distribution expenses		**(583,094)**	(530,141)
Administrative expenses		**(712,815)**	(681,494)
Finance costs	*7*	**(410,184)**	(420,065)
Share of profits less losses of joint ventures		**76,661**	(31,075)
Share of profits less losses of associates		**(281)**	(1,278)
Profit before taxation		**2,866,767**	2,670,265
Income tax expense	*8*	**(1,749,782)**	(1,615,818)
Profit for the year		**1,116,985**	1,054,447
Other comprehensive income for the year:			
Item that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income ("FVOCI") — net movement in fair value reserves (non-recycling), net of RMB230,000 (2019: RMB3,861,000) tax		**689**	(11,583)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of nil tax		**(9,517)**	(2,978)
Total comprehensive income for the year		**1,108,157**	1,039,886

	Note	2020 RMB'000	2019 RMB'000
Profit for the year attributable to:			
Owners of the Company		**739,001**	730,672
Non-controlling interests		**377,984**	323,775
		1,116,985	1,054,447
Total comprehensive income attributable to:			
Owners of the Company		**730,173**	716,111
Non-controlling interests		**377,984**	323,775
		1,108,157	1,039,886
Earnings per share, in Renminbi cents:			
Basic	*10*	**26.4**	26.2
Diluted	*10*	**26.4**	26.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020
(Expressed in Renminbi)

	Note	2020 RMB'000	2019 RMB'000
Non-current assets			
Investment properties		**3,072,670**	2,656,360
Property, plant and equipment		**437,928**	453,554
Intangible assets		**16,967**	8,149
Freehold land held for future development		**29,689**	32,507
Interests in associates		**837,760**	33,003
Interests in joint ventures	*11*	**2,390,610**	2,449,415
Loans to joint ventures	*11*	**5,768,264**	5,161,445
Equity investments at FVOCI		**45,740**	44,641
Deferred tax assets		**1,166,406**	980,251
		13,766,034	11,819,325
Current assets			
Properties under development for sale		**38,111,796**	33,242,482
Completed properties held for sale		**4,683,754**	3,293,758
Other inventories and contract costs		**514,861**	158,579
Trade and other receivables, deposits and prepayments	*12*	**10,163,680**	7,875,236
Amounts due from related parties		**579,017**	764,883
Restricted cash		**3,270,356**	3,523,971
Bank balances and cash		**10,822,373**	7,858,655
		68,145,837	56,717,564
Current liabilities			
Trade and other payables, deposits received and accrued charges	*13*	**16,443,583**	13,398,451
Contract liabilities	*14*	**20,934,767**	20,724,982
Amounts due to related parties		**4,374,384**	3,516,909
Taxation payable		**3,824,512**	3,232,194
Bank and other borrowings — due within one year		**6,285,741**	7,087,864
Corporate Bonds — due within one year		**128,016**	–
Senior notes — due within one year		**3,395,691**	2,379,120
		55,386,694	50,339,520
Net current assets		**12,759,143**	6,378,044
Total assets less current liabilities		**26,525,177**	18,197,369

	Note	2020 RMB'000	2019 RMB'000
Capital and reserves			
Share capital	*15*	**175,693**	175,693
Reserves		**6,533,513**	5,983,938
Equity attributable to owners of the Company		**6,709,206**	6,159,631
Non-controlling interests		**4,268,461**	2,444,682
Total equity		**10,977,667**	8,604,313
Non-current liabilities			
Bank and other borrowings — due after one year		**9,424,908**	3,700,812
Senior notes — due after one year		**4,456,189**	4,305,879
Corporate bonds — due after one year		**902,468**	1,022,303
Deferred tax liabilities		**763,945**	564,062
		15,547,510	9,593,056
		26,525,177	18,197,369

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

Modern Land (China) Co., Limited (the "Company") was incorporated in the Cayman Islands on 28 June 2006 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's parent is Super Land Holdings Limited, a company incorporated in the British Virgin Islands ("BVI") and its ultimate holding company is Fantastic Energy Ltd., a company incorporated under the laws of Commonwealth of the Bahamas. These entities do not produce financial statements available for public use.

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

The consolidated financial statements are presented in Renminbi ("RMB"), the currency of the primary economic environment in which the group entities operate (the functional currency of the major subsidiaries of the Company).

2. BASIS OF PREPARATION

The financial information set out in this announcement does not constitute the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2020, but is extracted from those consolidated financial statements.

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

3. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and a new standard, IFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37, *Onerous Contracts — Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to IFRSs 2018-2020 Cycle	1 January 2022

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

4. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

Amendments to IFRS 3, *Definition of a Business*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior years have been prepared or presented in this consolidated financial statement.

5. REVENUE AND SEGMENT INFORMATION

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

Revenue represents the fair value of the consideration received or receivable.

Entity-wide information

An analysis of the Group's revenue by type is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sale of properties	**15,402,691**	14,018,259
Real estate agency services	**201,916**	370,354
Hotel operation	**51,422**	71,085
Other services	**31,049**	35,242
	15,687,078	14,494,940
Revenue from other sources		
Property investment	**53,451**	56,743
	15,740,529	14,551,683
Disaggregated by timing of revenue recognition		
Point in time	**12,610,630**	12,022,720
Over time	**3,129,899**	2,528,963
	15,740,529	14,551,683

Geographic information

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

No revenue from transaction with single external customer amounted to 10% or more of the Group's revenue for the years ended 31 December 2020 and 2019.

6. OTHER INCOME, GAINS AND LOSSES

	2020	2019
	RMB'000	*RMB'000*
Interest income	**55,450**	89,712
Government grants *(note a)*	**7,472**	6,962
Net exchange gain/(loss) *(note b)*	**384,005**	(205,219)
Remeasurement to fair value of pre-existing interest in an acquiree	**–**	293,669
Gain on disposal of a joint venture	**–**	3,983
Gain on disposal of an associate	**–**	63,733
Others	**28,375**	16,681
	475,302	269,521

Notes:

(a) Government grants represent incentive subsidies from various PRC governmental authorities. There are no conditions or future obligations attached to these subsidies.

(b) The net exchange gain/(loss) for the years ended 31 December 2020 and 2019 mainly arose from retranslation of senior notes issued by the Company denominated in US$ due to appreciation/(depreciation) of RMB against US$.

7. FINANCE COSTS

	2020	2019
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**(1,359,793)**	(834,441)
Interest on senior notes and corporate bonds	**(1,096,060)**	(969,302)
	(2,455,853)	(1,803,743)
Less: Amount capitalised in properties under development for sale	**2,045,669**	1,383,678
	(410,184)	(420,065)

The borrowing costs have been capitalised at a rate of 1.4%–15.0% (2019: 2.2%–15.0%) per annum.

8. INCOME TAX EXPENSE

	2020	2019
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**(919,133)**	(1,075,949)
Land Appreciation Tax ("LAT")	**(773,049)**	(688,135)
Deferred tax	**(26,210)**	137,680
(Under)/over-provision of PRC Corporate Income Tax in respect of prior years	**(31,390)**	10,586
Income tax expense	**(1,749,782)**	(1,615,818)

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

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided on the appreciated amount at progressive rates ranging from 30% to 60%, with certain allowable exemptions and deductions.

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

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

No provision for Hong Kong profits tax has been made as the income generated from the Group neither arose in, nor was derived from, Hong Kong for the years ended 31 December 2020 and 2019.

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

	2020	2019
	RMB'000	*RMB'000*
Profit before taxation	**2,866,767**	2,670,265
PRC Corporate Income Tax at 25%	**(716,692)**	(667,566)
Provision for LAT	**(773,049)**	(688,135)
Tax effect of LAT deductible for PRC Corporate Income Tax	**193,262**	172,034
Tax effect of share of profits/(losses) of joint ventures	**19,165**	(7,769)
Tax effect of share of losses of associates	**(70)**	(320)
Tax effect of non-deductible expenses	**(413,998)**	(450,753)
Tax effect of non-taxable income	**92,236**	79,945
Tax effect of unused tax losses not recognised	**(119,246)**	(63,840)
(Under)/over-provision of PRC Corporate Income Tax in respect of prior years	**(31,390)**	10,586
Actual tax expense	**(1,749,782)**	(1,615,818)

9. DIVIDEND

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

	2020	2019
	RMB'000	*RMB'000*
Interim dividend declared and paid of HK3.98 cents per ordinary share (2019: HK3.7 cents per ordinary share)	**99,502**	91,845
Final dividend proposed after the end of the reporting period of HK3.65 cents per ordinary share (2019: HK3.55 cents per ordinary share)	**85,248**	90,823
	184,750	182,668

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

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

	2020	2019
	RMB'000	*RMB'000*
Final dividend in respect of previous financial year, approved and paid during the year, of HK3.55 cents per share (2019: HK1.98 cents per share)	**90,823**	50,381

10. EARNINGS PER SHARE

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

	2020	2019
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**739,001**	730,672

	2020	2019
	'000	*'000*
Number of shares (basic)		
Issued ordinary shares as 1 January	**2,794,994**	2,789,919
Effect of share options exercised	**–**	2,219
Weighted average number of ordinary shares at 31 December	**2,794,994**	2,792,138
Number of shares (diluted)		
Number of ordinary shares for the purpose of calculating basic earnings per share	**2,794,994**	2,792,138
Effect of dilutive potential ordinary shares:		
— Share options *(note)*	**2,370**	3,343
Number of ordinary shares for the purpose of calculating diluted earnings per share	**2,797,364**	2,795,481

Note: The computation of the diluted earnings per share for the year ended 31 December 2020 has taken into consideration the weighted average number of 2,370,000 shares (2019: 3,343,000 shares) deemed to be issued at nil consideration as if all outstanding share options had been exercised.

11. INTERESTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES

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

	At 31 December 2020 *RMB'000*	At 31 December 2019 *RMB'000*
Cost of investment in joint ventures	**2,011,822**	2,183,776
Share of post-acquisition profits and other comprehensive income	**378,788**	265,639
	2,390,610	2,449,415
Loans to joint ventures, gross	**6,051,933**	5,402,789
Less: Share of post-acquisition losses that are in excess of cost of the investments	**(283,669)**	(241,344)
	5,768,264	5,161,445

Loans to joint ventures are unsecured, have no fixed term of repayment and all the balances as at December 2020 and 2019 are interest free. All the loans to joint ventures are expected to be recovered after one year and, in substance, form part of the Group's net investments in these joint ventures.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

	At 31 December 2020 *RMB'000*	At 31 December 2019 *RMB'000*
Trade receivables, net of allowance	**433,450**	513,786
Amounts due from non-controlling interests	**3,277,182**	2,318,389
Other receivables, net of allowance *(note i)*	**3,444,645**	2,218,636
Guarantee deposits for housing provident fund loans provided to customers *(note ii)*	**161,659**	18,733
Loans and receivables	**7,316,936**	5,069,544
Prepayments to suppliers of construction materials	**544,796**	362,674
Deposits paid for acquisition of land use rights	**77,810**	594,134
Deposits paid for acquisition of a subsidiary	**300,531**	–
Prepaid taxation	**1,923,607**	1,848,884
	10,163,680	7,875,236

Notes:

(i) The amount mainly included refundable deposits for property development projects.

(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.

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

	At 31 December 2020 *RMB'000*	At 31 December 2019 *RMB'000*
Less than 1 year	**97,941**	155,176
1–2 years	**71,445**	358,610
More than 2 years and up to 3 years	**264,064**	–
	433,450	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 the receivables from properties sold, the Group holds the title of the property units as collateral over those balances.

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

	2020 *RMB'000*	2019 *RMB'000*
At the beginning and the end of the year	**4,041**	4,041

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

	2020 *RMB'000*	2019 *RMB'000*
At the beginning of the year	**3,408**	3,469
Provided/(reversed) during the year	**23**	(61)
At the end of the year	**3,431**	3,408

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

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Trade and notes payables *(note i)*	**4,189,743**	3,239,103
Accrued expenditure on construction *(note i)*	**2,146,450**	1,636,329
Amounts due to non-controlling interests	**3,274,790**	4,105,167
Accrued interest	**340,103**	154,730
Accrued payroll	**26,243**	48,640
Dividend payable	**3,149**	2,483
Other payables *(note ii)*	**6,093,719**	4,190,580
Financial liabilities measured at amortised cost	**16,074,197**	13,377,032
Other tax payables	**369,386**	21,419
	16,443,583	13,398,451

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

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Less than 1 year	**2,104,183**	2,454,418
1 to 2 years	**1,435,264**	617,903
More than 2 years and up to 3 years	**650,296**	166,782
	4,189,743	3,239,103

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

14. CONTRACT LIABILITIES

	At 31 December 2020 *RMB'000*	At 31 December 2019 *RMB'000*
Sales deposits	**20,934,767**	20,724,982

Movements in contract liabilities	**2020** *RMB'000*	2019 *RMB'000*
Balance at 1 January	**20,724,982**	16,918,562
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(11,277,670)**	(9,897,526)
Acquisition of subsidiaries	**184,401**	3,096,719
Increase in contract liabilities as a result of sales deposits	**11,303,054**	10,607,227
Balance at 31 December	**20,934,767**	20,724,982

The amount of sales deposits expected to be recognised as income after more than one year is RMB4,731,112,000 (2019: RMB4,365,370,000).

15. SHARE CAPITAL

	Number of shares *'000*	Amount *USD'000*	Equivalent to *RMB'000*
Ordinary shares of US$0.01 each			
Authorised:			
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 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 *(note)*	5,075	51	352
At 31 December 2019, 1 January 2020 and 31 December 2020	2,794,994	27,941	175,693

Note: During the year ended 31 December 2019, share options were exercised to subscribe for 4,635,250 and 440,000 ordinary shares of the Company at HK$1.041 and HK$1.045 (equivalent to approximately RMB0.9234 and RMB0.9201) per share, with the aggregate proceeds of HK$5,285,000 (equivalent to approximately RMB4,685,000).

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of the Company, I am pleased to present the business review of the Group for the year ended 31 December 2020 and its prospects.

SALES RESULTS

As at 31 December 2020, the Company achieved contracted sales of approximately RMB42.21 billion, of which approximately RMB41.60 billion was from properties and approximately RMB0.61 billion was from car parking spaces. The contracted sales of properties covered an area of approximately 4.069 million square metres and the average selling price per sq.m. was approximately RMB10,224.

2020 REVIEW

The year 2020 marks the last year of the 13th Five-Year Plan and the year when China set the tone for the 14th Five-Year Plan. The Chinese economy moved forward despite the impact of the epidemic, showing strong late-comer advantage and system resilience. The central government came up with the "dual circulation" strategy and "two red lines", with the value of domestic market and internal consumption further highlighted. China drafted new financing rules, dubbed the "three red lines", creating a regulatory closed loop. In terms of policies, more emphasis was placed on the change of policies with time and from company to company. The real estate sector has shown strong resilience in the face of the epidemic and market fluctuations. The vicious circle of industry involution is expected to end, and management benefit and operation benefit will become the new foothold. Meanwhile, urbanisation and old communities created a very huge market, which could boost the long-term, stable and sustainable development of the industry.

Data from the National Bureau of Statistics showed that the total investment in real estate development in 2020 stood at RMB14.1 trillion, a year-on-year increase of 7.0%. The sales area of commercial properties rose 2.6% from a year earlier to 1.76 billion square metres, and the sales of commercial properties amounted to RMB17.4 trillion, up 8.7% year on year. In 2020, property developers built 1.64 billion square metres of new homes, a year-on-year decline of 1.9%, while the floor space of buildings completed fell 4.9% from a year earlier to 910 million square metres. We are of the view that RMB16 to RMB17 trillion will be the size of the real estate market that moves sideways and will remain stable for quite a long time.

Precisely grasping the real estate market to achieve a sound growth in results

Under the basic tone of "houses should be for living in, not for speculation", "long-term mechanism to promote the steady and sound development", and "targeted regulation", the principle of introducing varied policies according to cities, regions, time changes and companies remained unchanged in 2020. The real estate sector entered an era of "returning". First, it was repositioned as an ordinary industry and saw low growth and low profit with product quality and customer experience as the core. Secondly, houses were built for living, the investment attribute of real estate was further weakened and investors' willingness and returns decreased. Thirdly, it refocused on management value. The era of land leverage and financial leverage has gone forever and the industry has entered an era of seeking benefits from management and profits from operation.

The Company had an accurate grasp of the real estate market and took targeted measures in 2020 to maintain the sound growth of its results. It reported contracted sales of approximately RMB42.21 billion, a year-on-year increase of 16.6%, with the contracted sales area jumping approximately 20.4% year on year to approximately 4.069 million square metres. The share of the sales from the first- and second-tier cities continuously increased and the structure of its results has been optimised.

Optimising the strategy of stepping up presence in cities to achieve steady expansion of its business

Investment should go first to make it bigger. Accurate urban and regional expansion is a prerequisite for sales growth and scale expansion. By focusing its strategy on the core city clusters and the key first- and second-tier cities, the Group and its joint ventures and associates secured 24 new projects in Chongqing, Changsha, Taiyuan and so forth in 2020, with an additional gross floor area ("**GFA**") of approximately 4.626 million square metres, basically the same as last year. The Company will keep increasing its presence in high-quality regions and stand firm in follow-up expansion.

It will continuously leverage on the advantages in greenness, technology, products and brands to further expand the real estate agency service business. Take entrusted construction business as an example, there were 8 new quality entrusted construction projects with GFA of approximately 1.467 million sq.m., and the contract amount of approximately RMB250 million in 2020. Meanwhile, the Company saw improvements in the quality of its entrusted construction projects, the level of partners and financial income.

Upgrading stable capital structure to provide sufficient funding for investment

The Company upgraded its capital structure, optimised the financing strategy and constructed the best financial system under the financial tone of "three red lines + two red lines". It was widely recognised and well evaluated by investors in 2020 thanks to its steady operation benefits. The Company's stock was given a buy rating by well-known financial institutions. Its bonds were recommended by many international banking institutions. Its ratings at home and abroad remained stable. The total line of credit from banks of the Company has reached approximately RMB100 billion. The Company issued US$700 million of green senior notes in total, successfully issued RMB 620 million for the first ABS in respect of the balance payment of properties sold and obtained HK$100 million of a Hang Seng credit facility in 2020. At the beginning of 2021, the Group issued new and additional green senior notes totaling US$398 million. It combined the financing channels both at home and abroad to reduce its financing costs. In 2020, the Company reached strategic cooperation intentions with a number of companies, which facilitated its development and investment cooperation.

Focusing on green and healthy technology to extend the brand influence of greenness and health

The Company continued stepping up efforts to construct green, hi-tech and healthy buildings, enabling it to have increasingly dominant position in the green health industry, and its brand potential is becoming stronger.

Its brand value was continuously highlighted in 2020. It received three Three-Star Green Building Design Labels and one Three-star Green Building Operation Label, the Modern Yunjing MOMΛ (Beijing) was awarded the LEED gold certification and Daming Palace Modern Fu MOMΛ (Xi'an) received the WELL gold pre-certification. The area of its green buildings accredited totalled 7.75 million square metres, and 28 green communities nationwide were certified, accounting for about 70% of the total in the country.

In 2020, the Company received more than 100 awards. The Company won Elite Awards and top 100 property developers awards and was honoured as an excellent brand in China's real estate industry. It was named the industry engine of the year 2020, a contributor to China's better life, and one of the top 20 Chinese property developers with steady operation. The Company ranked second in terms of green real estate operation index in China. It broke into the top 10 Chinese property developers in terms of operation efficiency and the top 10 companies in China's green real estate, won the award of China Specialized Real Estate Company — Green Technology Real Estate and Top 10 CEO in the Real Estate Industry in China in 2020.

OUTLOOK IN 2021

The year 2021 marks the opening year of the 14th Five-Year Plan. The economy of foreign countries will continue to be impacted by the epidemic and will usher in a slow recovery period. The Chinese economy is picking up strongly under the "dual circulation" strategy. Besides "targeted regulation", China has also drawn the "three red lines" and "two red lines" for the financial sector, with a view to turning from virtual economy to real economy and strictly curbing the systematic risks. The introduction of the "two concentrations" policy on land is a higher regulatory requirement for real estate companies from the supply side. China continued maintaining the principle that "housing is for living in, not for speculation" for the real estate sector that will be repositioned as an ordinary industry and characterised by the features of being "product-based, customer-focused, and management-oriented". In 2021, the Company will insist on the normalization of epidemic prevention and control, focus on anti-epidemic and production at the same time, stand firm on implementing three strategies of "product focus, lean management, and customer first", and centre on products, management and customer value. Efforts will be made to expand its size and make profits in order to achieve leapfrog development.

The Company will take measures from the following four aspects, with an aim to achieve its 2021 strategic business targets.

Adhering to the strategy of green and healthy development, and differentiating itself for sound growth

The Company will insist on differentiating its core competitiveness, relying on its abundant reserves of green and healthy technology, speed up optimization projects and practices in project implementation. Based on customers' new needs for residential experience in the new era, the Company will adhere to the four standardised product lines of Modern MOMΛ, Modern Eminence MOMΛ, Modern Horizon MOMΛ and Modern City MOMΛ, deepen the latest technological achievements and innovative concepts with regard to green and healthy communities to cultivate large product scales, stick to four constant technologies of "constant temperature, constant humidity, constant oxygen, and constant tranquility" and four balanced scenes of "balanced space, balanced quality, balanced movement, and balanced agility" to provide high-quality products and service experience with double four HENG.

The Company will continuously focus on using green technology in architectural design, building comfortable and healthy space experience and promoting eco-friendly construction and operation. It will spare no effort to create green communities, and green and technology individual buildings, which will lead the continuous evolution of the industry and its fellow enterprises. It will quicken its pace on technology innovation, and aggressive participation on the organic renewal and sustainable advancement of existing buildings, empowering the renovation of old communities in cities. It will continuously conduct research and development on the greenness of hotel, office, sports, commerce, catering, education and other formats, and broaden the application scenarios and value fields of green technology. We believe that the Company will be able to break the market cycle and cross the inflection point of the industry to ultimately achieve the steady growth in its scale.

Focusing on city-oriented strategy to make targeted investments

The Company will stick to the investment strategy of "5+15+M" by stepping up presence in five city clusters, namely the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, the middle reaches of the Yangtze River and Chengdu-Chongqing economic circle, paying active attention on well-developed first- and second-tier cities, such as Chongqing, Chengdu, Xi'an and Zhengzhou, and seizing the opportunities to explore the third- and fourth-tier cities that meet its investment criteria. It will try to make targeted investments and select good cities, good regions, good teams and good projects, in hope of carrying out projects in a city once it is selected and finishing a project once it is implemented.

In cities it has set foot in, its respective strengths in brands, costs and progress and operations should be further leveraged, so as to reduce the total costs and increase its market share in the cities. It will adopt the region-specific method and city-specific approach, determine a city's value proposition and a region's development direction, and grasp the city rotation and market cycle to anchor the investment opportunities. With proactive and sound investment strategy, the Company will ensure the reasonable structure of land banking and keep a good pace to make targeted investments through diversified means, in order to further optimise its strategy.

Optimising capital structure, opening up ecological cooperation platform

The Company will continuously develop the innovative capital cooperation in an all-round manner and covering the entire ecosystem. Its future moves include further expanding financing sources, balancing the proportion of standardized financing and non-standardized financing with which it cooperates, and making full use of safe capital leverage to obtain credit line. The top priority will be given to the combination of investment and financing. The Company will improve authorization, strengthen talent reserve and professional training, and help regional firms develop financing skills. Efforts will be made to further expand its financing channels, facilitate more cooperation with parent companies, increase the ability on comprehensive credit lines and withdrawals, and explore innovative funds and cross-border financial cooperation. It will further optimise the financing structure and the proportion of long-term and short-term debt, control the scale of interest-bearing debt, and gradually complete the replacement of good debt. Moreover, the Company will strengthen external links and increase equity cooperation.

Focusing on the whole-lifecycle industrialised communities to promote upgrading and brand growth

The Company will stick to the "whole-lifecycle industrialised communities" model and "MOMΛ living communities 4+1". It will seize the market opportunities arising from new consumption, new technology and new space to provide customers with full life cycle services covering children, young people, adults, the middle-aged and elderly, in order to cater to the new needs of post-95s and post-00s generations. The Company will prioritise industries to achieve city-industry integration. Corresponding industrial resources will be injected to retain industries and talents, and finally the value of industry, city and people will be further highlighted. These will promote the upgrading from living communities to industrialised communities, and realise the continuous evolution and growth of its brand.

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 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Sale of Properties

For the year ended 31 December 2020, the Group's revenue from sale of properties amounted to approximately RMB15,402.7 million, representing an increase of approximately 9.9% as compared to the year ended 31 December 2019. The Group delivered 1,420,650 sq.m. of property in terms of GFA and 3,649 units of car parking spaces in 2020. Gross profit margin of sale of properties was 23.5%, which remains stable as compared to the year of 2019. Delivered average selling price ("**ASP**") for properties was RMB10,521 per sq.m. and that for car parking spaces was RMB125,088 per unit for the year ended 31 December 2020.

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

For the year ended 31 December 2020, the Group's revenue from property investment amounted to approximately RMB53.5 million, representing a decrease of approximately 5.8% as compared to the corresponding period in 2019.

For real estate agency services, with the unique product, brand, management and credibility advantages supported by our MOMΛ green-technology products, the Group offers customized full-set development and operation management solutions to customers. For the year ended 31 December 2020, the revenue from real estate agency services amounted to approximately RMB201.9 million, representing a decrease of approximately 45.5% as compared to that of approximately RMB370.4 million for the corresponding period in 2019.

Hotel MoMc, a boutique hotel owned and operated by the Group, has established its presence in Beijing and Taiyuan, and revenue from hotel operation for the year ended 31 December 2020 amounted to RMB51.4 million, representing a decrease of 27.7% as compared to that of approximately RMB71.1 million for the corresponding period in 2019, mainly due to the impact of the epidemic, resulting in a year-on-year decrease in the annual occupancy rate.

For the year ended 31 December 2020, the revenue from other services was approximately RMB31.0 million, whereas revenue of approximately RMB35.2 million was recorded in the corresponding period in 2019.

Contracted Sales

For the year ended 31 December 2020, the Group, its joint ventures and associates achieved contracted sales of approximately RMB42,211.5 million, representing an increase of 16.6% as compared to the year ended 31 December 2019, whereas 4,069,068 sq.m. in total GFA and 6,076 units of car parking spaces were sold, representing an increase of approximately 20.4% and an increase of approximately 12.0% respectively as compared to the year ended 31 December 2019.

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

	2020			2019		
Province/Municipality	**Contracted Sales**	**GFA**	**ASP**	Contracted Sales	GFA	ASP
		(in sq.m.) or units	***RMB/sq.m. or unit***		*(in sq.m.) or units*	*RMB/sq.m. or unit*
	RMB'000			*RMB'000*		
Anhui	**3,219,190**	**366,248**	**8,790**	4,128,287	432,968	9,535
Beijing	**2,805,456**	**58,701**	**47,792**	3,051,033	84,631	36,051
Fujian	**120,824**	**5,772**	**20,933**	543,997	18,501	29,404
Chongqing	**2,078,067**	**262,113**	**7,928**	–	–	–
Guangdong	**1,708,730**	**139,310**	**12,266**	638,414	12,688	50,316
Guizhou	**1,306,547**	**199,702**	**6,542**	825,027	108,359	7,614
Hebei	**595,394**	**56,518**	**10,535**	4,030,934	327,849	12,295
Henan	**1,457,722**	**220,206**	**6,620**	130,578	17,551	7,440
Hubei	**6,766,156**	**883,730**	**7,656**	4,739,924	731,536	6,479
Hunan	**4,494,821**	**426,570**	**10,537**	394,418	30,602	12,889
Jiangsu	**4,845,949**	**249,751**	**19,403**	1,064,332	63,114	16,864
Jiangxi	**2,669,685**	**301,226**	**8,863**	3,882,678	376,195	10,321
Liaoning	**25,579**	**3,385**	**7,557**	41,835	8,250	5,071
Shaanxi	**5,600,452**	**511,637**	**10,946**	1,781,892	193,177	9,224
Shandong	**1,311,400**	**154,840**	**8,469**	733,913	124,400	5,900
Shanxi	**2,148,285**	**183,794**	**11,689**	7,947,674	670,349	11,856
Tianjin	**253,172**	**32,082**	**7,891**	900,557	94,225	9,558
Zhejiang	**196,027**	**13,483**	**14,539**	844,112	86,290	9,782
Properties Sub-total	**41,603,456**	**4,069,068**	**10,224**	35,679,605	3,380,685	10,554
Car Parking spaces	**608,083**	**6,076 units**	**100,079/unit**	522,987	5,423 units	96,439/unit
Total	**42,211,539**			36,202,592		

Land Bank

As at 31 December 2020, total land bank in the PRC (excluding investment properties and properties held for own use) held by the Group, its joint ventures and associates was 14,758,095 sq.m..

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

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

Province/Municipality	As at 31 December 2020 Total GFA unsold* *(sq.m.)*
Anhui	**1,725,684**
Beijing	**558,123**
Chongqing	**865,013**
Fujian	**116,184**
Guangdong	**562,185**
Guizhou	**829,635**
Hebei	**825,318**
Henan	**266,586**
Hubei	**2,914,400**
Hunan	**769,264**
Jiangsu	**441,870**
Jiangxi	**856,763**
Liaoning	**108,037**
Shaanxi	**1,267,721**
Shandong	**845,852**
Shanghai	**17,704**
Shanxi	**1,440,447**
Tianjin	**193,660**
Zhejiang	**153,649**
Total	**14,758,095**

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

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. The Group, its joint ventures and associates purchased a total of 24 new projects with corresponding land parcels or related interests through various channels including government held public tender and integrated primary and secondary development and cooperation with an aggregate GFA of 4,625,951 sq.m..

Project location (province/municipality)	Number of new projects	Estimated total GFA *(sq.m.)*
Anhui	**2**	**754,727**
Chongqing	**2**	**865,013**
Guangdong	**1**	**92,357**
Guizhou	**2**	**280,723**
Hebei	**2**	**253,077**
Henan	**1**	**25,705**
Hubei	**5**	**970,533**
Hunan	**3**	**395,821**
Jiangsu	**1**	**111,820**
Jiangxi	**1**	**211,193**
Shaanxi	**1**	**356,392**
Shanxi	**3**	**308,590**
Sub-total	**24**	**4,625,951**

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 8.2% to approximately RMB15,740.5 million for the year ended 31 December 2020 from approximately RMB14,551.7 million for the year ended 31 December 2019, which was mainly due to a year-over-year increase of approximately RMB1,384.4 million in the income from sales of properties as a result of the increase in GFA delivered and the increase in ASP.

Cost of sales

The Group's cost of sales amounted to approximately RMB11,956.0 million for the year ended 31 December 2020, representing an increase of approximately 10.3% as compared to the corresponding period of 2019 which was in line with the increase of revenue.

Gross profit and gross profit margin

For the year ended 31 December 2020, the Group's gross profit was approximately RMB3,784.5 million and the gross profit margin was approximately 24.0%, representing a decrease of approximately 1.5 percentage points as compared to the corresponding period of 2019.

Other income, gains and losses

The Group's other income, gains and losses increased by approximately 76.4% to approximately RMB475.3 million for the year ended 31 December 2020 from approximately RMB269.5 million for the year ended 31 December 2019, which was mainly due to the exchange gain as a result of the appreciation of the exchange rate of RMB against the US dollars during the year.

Change in fair value

The change in fair value of the Company decreased from approximately RMB357.5 million for the year ended 31 December 2019 to approximately RMB236.6 million for the year ended 31 December 2020, representing a decrease of approximately 33.8% mainly due to the decrease in the area of new investment properties.

Selling and distribution expenses

The selling and distribution expenses of the Group increased by approximately 10.0% to approximately RMB583.1 million for the year ended 31 December 2020 from approximately RMB530.1 million for the year ended 31 December 2019, primarily due to the expansion of overall sales scale. Selling and distribution expenses accounted for approximately 1.4% of the contracted sales of the Group in 2020, representing a slight decrease as compared to that of approximately 1.5% in 2019.

Administrative expenses

The administrative expenses of the Group increased by approximately 4.6% to approximately RMB712.8 million for the year ended 31 December 2020 from approximately RMB681.5 million for the corresponding period of 2019, primarily due to the growth of the Group's business and expansion of its scale.

The Group continued to strictly control the scale of administrative expenses. The administrative expenses for the year ended 31 December 2020 accounted for approximately 1.7% of contracted sales, representing a slight decrease as compared to that of approximately 1.9% for the corresponding period in 2019.

Finance costs

The finance costs of the Group amounted to approximately RMB410.2 million for the year ended 31 December 2020, representing a decrease of approximately 2.4% from approximately RMB420.1 million for the year ended 31 December 2019. Amidst the general rising market interest rates both at home and abroad, the Group's weighted average interest rate of borrowings was approximately 9.9% as at 31 December 2020 which was maintained at a similar level to that of approximately 9.9% for the year ended 31 December 2019.

Income tax expense

The income tax expense of the Group for the year ended 31 December 2020 increased by approximately 8.3% to approximately RMB1,749.8 million from approximately RMB1,615.8 million for the year ended 31 December 2019, primarily due to the increase in profit before tax.

Profit for the year

The profit of the Group for the year ended 31 December 2020 increased by approximately 5.9% to approximately RMB1,117.0 million from approximately RMB1,054.4 million for the year ended 31 December 2019, primarily due to the continuous expansion of delivery scale.

Profit for the year attributable to owners of the Company

As a result of the foregoing, the profit of the Group attributable to owners of the Group for the year ended 31 December 2020 increased by approximately 1.1% to approximately RMB739.0 million from approximately RMB730.7 million for the year ended 31 December 2019.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2020, the cash, restricted cash and bank balances of the Group was approximately RMB14,092.7 million, representing an increase of approximately 23.8% as compared to approximately RMB11,382.6 million as at 31 December 2019, mainly due to the continuous expansion of sales scale and earnings generated from the cooperation projects during the period under review. The bank balances and cash (including restricted cash) accounted for approximately 17.2% of the total assets as at 31 December 2020 and the Group was still able to maintain a healthy cash position.

Borrowings and pledge of the Group's assets

As at 31 December 2020, the Group had aggregate balance of approximately RMB24,593.0 million, including bank and other borrowings of approximately RMB15,710.6 million, senior notes of approximately RMB7,851.9 million and corporate bonds of approximately RMB1,030.5 million, representing an increase of approximately 33.0% as compared to that of approximately RMB18,496.0 million as at 31 December 2019. As at 31 December 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, properties held for sale, property, plant and equipment, equity interests in subsidiaries and bank deposits, which had a carrying amount of approximately RMB23,757.4 million (31 December 2019: approximately RMB20,187.2 million).

Breakdown of borrowings

By type of borrowings and maturity

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
Bank and other loans		
within one year or on demand	**6,285,741**	7,087,864
more than one year, but not exceeding two years	**5,598,966**	2,233,706
more than two years, but not exceeding five years	**3,797,872**	1,417,106
more than five years	**28,070**	50,000
Sub-total	**15,710,649**	10,788,676
Senior Notes		
within one year	**3,395,691**	2,379,120
more than two years, but not exceeding five years	**4,456,189**	4,305,879
Sub-total	**7,851,880**	6,684,999
Corporate Bonds		
within one year	**128,016**	–
more than one year, but not exceeding five years	**902,468**	1,022,303
Sub-total	**1,030,484**	1,022,303
TOTAL	**24,593,013**	18,495,978
Less:		
Bank balances and cash (including restricted cash)	**14,092,729**	11,382,626
Net Debt	**(10,500,284)**	(7,113,352)
Total Equity	**10,977,667**	8,604,313
Net debt to equity	**95.7%**	82.7%

By currency denomination

	31 December 2020	31 December 2019
	RMB'000	*RMB'000*
— Denominated in RMB	**14,499,326**	9,755,848
— Denominated in US$	**832,585**	551,322
— Denominated in HK$	**378,738**	481,506
	15,710,649	10,788,676

Leverage

The Group's net gearing ratio increased from approximately 82.7% as at 31 December 2019 to approximately 95.7% as at 31 December 2020. The Group's net current assets (being current assets less current liabilities) increased by approximately 100.0% to approximately RMB12,759.1 million as at 31 December 2020 from approximately RMB6,378.0 million as at 31 December 2019. Current ratio (being current assets/current liabilities) increased from approximately 1.13 times as at 31 December 2019 to approximately 1.23 times as at 31 December 2020.

Foreign currency risk

The functional currency of the Company's major subsidiaries is RMB. Most of the transactions are denominated in RMB. Transactions of the Group's foreign operations, such as purchasing land held for future development, and certain expenses incurred are denominated in foreign currencies. As at 31 December 2020, the Group had monetary assets denominated in US dollars and Hong Kong dollars of approximately RMB261.8 million and approximately RMB96.5 million, respectively, as well as liabilities denominated in US dollars and Hong Kong dollars of approximately RMB8,684.5 million and approximately RMB378.7 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 year, the Group currently has no foreign currency hedging policy in place yet, but the management will constantly monitor foreign exchange exposure and identify one that will be appropriate to the Group. The Group will consider hedging against any significant foreign currency exposure when necessary.

Contingent liabilities

As at 31 December 2020, the Group had contingent liabilities amounting to approximately RMB15,217.8 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 31 December 2020, the Group had 2,387 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 share options, discretionary bonus and cash awards based on individual performance.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year of 2020, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

FUND AND TREASURY POLICIES AND OBJECTIVES

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Set out below is a summary of the material acquisitions conducted or terminated by the Group for the year ended 31 December 2020.

1. 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. ("**Lianyungang Tianxingjian**") 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 Lianyungang Tianxingjian 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. Mutually agreed by all parties to the said joint development agreement, the said transaction was terminated pursuant to the termination agreement entered into by the parties on 30 September 2020. For details, please refer to the announcements of the Company dated 24 June 2020, 16 July 2020 and 30 September 2020, respectively.

2. On 15 September 2020, Modern Green Development Co., Ltd. ("**Modern Green Development**"), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Shenzhen City Renjian Huahai Ecological Technology Tourism Development Co., Ltd. ("**Shenzhen City Renjian Huahai**"), whereby Modern Green Development agreed to acquire 49% equity interest of Chongqing Konka Real Estate Development Co., Ltd. ("**Chongqing Konka**") from Shenzhen City Renjian Huahai at the consideration of RMB352,310,000. Chongqing Konka indirectly holds the entire equity interest of Chongqing Konka Fuze Real Estate Co., Ltd., which holds the land use right of a land parcel, all for residential use located at Bishan District, Chongqing City, the PRC, with an aggregate site area of approximately 133,334.8 sq.m.. The completion of the said acquisition took place on 17 September 2020. Upon completion of the said acquisition, the equity interest attributable to the Group in Chongqing Konka was 49% and Chongqing Konka became a joint venture of the Group.

On 20 November 2020, Modern Green Real Estate (Xi'an) Co., Ltd. ("**Modern Green Xi'an**"), an indirect non wholly-owned subsidiary of the Company, won the bidding for the 18% equity interest of Chongqing Konka through the public listing-for-sale process organized by Shanghai United Assets and Equity Exchange ("**SUAEE**"). On 24 November 2020, Modern Green Xi'an entered into the equity transfer agreement with Konka Group Co., Ltd. ("**Konka**"), whereby Modern Green Xi'an agreed to acquire 18% equity interest of Chongqing Konka from Konka at the consideration of RMB129,780,000. Upon completion of the said acquisition, the equity interest attributable to the Group in Chongqing Konka was 67% and Chongqing Konka became an indirect non wholly-owned subsidiary of the Company. For details, please refer to the announcements of the Company dated 15 September 2020, 30 September 2020 and 24 November 2020, respectively.

3. On 24 November 2020, Modern Green Development entered into the equity transfer agreement with Jiangxi Junjian Industrial Co.,Ltd. ("**Jiangxi Junjian**") whereby Modern Green Development agreed to acquire 49% equity interest of Chongqing Chengda Real Estate Co., Ltd. ("**Chongqing Chengda**") from Jiangxi Junjian at the consideration of RMB274,647,450. Chongqing Chengda indirectly holds the entire equity interest of the Chongqing Langheng Real Estate Co., Ltd., which holds the land use right of another land parcel, all for residential use located at Bishan District, Chongqing City, the PRC, with an aggregate site area of approximately 198,120.78 sq.m.. Upon completion of the said acquisition, the equity interest attributable to the Group in Chongqing Chengda was 49% and Chongqing Chengda became a joint venture of the Group.

   On 22 December 2020, Chongqing Zhanlan Development Co., Ltd. ("**Chongqing Zhanlan Development**"), an indirect wholly-owned subsidiary of the Company, won the bidding for the 18% equity interest of Chongqing Chengda through the public listing-for-sale process organized by SUAEE. On 24 December 2020, Chongqing Zhanlan Development entered into an equity transfer agreement with Konka, whereby Chongqing Zhanlan Development agreed to acquire 18% equity interest of Chongqing Chengda from Konka at the consideration of RMB 256,652,550. Upon completion of the said acquisition, the equity interest attributable to the Group in Chongqing Chengda was 67% and Chongqing Chengda became an indirect non wholly-owned subsidiary of the Company. For details, please refer to the announcements of the Company dated 24 November 2020, 10 December 2020 and 24 December 2020, respectively.

Save as above, the Group did not have any other material acquisition and disposal of subsidiaries, associates and joint ventures for the year ended 31 December 2020.

SENIOR NOTES

Issuance of green senior notes

On 27 February 2018, the Company and certain subsidiaries of the Company entered into a purchase agreement with Guotai Junan Securities (Hong Kong) Limited, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, BOCOM International Securities Limited, BOSC International Company Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, UBS AG Hong Kong Branch, VTB Capital plc and Zhongtai International Securities Limited in connection with the Company's issuance of senior notes due 2021 with principal amount of US$350 million at a coupon rate of 7.95% per annum (the "**March 2018 Notes**"). Completion of the issuance took place on 5 March 2018. For details, please refer to the announcements of the Company dated 27 February 2018, 28 February 2018 and 7 March 2018, respectively.

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

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

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

On 6 July 2020, the Company and certain subsidiaries of the Company entered into a purchase agreement with Guotai Junan Securities (Hong Kong) Limited, Credit Suisse (Hong Kong) Limited, Morgan Stanley & Co. International plc, Haitong International Securities Company Limited, UBS AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, HeungKong Securities Limited and Merrill Lynch (Asia Pacific) Limited in connection with the Company's issuance of senior notes due 2022 with aggregate principal amount of US$250 million at a coupon rate of 11.5% per annum. Completion took place on 14 July 2020. For details, please refer to the announcements of the Company dated 6 July 2020, 7 July 2020 and 14 July 2020, respectively.

On 31 August 2020, the Company and certain subsidiaries of the Company entered into a purchase agreement with Deutsche Bank AG, Singapore Branch, Merrill Lynch (Asia Pacific) Limited, The Hongkong and Shanghai Banking Corporation Limited, Guotai Junan Securities (Hong Kong) Limited and Morgan Stanley & Co. International plc, in connection with the Company's issuance of additional 11.5% green senior notes due 2022 (which were consolidated and formed a single series with the green senior notes issued on 13 July 2020) and additional 2024 Notes (to be consolidated with 2024 Notes and form a single series) (the "**Additional 2024 Notes**") with an aggregate principal amount of US$100 million. Completion of the issuance took place on 9 September 2020. For details, please refer to the announcements of the Company dated 31 August 2020, 1 September 2020 and 9 September 2020, respectively.

Offer to purchase the outstanding senior notes

On 19 February 2020 and 12 March 2020, the Company commenced the offers (the "**2020 Offers**") to purchase for cash of the outstanding 2019 Series Notes up to a maximum acceptance amount in accordance with the terms and conditions set out in the offer documents. The 2020 Offers were completed on 4 March 2020 and 25 March 2020, respectively. As at the date of this announcement, all outstanding principal amount of 2019 Series Notes have been settled. For details, please refer to the announcements of the Company dated 19 February 2020, 2 March 2020, 5 March 2020, 12 March 2020, 20 March 2020 and 26 March 2020, respectively.

On 16 July 2020 and 31 August 2020, the Company commenced the offers to purchase for cash of the outstanding March 2018 Notes up to a maximum acceptance amount in accordance with the terms and conditions set out in the offer documents. The offers were completed on 31 July 2020 and 15 September 2020, respectively. As at the date of this announcement, after completion of the offers and cancellation of the notes accepted for purchase, the aggregate principal amount of March 2018 Notes which remains outstanding is US$219,995,000. For details, please refer to the announcements of the Company dated 16 July 2020, 28 July 2020, 31 July 2020, 31 August 2020, 10 September 2020 and 15 September 2020, respectively.

New continuing connected transactions

On 1 April 2020, the Company and First Moma Asset Management (Beijing) Co., Ltd. ("**First Moma Asset**", together with its subsidiaries, the "**First Moma Asset Group**") entered into a master agreement (the "**Master Elevator Services Agreement**") whereby it was agreed that members of the First Moma Asset Group shall provide installation and maintenance services of elevators and escalators and related services to members of the Group for a term of three years from 1 January 2020 to 31 December 2022. The annual caps for the transactions contemplated under the Master Elevator Services Agreement for the three years ending 31 December 2022 are fixed at RMB45.0 million, RMB50.0 million and RMB55.0 million, respectively. As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Master Elevator Services Agreement as aggregated with the transactions contemplated under the renewed master agreement entered into between the Company and First Property (Beijing) Co., Ltd. ("**First Property**") on 4 December 2019 for the provision of property management services by First Property and its subsidiaries to the Group exceed(s) 5% on an annual basis and the annual consideration is more than HK$10 million, the transactions contemplated under the Master Elevator Services Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). For details, please refer to the announcement of the Company dated 1 April 2020.

ISSUANCE OF ASSET-BACKED SECURITIES

On 5 August 2020, Modern Green Development issued asset-backed securities (the "**ABS**") sold to qualified investors. The establishment of "Zhongshan Securities — Modern Green Development Asset-backed Securities Program" was completed on 5 August 2020 and the total issue size of the ABS Program is RMB620,000,000 and the ABS have been listed and traded on the Shanghai Stock Exchange on 5 August 2020. For details, please refer to the announcement of the Company dated 5 August 2020.

EVENTS AFTER THE REPORTING PERIOD

Issuance of green senior notes

On 5 January 2021, the Company and certain subsidiaries of the Company entered into a purchase agreement with Deutsche Bank AG Singapore Branch, Guotai Junan Securities (Hong Kong) Limited, Morgan Stanley & Co. International plc, Credit Suisse (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, Haitong International Securities Group Limited, Merrill Lynch (Asia Pacific) Limited, Nomura International (Hong Kong) Limited and HeungKong Securities Limited in connection with the Company's issuance of senior notes due 2023 with principal amount of US$250 million at a coupon rate of 9.8% per annum (the "**January 2021 Notes**"). Completion of the issuance took place on 11 January 2021. For details, please refer to the announcements of the Company dated 5 January 2021, 6 January 2021, 11 January 2021 and 12 January 2021, respectively.

On 25 January 2021, the Company and certain subsidiaries of the Company entered into a purchase agreement with Deutsche Bank AG Hong Kong Branch, Guotai Junan Securities (Hong Kong) Limited, Morgan Stanley & Co. International plc, Credit Suisse (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, Haitong International Securities Group Limited, HeungKong Securities Limited, Merrill Lynch (Asia Pacific) Limited, BOCOM International Securities Limited and Orient Securities (Hong Kong) Limited in connection with the Company's issuance of additional January 2021 Notes (to be consolidated and form a single series) with principal amount of US$71,000,000 and issuance of additional of 2024 Notes (to be consolidated with 2024 Notes and the Additional 2024 Notes and from a single series) with principal amount of US$77,000,000. Completion of the issuance took place on 1 February 2021. For details, please refer to the announcements of the Company dated 25 January 2021, 26 January 2021, 1 February 2021 and 2 February 2021, respectively.

Offer to purchase the outstanding senior notes

On 23 February 2021, the Company commenced the offers (the "**2021 Offer**") to purchase for cash of the outstanding 12.85% senior notes due 2021 up to a maximum acceptance amount in accordance with the terms and conditions set out in the offer document. The 2021 Offer was completed on 8 March 2021. As at the date of this announcement, after completion of the 2021 Offer and cancellation of the notes accepted for purchase, the aggregate principal amount of the senior notes which remains outstanding is US$250,002,000. For details, please refer to the announcements of the Company dated 23 February 2021, 5 March 2021 and 9 March 2021, respectively.

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

PROSPECT

The year 2021 marks the opening year of the 14th Five-Year Plan. The economy of foreign countries will continue to be impacted by the epidemic and will usher in a slow recovery period. The Chinese economy is picking up strongly under the "dual circulation" strategy. Besides "targeted regulation", China has also drawn the "three red lines" and "two red lines" for the financial sector, with a view to turning from virtual economy to real economy and strictly curbing the systematic risks. The introduction of the "two concentrations" policy on land is a higher regulatory requirement for real estate companies from the supply side. China continued maintaining the principle that "housing is for living in, not for speculation" for the real estate sector that will be repositioned as an ordinary industry and characterised by the features of being "product-based, customer-focused, and management-oriented". In 2021, the Company will insist on the normalization of epidemic prevention and control, focus on anti-epidemic and production at the same time, stand firm on implementing three strategies of "product focus, lean management, and customer first", and centre on products, management and customer value. Efforts will be made to expand its size and make profits in order to achieve leapfrog development.

The Company will continue to achieve the strategic business goals of 2021 based on four aspects: "adhering to the strategy of green and health development", "focusing on the city-oriented strategy", "optimising capital structure" and "focusing on the whole-life cycle industrialised communities".

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Further to the specific enquiries made by the Company to the Directors, all Directors have confirmed their compliance with the Model Code for the year ended 31 December 2020.

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

For the year ended 31 December 2020, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance. The Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2020.

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

Mr. Zhang Peng, the president and an executive Director of the Company, has been appointed as the chairman of the board of directors and a non-executive director of First Service Holding Limited (Stock Code: 2107) since October 2020.

Save as disclosed above, after all reasonable inquiries, the Board is not aware of any information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Company's annual report for 2019.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**2021 AGM**") will be held on Friday, 18 June 2021. The notice of the 2021 AGM will be published and despatched to the shareholders of the Company in due course.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board declared payment of a final dividend for the year ended 31 December 2020 of HK3.65 cents per share. Subject to the approval of the proposed final dividend by the shareholders at the 2021 AGM, it is expected that the final dividend will be paid on or before Tuesday, 10 August 2021 to the shareholders whose names appear on the register of members of the Company on Friday, 23 July 2021.

(a) For determining the entitlement of the shareholders to attend and vote at the 2021 AGM

For determining the entitlement of the shareholders to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Friday, 11 June 2021 to Friday, 18 June 2021 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the 2021 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 10 June 2021.

(b) For determining the entitlement to the proposed final dividend (subject to the shareholders' approval at the 2021 AGM)

For determining the entitlement to the proposed final dividend (subject to the shareholders' approval at the 2021 AGM), the register of members of the Company will be closed from Wednesday, 21 July 2021 to Friday, 23 July 2021 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 July 2021.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors who together have substantial experience in the fields of auditing, legal, business, accounting, corporate internal control and regulatory affairs. The Audit Committee has reviewed the consolidated annual results of the Group for the year ended 31 December 2020.

PUBLICATION

This annual results announcement of the Company is published on the Company's website at www.modernland.hk and the website of the Stock Exchange at www.hkexnews.hk respectively. The 2020 annual report of the Company will be published on the said websites and despatched to the shareholders of the Company in due course.

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

Hong Kong, 17 March 2021

As at the date of this announcement, the Board comprises nine Directors, namely executive Directors: Mr. Zhang Lei, Mr. Zhang Peng and Mr. Chen Yin; non-executive Directors: Mr. Fan Qingguo, Mr. Chen Zhiwei and Mr. Zeng Qiang; and independent non-executive Directors: Mr. Cui Jian, Mr. Hui Chun Ho, Eric and Mr. Gao Zhikai.