



當代置業(中國)有限公司

MODERN LAND (CHINA) CO., LIMITED

(incorporated in the Cayman Islands with limited liability)

科技建築品位生活

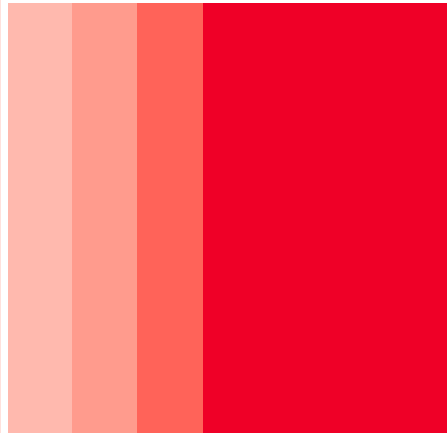
M O M A F i n e L i v i n g



STOCK CODE:1107
INTERIM REPORT 2013

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Corporate Information

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Ms. Kam Mei Ha Wendy
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183 Queen's Road East
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EXECUTIVE DIRECTORS

Mr. Zhang Lei (*Chairman*)
Mr. Chen Yin
Mr. Fan Qingguo
Mr. Zhong Tianxiang

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

Corporate Information

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
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One Pacific Place
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LEGAL ADVISER

Hong Kong:
DLA Piper Hong Kong

PRINCIPAL BANKERS

Bank of China
Beijing Branch

Industrial and Commercial Bank of China

Beijing Branch

China Merchants Bank

Beijing Branch

INVESTOR AND MEDIA RELATIONS CONSULTANT

**Porda Havas International Finance
Communications Group**

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STOCK CODE

1107

COMPANY SECRETARY

Ms. Kam Mei Ha Wendy *FCS (PE), FCIS*

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

**Royal Bank of Canada Trust
Company (Cayman) Limited**

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

COMPLIANCE ADVISER

**Daiwa Capital Markets Hong Kong
Limited**

Level 28, One Pacific Place
88 Queensway
Hong Kong

Chairman's Statement

Dear Shareholders,

2013 is a significant and rewarding year for the development of the Group. The Group's successful listing on the Main Board of the Stock Exchange on July 12, 2013 marked a milestone in its strategic development.

Since its establishment in 2000 in Beijing, the Group has been committed to be a socially responsible company with a belief in green, comfort and energy efficiency. In addition to creating maximum return on investment for its shareholders and offering comfortable and energy-saving living style for its customers, the Group is engaged in construction of green, comfortable and low-carbon industrialized communities for the society. In order to achieve this objective, the Group has been committed to heavily investing its resources in the research and development of energy-saving and eco-friendly technologies, which equipped the products developed by the Group with the features of high quality, good comfort level, energy efficiency, temperature efficiency, temperature control, air ventilation and noise reduction, and helps the Group to develop itself into **an iconic brand in the green, comfortable and energy-saving property development market in the PRC**. Leveraged on its technologies, the Group expects to build an increasing number of "green, comfortable and energy-saving industrialized communities" for the society.



Chairman's Statement

With continuous rise in environmental awareness, the Group believes that demand for eco-friendly properties by the customers with the awareness of green, comfort and energy efficiency will increase. Therefore, the Group has expanded its businesses from Beijing, to Shanxi Province, Hunan Province, Hubei Province and Jiangxi Province by replicating its product models in these locations. Looking forward, in addition to actively developing its existing businesses in these regions, the Group will devote efforts to expand its operations to other regions when appropriate opportunities arise. Before deciding to enter into new regions, the Group will, depending on the market conditions, geographic locations and climate factors, select the most suitable products among three product lines: Wan Guo Cheng MOMA, Shang Pin Ge MOMA and Man Ting Chun MOMA, to meet the ongoing demands for full life circle industrialized community development by the markets of these regions. From a long term perspective, the Group seeks to equally invest its resources in the first, second and third tier cities, so as to ease the impact of the national real estate austerity policies on the Group.

Looking forward, the real estate market will face two major issues challenging human beings: sustainable development and aging of population. Therefore, real estate for the senior should not be ignored in the real estate market in the future. Accordingly, in December 2012, the Group purchased a parcel of land with a site area of approximately 196,155 sq.m. located in Pearland, Texas, the U.S. for future development, which is planned to be developed into an industrialized community with living and well-established supporting facilities for the aged, middle-aged and the youngsters. It is expected to not only effectively help the youngsters perform the social responsibility of and reduce the burden of looking after more than four seniors imposed by the aging population society, but also create a green, comfortable and energy-saving living style (because the community residents can work and live in the community without driving back and forth between workplace and home, which reduces the traffic pressure and energy consumption in the cities). So far, as disclosed in the Prospectus, this project is still at the early stage of planning without a specific development schedule. It is expected that the construction of the project will not be commenced before December 31, 2013. The Group believes that when the real estate for the senior attracts more market's attention, the Group will be one of the leading real estate developers in that area.

On behalf of the board of directors (the "Board") of the Company, I would like to extend any sincere thanks to our shareholders for their unwavering support and trust, and express my deepest gratitude to the Board, the management team and all staff of the Group for their dedication and diligence!

Zhang Lei

Chairman and Executive Director

Hong Kong, August 26, 2013

Management Discussion and Analysis



Modern Land (China) Co., Limited (the “Company” and together with its subsidiaries the “Group”) issued a prospectus (the “Prospectus”) in connection with the initial public offering of its shares on June 28, 2013. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on July 12, 2013.

BUSINESS REVIEW

The revenue of the Group mainly generates from sale of properties and leasing of properties.

Sale of Properties

For the six months ended June 30, 2013 (“Period”), the Group’s revenue from sale of properties amounted to RMB1,228.5 million, representing an increase of 19.4% as compared with the same period in 2012. The Group delivered 118,212 sq.m. of property in terms of total gross floor area (“GFA”) and 297 units of carparks in 2013. Gross profit margin of sale of properties remained the same as the level of the same period in 2012 of 43.5%. Recognized average selling price (“ASP”) was RMB10,033 per sq.m. and that for car parking spaces was RMB143,168 per unit for the six months ended June 30, 2013.

Management Discussion and Analysis

Table 1: Breakdown of revenue from sale of properties of the Group

* After deducting sales tax

	Six months ended June 30,					
	2013			2012		
	Revenue	Total saleable GFA or units delivered	ASP	Revenue	Total saleable GFA or units delivered	ASP
	RMB'000		RMB'000 per sq.m.	RMB'000		RMB'000 per sq.m.
Wan Guo Cheng MOMA	24,049	993 sq.m.	24	17,135	534 sq.m.	32
Modern MOMA	276,327	6,304 sq.m.	44	119,520	2,872 sq.m.	42
Shangdi MOMA	-	-	-	8,511	272 sq.m.	31
iMOMA	1,552	86 sq.m.	18	-	-	-
Yue MOMA	1,141	60 sq.m.	19	13,607	646 sq.m.	21
MOMA Forest Forever	107,141	4,113 sq.m.	26	24,916	1,466 sq.m.	17
Phase 1 of Wan Guo Cheng MOMA (Changsha)	45,505	5,447 sq.m.	8	24,233	4,786 sq.m.	5
Changsha Mantingchun MOMA	75,044	14,816 sq.m.	5	280,484	54,498 sq.m.	5
Phase 1 of Wan Guo Cheng MOMA (Taiyuan)	99,716	8,696 sq.m.	11	439,523	40,538 sq.m.	11
Phase 3 of Wan Guo Cheng MOMA (Taiyuan)	230,959	14,637 sq.m.	16	-	-	-
Nanchang Mantingchun MOMA	179,223	29,406 sq.m.	6	71,863	11,615 sq.m.	6
Xiantao Mantingchun MOMA	54,578	16,463 sq.m.	3	-	-	-
Jiujiang Mantingchun MOMA	90,787	17,191 sq.m.	5	-	-	-
Carpark	42,521	297 units	143/ unit	29,391	156 units	188/ unit
Total	1,228,543			1,029,183		

Management Discussion and Analysis

For the six months ended June 30, 2013, the Group achieved contracted sales of RMB1,676.8 million, representing an increase of 111.8% as compared to the same period in 2012. The Group sold 169,327 sq.m. in total GFA and 448 units of car parks, representing an increase of 68.9% and 168.3% respectively over the same period in 2012.

Table 2: Breakdown of contracted sales of the Group

* Before deducting sales tax

	Six months ended June 30,					
	2013			2012		
	Contracted sales	GFA or Unit	ASP	Contracted sale	GFA or Unit	ASP
	RMB'000		RMB'000 sq.m.	RMB'000		RMB'000 sq.m.
Wan Guo Cheng MOMA	21,659	670 sq.m.	32	8,173	505 sq.m.	16
Modern MOMA	424,745	7,354 sq.m.	58	128,162	2,970 sq.m.	43
Shangdi MOMA	-	-	-	964	145 sq.m.	7
Yue MOMA	-	-	-	8,778	359 sq.m.	24
MOMA Forest Forever	86,699	2,805 sq.m.	31	42,357	1,627 sq.m.	26
Phase 1 of Wan Guo Cheng MOMA(Taiyuan)	63,225	4,737 sq.m.	13	27,740	2,443 sq.m.	11
Phase 3 of Wan Guo Cheng MOMA(Taiyuan)	163,447	11,909 sq.m.	14	-	-	-
Phase 1 of Wan Guo Cheng MOMA(Changsha)	41,810	4,289 sq.m.	10	12,855	1,829 sq.m.	7
Changsha Mantingchun MOMA	695	140 sq.m.	5	13,594	2,436 sq.m.	6
Changsha Kaifu Mantingchun MOMA	486,067	77,909 sq.m.	6	-	-	-
Nanchang Mantingchun MOMA	127,309	17,302 sq.m.	7	289,051	44,268 sq.m.	7
Jiujiang Mantingchun MOMA	136,868	23,943 sq.m.	6	198,176	35,677 sq.m.	6
Xiantao Mantingchun MOMA	62,560	18,269 sq.m.	3	29,463	7,993 sq.m.	4
Carparks	61,742	448 units	138/unit	32,451	167 units	194/unit
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Total	1,676,826			791,764		
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Management Discussion and Analysis

As at June 30, 2013, the Group had RMB3,130 million (derived from 454,792 sq.m.) sold but unrecognized contracted sales which formed a solid basis for the Group's future growth in revenue.

Leasing of Properties

For the six months ended June 30, 2013, the Group's revenue from leasing of properties amounted to RMB14.4 million, representing an increase of 67.7% as compared with the same period in 2012. For the six months ended June 30, 2013, the rental income of investment properties was RMB10.6 million, representing approximately 73.6% of the revenue from leasing of properties business.

As at June 30, 2013, the Group had investment properties of 47,228 sq.m., with an overall occupancy rate of 90%.

Table 3: Breakdown of rental income of the Group's investment properties

* After deducting sales tax

	Six months ended June 30, 2013			
	Total GFA	Rental income RMB'000	% of Revenue	Occupancy rate
Wan Guo Cheng MOMA	8,731	2,382	22.6%	100%
Modern MOMA	7,263	4,127	39.1%	100%
Modern City Garden	4,748	–	–	–
iMOMA	2,141	120	1.1%	100%
Phase 1 of MOMA Forest Forever	782	24	0.2%	100%
Nanchang Mantingchun MOMA	3,038	273	2.6%	100%
Phase 1 of Wan Guo Cheng MOMA (Changsha)	1,006	583	5.5%	100%
The clubhouse of Phase 1 of Wan Guo Cheng MOMA (Changsha)	2,584	241	2.3%	100%
Changsha Mantingchun MOMA	14,496	2,813	26.6%	100%
Xiantao Mantingchun MOMA	2,439	–	–	–
Total	47,228	10,563	100%	90%

Management Discussion and Analysis

Status of U.S. Business

As of the date hereof, the Group's project located in Pearland, Texas, the U.S. (please refer to the section headed "BUSINESS-Property Development in the U.S." under the Prospectus for details) is still at the early stage of planning, and the Group now currently does not have a specific development schedule. It is expected that the construction of this project will not be commenced before December 31, 2013. The Group will issue announcement if the Group commences the proposed property development in the U.S. prior to December 31, 2013 and will update the development of the U.S. business plan in the Group's interim and annual reports.

Progress of Property Development Project in Yangquan City, Shanxi Province, the PRC

For the six months ended June 30, 2013, the Group recorded other income of approximately RMB2.0 million from the provision of project management services to a property development project located in Yangquan city, Shanxi Province, the PRC (please refer to the section headed "BUSINESS-Property development project in Yangquan city, Shanxi Province, the PRC" under the Prospectus for details). Up to 30 June, 2013, the Group recorded total project management service income of approximately RMB8.0 million. As of the date hereof, the Group has not entered into any supplemental agreement in relation to the project. The Group will issue announcement if the Group enters into any supplemental agreement in relation to the project in the future and disclose the progress of the project in the Group's interim and annual reports.

Land Bank

As at June 30, 2013, the Group's total land bank in the PRC (excluding investment properties and properties held for own use) was 2,277,200 sq.m. The average unit acquisition cost of its land bank was RMB859 per sq.m., accounting for approximately 10% of unit price of current contracted sales.

Management Discussion and Analysis

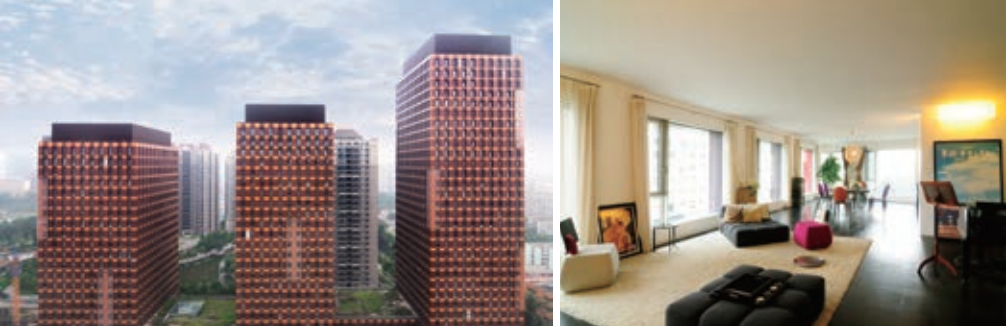
The geographic spread of the land bank of the Group was as follows:

Table 4: Land bank of the Group

	City	Attributable interest to the Group	Total GFA unsold* sq.m.	Aggregated GFA sold but undelivered with sales contracts sq.m.
Wan Guo Cheng MOMA	Beijing	100%	713	139
Shangdi MOMA	Beijing	100%	3,233	691
Phase 3 of MOMA Forest Forever	Beijing	100%	1,379	–
Phase 4 of MOMA Forest Forever	Beijing	100%	14,428	1,827
Modern MOMA	Beijing	100%	41,200	4,086
iMOMA	Beijing	100%	1,262	–
Modern City Garden	Beijing	100%	10,187	–
Yue MOMA	Beijing	100%	1,162	137
Jiujiang Mantingchun MOMA	Jiujiang	100%	241,193	92,563
Nanchang Mantingchun MOMA	Nanchang	100%	142,385	97,007
Phase 1 of Wan Guo Cheng MOMA (Taiyuan)	Taiyuan	100%	13,049	3,342
Phase 2 of Wan Guo Cheng MOMA (Taiyuan)	Taiyuan	100%	251,610	12,513
Phase 3 of Wan Guo Cheng MOMA (Taiyuan)	Taiyuan	100%	93,375	40,808
Xiantao Mantingchun MOMA	Xiantao	100%	832,765	28,567
Phase 1 of Wan Guo Cheng MOMA (Changsha)	Changsha	100%	36,085	7,935
Changsha Mantingchun MOMA	Changsha	100%	63,554	24,020
Changsha Kaifu Mantingchun MOMA	Changsha	100%	529,620	141,157
Total			<u>2,277,200</u>	<u>454,792</u>

*Note: Total GFA unsold includes aggregated GFA sold but undelivered with sales contracts.

Management Discussion and Analysis



The Group wholly owns a parcel of land with a site area of approximately 196,155 sq.m. located in Pearland, Texas, the U.S. for future development. So far, the project design of this parcel of land is yet to be completed, and the estimated GFA data has not been determined accurately.

For the six months ended June 30, 2013, the Group did not acquire any additional land bank. After 30 June, 2013, the Group purchased 3 parcels of land, the information of which are as follows:

As disclosed in the Prospectus, the Group was applying to obtain the land use rights of a piece of land with a site area of approximately 25,004 sq.m. for further development of its Jiujiang Mantingchun MOMA Project. The Group has fully paid relevant land grant premium of the abovementioned parcels of land of approximately RMB20.3 million in June 2013, and has also obtained such land and relevant State-owned Land Use Rights Certificates as at July 15, 2013. The Group estimates that the total GFA of this land will be 86,141 sq.m..

On August 14, 2013, the Group has successfully acquired the land use rights and its entire interest of two parcels of land located in Xinjian county, Nanchang city, Jiangxi Province through an online auction of land use rights of state-owned construction land in Nanchang city. The aggregated considerations are RMB286.9 million and RMB703.5 million, respectively. The Group estimates that the total GFA of such two parcels of land will be approximately 78,000 sq.m. and 175,000 sq.m. respectively. The land grant premium of the above mentioned parcels of land will be financed by the Group's internal resources (including the net proceeds from the global offering of the Group) as disclosed in the Prospectus.

Management Discussion and Analysis



FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 19.8% to approximately RMB1,242.9 million for the six months ended June 30, 2013 from approximately RMB1,037.7 million for the six months ended June 30, 2012. Such increase was mainly attributable to an increase in sales of properties with relatively high selling prices, such as Modern MOMA and MOMA Forest Forever. The property related delivered GFA of the Group increased from approximately 117,227 sq.m. for the six months ended June 30, 2012 to approximately 118,212 sq.m. for the six months ended June 30, 2013.

Cost of Sales

The Group's cost of sales increased by approximately 19.3% to approximately RMB702.3 million for the six months ended June 30, 2013 from approximately RMB588.7 million for the six months ended June 30, 2012. Such increase was mainly due to an increase in sales of properties with higher cost of sales in the first six months of 2013, such as Modern MOMA and MOMA Forest Forever.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased by approximately 20.4% to approximately RMB540.6 million for the six months ended June 30, 2013 from approximately RMB449.1 million for the six months ended June 30, 2012.

Management Discussion and Analysis

For the six months ended June 30, 2013, the Group's gross profit margin remained relatively stable at approximately 43.5%, as compared to approximately 43.3% for the same period in 2012.

Other income, gains and loss

Other income, gains and loss for the six months ended June 30, 2013 decreased by approximately 94.5% to approximately RMB9.0 million from approximately RMB163.3 million for the six months ended June 30, 2012. This decrease was primarily due to the recognition of resettlement compensation with respect to the Water Metre Plant Area Project (details of which are set out in the Prospectus) of approximately RMB146.9 million for the six months ended June 30, 2012.

Selling and distribution expenses

The selling and distribution expenses of the Group for the six months ended June 30, 2013 increased by approximately 28.4% to approximately RMB64.3 million from approximately RMB50.1 million for the six months ended June 30, 2012, primarily due to the substantial increase in the pre-sales volume of the Group's properties in the first six months of 2013, resulting in corresponding increase in the related selling and distribution expenses.

Administrative expenses

The administrative expenses of the Group for the six months ended June 30, 2013 decreased by approximately 7.4% to approximately RMB74.2 million from approximately RMB80.1 million for the six months ended June 30, 2012, primarily due to the implementation of cost-saving policy and stringent cost control.

Finance costs

The finance costs of the Group amounted to approximately RMB7.6 million for the six months ended June 30, 2013, representing a significant decrease of approximately 85.0% from approximately RMB51.1 million for the six months ended June 30, 2012. This decrease was primarily attributable to the significant decrease in average balances of other loans for the first six months of 2013 as compared to that in the same period of 2012.

Management Discussion and Analysis

Profit before taxation

The profit before taxation of the Group for the six months ended June 30, 2013 decreased by approximately 19.9% to approximately RMB404.7 million from approximately RMB505.1 million for the six months ended June 30, 2012. The profit before taxation in the first six months of 2013 decreased due to a significant decrease in other income, gains and loss and fair value gains on investment properties of approximately RMB154.3 million and RMB70.1 million respectively, despite the increase in the Group's gross profit by approximately RMB91.5 million in the first six months of 2013.

Income tax expense

The income tax expense of the Group for the six months ended June 30, 2013 decreased by approximately 3.5% to approximately RMB222.0 million from approximately RMB230.1 million for the six months ended June 30, 2012, primarily due to an increase in deferred tax credit as a result of the increase in advance payment of enterprise income tax for pre-sale during the first six months of 2013.

Profit for the period attributable to owners of the Company

As a result of the foregoing, the profit of the Group for the period attributable to owners of the Company for the six months ended June 30, 2013 decreased by approximately 32.2% to approximately RMB183.2 million from approximately RMB270.4 million for the six months ended June 30, 2012. Assuming that the income from the land resettlement project (Water Metre Plant Area Project) of approximately RMB146.9 million received in the first six months of 2012 was excluded, as it is non-recurrent in nature, profit for the period attributable to owners of the Company would record an increase of approximately 13.0% from the corresponding period in 2012.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at June 30, 2013, the Group had cash, restricted cash and bank balances of approximately RMB1,193.0 million (December 31, 2012: RMB872.9 million), representing an increase of approximately 36.7% as compared to that as at December 31, 2012. In accordance with relevant documents issued by the PRC local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place the proceeds received from pre-sale of properties as guarantee deposits for construction of properties. The deposits can only be used to pay for construction fees and purchase of construction materials of the relevant projects when approvals are obtained from the PRC local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related pre-sold properties, of which, as at June 30, 2013, some of the Group's cash was deposited with certain banks as guarantee deposits for mortgage financing loans granted to purchasers of the Group's properties. As at June 30, 2013, the above guarantee deposits amounted to approximately RMB97.3 million in total.

Borrowings and pledge of the Group's assets

As at June 30, 2013, the Group had total borrowings of approximately RMB856.3 million, including bank loans of approximately RMB656.3 million and other loans of approximately RMB200.0 million. Among the total borrowings, approximately RMB234.2 million will be repayable within one year and approximately RMB622.1 million will be repayable after one year. As at June 30, 2013, certain banking and other facilities granted to the Group were secured by the Group's assets, such as investment properties, prepaid lease payment, properties under development, properties held for sale, property, plant and equipment, which had a carrying amount of approximately RMB1,598.9 million. Except for other offshore bank credit which was denominated in HK dollars and had a carrying value of RMB3.2 million as at June 30, 2013, the carrying value of all the Group's bank loans was denominated in RMB. Domestic bank loans of the Group bore interests at variable rates pegged with the benchmark loan interest rates quoted by the People's Bank of China. The Group was exposed to interest rate risk which mainly related to variable interest rates of the domestic bank loans.

Management Discussion and Analysis

Leverage

As at June 30, 2013, the Group recorded net cash (bank balances and cash net of total borrowings and amounts due to related parties) of approximately RMB217.0 million. As at December 31, 2012, the Group's net debt (total borrowings plus amounts due to related parties net of bank balances and cash) to equity ratio was approximately 22.6%. The Group's net current assets decreased by approximately 69.9% to approximately RMB89.7 million as at June 30, 2013 from approximately RMB298.1 million as at December 31, 2012. Its current ratio decreased from approximately 1.05 as at December 31, 2012 to approximately 1.01 as at June 30, 2013.

Foreign Currency Risk

The Group's functional currency is RMB. Most of the transactions are denominated in RMB. Transactions of the Group's foreign operations (such as the purchase of land held for future development) and certain expenses incurred are denominated in foreign currencies. As at June 30, 2013, the Group had assets which are denominated in US dollars and HK dollars of approximately US\$25.0 million and approximately HK\$0.9 million respectively and other offshore bank credits at the carrying value of approximately HK\$4.0 million. Those amounts were exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy in place but the management will monitor foreign exchange exposure and will consider to hedge against any significant foreign currency exposure when necessary.

Management Discussion and Analysis

Contingent Liabilities

As at June 30, 2013, the Group had contingent liabilities amounted to approximately RMB1,613.3 million (December 31, 2012: approximately RMB1,434.7 million) in relation to guarantees provided to the domestic banks for their mortgage bank loans granted to the Group's customer. Under the terms of the guarantees, if a purchaser has defaulted on mortgage payments, the Group will be liable for the payment of outstanding mortgage principals plus accrued interest and penalties as owed by the defaulted purchasers to banks, 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.

Material Investment Acquisition and Disposal of Assets

For the Period, the Group acquired certain financial products from a PRC commercial bank of RMB207.0 million. Disclosures of more information about the financial products held by the Group are set out in note 22 to the condensed consolidated financial statements.

During the Period, the Group had no material acquisition and disposal of assets, save the disposal of its entire interests in Beijing Modern MOMA Investment Management Co., Ltd. and Suizhong Xian Changlong Property Development Co., Ltd. as disclosed in detail in the Prospectus.

Employees and Compensation Policy

As at June 30, 2013, the Group had 538 employees (December 31, 2012: 495). 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 norm. In addition to basic salaries, employees may be granted with discretionary bonus and cash awards based on individual performance.

Management Discussion and Analysis

Prospect

Looking into the second half of 2013, the Group will continue to promote the sales of existing projects as planned. The Group will also closely monitor work progress of each project to ensure timely delivery of each project to its customers. In addition, the Group will replenish its land bank at the right opportunity in response to market conditions, its own financial position and future development strategies.

The Group expects that the Chinese government will continue to implement tightening policies and measures on the real estate market to restrain the market speculative activities therein. However, there accumulates huge solid domestic demand in the property market with the continuation of urbanization in China. With continuous rise in environmental awareness, the Group believes that the demand of eco-friendly properties by the customers with the awareness of green, comfort and energy efficiency will increase. The Group believes its comfortable, green, energy-saving and high-tech residential properties are positioned to meet these demands, and its products will be recognized and well received by more and more consumers as China continues its economic development. The Group has much room for development with significant growth potential.

Finally, this year is the Group's Year for Serving Customers, and the Group aims to further enhance customer satisfaction toward its products and services, so as to generate favorable word-of-mouth for the Group and strengthen its brand image.

Disclosure of Interests

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares

As the Company was only listed on the Main Board of Stock Exchange on July 12, 2013, no disclosure of interests or short positions of any Directors and/or chief executives of the Company in any shares of the Company (the "Shares"), underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) were made to the Company under the provisions of Divisions 7 and 8 of Part XV of the SFO as at June 30, 2013.

Upon the Company's listing on July 12, 2013, the interests and short positions of the Directors or the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of part XV of the SFO) which would have to 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 he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 to the Rules Governing the Listing of Securities of the Stock Exchange ("Listing Rules") ("Model Code"), 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 (Note 1)	1,177,176,000	73.57%
Mr. Chen Yin	Interest in a controlled corporation (Note 2)	5,712,000	0.36%
Mr. Fan Qingguo	Interest in a controlled corporation (Note 3)	4,944,000	0.31%

Disclosure of Interests

- Note 1:* These 1,177,176,000 Shares are held by Super Land Holdings Limited as 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 Cititrust Private Trust (Cayman) Limited as the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. Salum Zheng Lee, the beneficiaries of whom are family members of Mr. Salum Zheng Lee, including Mr. Zhang Lei. Mr. Salum Zheng Lee is the younger brother of Mr. Zhang Lei.
- Note 2:* Mr. Chen Yin holds 100% of the issued share capital of Dragon Shing Technology Ltd., which is interested in shares representing approximately 0.36% of the issued share capital of the Company.
- Note 3:* Mr. Fan Qingguo holds 100% of the issued share capital of Create Success Development Ltd., which is interested in shares representing approximately 0.31% of the issued share capital of the Company.

Substantial Shareholders' Interests in Shares and Underlying Shares

As the Company was listed on the Stock Exchange on July 12, 2013, no disclosure of interests or short positions in any Shares or underlying Shares of the Company were made to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at June 30, 2013.

Upon the Company's Listing on July 12, 2013, so far as the Directors are aware, the following persons (other than a director or chief executive of the Company), who had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Disclosure of Interests

Interests in the Company (long position)

Name	Capacity/ Nature of Interest	Number of Shares	Approximate % of Interest in the Company
Super Land Holdings Limited	Registered holder (Note 1)	1,177,176,000	73.57%
Fantastic Energy Ltd.	Interest in a controlled corporation (Note 1)	1,177,176,000	73.57%
Cititrust Private Trust (Cayman) Limited	Trustee (Note 1)	1,177,176,000	73.57%
Mr. Salum Zheng Lee	Settlor of a discretionary trust (Note 1)	1,177,176,000	73.57%
Ms. Zhang De Gui	Interest of a spouse (Note 2)	1,177,176,000	73.57%

Note 1: These 1,177,176,000 Shares are held by Super Land Holdings Limited as 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 Cititrust Private Trust (Cayman) Limited as the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. Salum Zheng Lee, the beneficiaries of whom are family members of Mr. Salum Zheng Lee, including Mr. Zhang Lei. Mr. Salum Zheng Lee is deemed to be interested in 1,177,176,000 Shares held by the Family Trust.

Note 2: Ms. Zhang De Gui is the spouse of Mr. Salum Zheng Lee.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on June 14, 2013. No options were granted under the Share Option Scheme from the date of its adoption to the date of this report. A summary of the principal terms and conditions of the Share Option Scheme is set out in Appendix V to the Prospectus.

Corporate Governance and other Information

CORPORATE GOVERNANCE

The Directors recognize the importance of good corporate governance in the management of the Group. As the shares of the Company were not yet listed on the Stock Exchange as at June 30, 2013, the Code on Corporate Governance (the “CG Code”) as set out in Appendix 14 to the Listing Rules is not applicable to the Company during the Period. The Board will review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

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

Since the Company was only listed on the Stock Exchange on July 12, 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s securities listed on the Stock Exchange during the Period.

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. As the shares of the Company were not yet listed on the Stock Exchange as at June 30, 2013, the Model Code was not applicable to the Company for the Period.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

As at July 12, 2013, the Company’s shares were listed on the Main Board of the Stock Exchange. A total of 400,000,000 shares were issued at HK\$1.49 per share for a total of approximately HK\$596 million. The net proceeds raised from the above-mentioned global offering of the Company, which were approximately HK\$545.4 million after the deduction of related listing expenses, are expected to be used in accordance with the purpose disclosed in the Prospectus of the Company.

Corporate Governance and other Information

RELATED PARTY TRANSACTIONS

Details of the Group's related party transactions for the six months ended June 30, 2013 are set out in note 23(b) to the consolidated financial statements.

INTERIM DIVIDEND AND CLOSURE OF REGISTER

The Board has resolved to declare an interim dividend of HK\$1.5 cents per share for the six months ended June 30, 2013 (2012: Nil) to the shareholders whose names appear on the register of members of the Company on Wednesday, September 18, 2013. The interim dividend will be payable on October 31, 2013.

The register of members of the Company will be closed from Monday, September 16, 2013 to Wednesday, September 18, 2013 (both days inclusive), during which transfer of shares of the Company will not be registered. In order to qualify for the interim dividend, all properly completed and duly stamped transfer forms accompanied by the relevant share certificates will have to be lodged with the Company's Hong Kong branch shares registrar and transfer office, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 pm on Friday, September 13, 2013.

Report on Review of Condensed Consolidated Financial Statements

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

(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Modern Land (China) Co., Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 60, which comprise the condensed consolidated statement of financial position as of June 30, 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended June 30, 2013, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The directors of the Company (the "Directors") are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, 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 International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE 2410"). A review of these condensed consolidated financial statements 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 International 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.

Report on Review of Condensed Consolidated Financial Statements

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended June 30, 2012 and the relevant explanatory notes disclosed in these condensed consolidated financial statements have not been reviewed in accordance with ISRE 2410.

Deloitte Touche Tohmatsu

Certified Public Accountants
Hong Kong

August 26, 2013

Condensed Consolidated Statement Of Profit or Loss and Other Comprehensive Income

For the Six Months ended June 30, 2013

	Notes	Six months ended June 30, 2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Revenue	3	1,242,898	1,037,743
Cost of sales		(702,268)	(588,653)
Gross profit		540,630	449,090
Other income, gain and loss	4	8,967	163,297
Change in fair value of held for trading investments		1,311	24
Fair value gain of completed properties for sale upon transfer to investment properties		12,146	71,006
Change in fair value of investment properties		3,730	15,000
Selling and distribution expenses		(64,262)	(50,055)
Administrative expenses		(74,213)	(80,104)
Finance costs	5	(7,643)	(51,086)
Listing expenses		(15,930)	(12,065)
Profit before taxation		404,736	505,107
Income tax expense	6	(222,022)	(230,113)
Profit for the period	7	182,714	274,994
Other comprehensive income for the period:			
<i>Items that will not be reclassified to profit or loss:</i>			
Gain on revaluation of owner-occupied properties upon transfer to investment properties		-	1,027
Deferred tax relating to gain on revaluation		-	(257)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months ended June 30, 2013

	<i>Notes</i>	Six months ended June 30, 2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(1,653)	–
Other comprehensive income for the period, net of income tax		(1,653)	770
Total comprehensive income for the period		181,061	275,764
Profit for the period attributable to:			
Owners of the Company		183,198	270,398
Non-controlling interests		(484)	4,596
		182,714	274,994
Total comprehensive income attributable to:			
Owners of the Company		181,545	271,154
Non-controlling interests		(484)	4,610
		181,061	275,764
Earnings per share, in RMB cents:			
Basic	9	15.3	22.5

Condensed Consolidated Statement of Financial Position

As at June 30, 2013

	Notes	At June 30, 2013 RMB'000 (unaudited)	At December 31, 2012 RMB'000 (audited)
NON-CURRENT ASSETS			
Investment properties	10	767,475	717,000
Property, plant and equipment	11	967,218	933,078
Intangible assets		1,246	1,337
Prepaid lease payments	12	132,540	279,192
Freehold land held for future development		28,114	28,600
Available-for-sale investments		12,056	12,056
Deposits paid for acquisition of land use rights		20,000	–
Deferred tax assets		312,310	250,207
		<u>2,240,959</u>	<u>2,221,470</u>
CURRENT ASSETS			
Inventories		2,033	879
Properties under development for sale		3,275,734	3,570,940
Properties held for sale		1,437,538	1,276,697
Trade and other receivables, deposits and prepayments	13	438,819	446,241
Amounts due from related parties	23(a)	8,100	2,305
Available-for-sale investments	22	207,000	–
Restricted cash		97,258	85,225
Bank balances and cash		1,095,727	787,712
		<u>6,562,209</u>	<u>6,169,999</u>

Condensed Consolidated Statement of Financial Position

As at June 30, 2013

	Notes	At June 30, 2013 RMB'000 (unaudited)	At December 31, 2012 RMB'000 (audited)
CURRENT LIABILITIES			
Trade and other payables, deposits received and accrued charges	14	4,921,675	4,547,405
Amounts due to related parties	23(a)	22,453	17,144
Taxation payable		1,294,207	1,198,397
Bank and other borrowings – due within one year	15	234,196	109,000
		<u>6,472,531</u>	<u>5,871,946</u>
NET CURRENT ASSETS		<u>89,678</u>	<u>298,053</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,330,637</u>	<u>2,519,523</u>
CAPITAL AND RESERVES			
Share capital	16	342	342
Reserves		1,687,667	1,501,137
		<u>1,688,009</u>	<u>1,501,479</u>
Equity attributable to owners of the Company		1,688,009	1,501,479
Non-controlling interests		(1,214)	(730)
		<u>1,686,795</u>	<u>1,500,749</u>
TOTAL EQUITY		<u>1,686,795</u>	<u>1,500,749</u>
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year	15	622,100	1,000,900
Deferred tax liabilities		21,742	17,874
		<u>643,842</u>	<u>1,018,774</u>
		<u>2,330,637</u>	<u>2,519,523</u>

Condensed Consolidated Statement of Changes in Equity

For the Six Months ended June 30, 2013

	Attributable to owners of the Company									
	Share capital	Special reserves	Revaluation reserve	Other reserve	Statutory surplus reserve	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2013 (audited)	342	299,292	71,466	(7,345)	270,229	252	867,243	1,501,479	(730)	1,500,749
Profit for the period	-	-	-	-	-	-	183,198	183,198	(484)	182,714
Other comprehensive income for the period, net of income tax	-	-	-	-	-	(1,653)	-	(1,653)	-	(1,653)
Total comprehensive income for the period	-	-	-	-	-	(1,653)	183,198	181,545	(484)	181,061
Share-based payment (note ii)	-	-	-	4,423	-	-	-	4,423	-	4,423
Contribution from a company controlled by a shareholder (note i)	-	204	-	-	-	-	-	204	-	204
Disposal of subsidiaries (Note 17)	-	358	-	-	-	-	-	358	-	358
Appropriations to reserve	-	-	-	-	20,073	-	(20,073)	-	-	-
At June 30, 2013 (unaudited)	342	299,854	71,466	(2,922)	290,302	(1,401)	1,030,368	1,688,009	(1,214)	1,686,795

Condensed Consolidated Statement of Changes in Equity

For the Six Months ended June 30, 2013

	Attributable to owners of the Company									
	Share capital	Special reserves	Revaluation reserve	Other reserve	Statutory surplus reserve	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2012 (audited)	342	323,334	70,710	(13,639)	190,723	-	475,261	1,046,731	27,931	1,074,662
Profit for the period	-	-	-	-	-	-	270,398	270,398	4,596	274,994
Other comprehensive income for the period, net of income tax	-	-	756	-	-	-	-	756	14	770
Total comprehensive income for the period	-	-	756	-	-	-	270,398	271,154	4,610	275,764
Share-based payment (note ii)	-	-	-	3,147	-	-	-	3,147	-	3,147
Contribution from a company controlled by a shareholder (note i)	-	197	-	-	-	-	-	197	7	204
Appropriations to reserve	-	-	-	-	31,867	-	(31,867)	-	-	-
At June 30, 2012 (unaudited)	<u>342</u>	<u>323,531</u>	<u>71,466</u>	<u>(10,492)</u>	<u>222,590</u>	<u>-</u>	<u>713,792</u>	<u>1,321,229</u>	<u>32,548</u>	<u>1,353,777</u>

Condensed Consolidated Statement of Changes in Equity

For the Six Months ended June 30, 2013

Notes:

- i. Pursuant to the agreement dated November 29, 2010 entered into between Modern Green Development Co., Ltd. (“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 October 30, 2010. As at November 29, 2010, the market value of the property is RMB4,071,000, the Group recognized this transaction as staff cost and contribution from a company controlled by the shareholder amounted to RMB204,000 for the six months ended June 30, 2013 (six months ended June 30, 2012: RMB204,000).
- ii. During the year ended December 31, 2008, Modern Green Industrial Co., Ltd. (“Modern Green Industrial”) disposed of 5.8% interests in Modern Green Development. The excess of the fair value of 1.924% interest in Modern Green Industrial transferred to certain senior level management individuals (the “Employees”) is considered as a share-based payment. The total share based payment initially recognized in the reserve in 2008 amounted to RMB57,704,000 and is charged to profit or loss over 6 years of service to be provided by the Employees. Accordingly, the Group recognized an expense of approximately RMB4,423,000 for the six months ended June 30, 2013 (six months ended June 30, 2012: RMB3,147,000) in relation to share-based payment of the Group. The respective amount was released from other reserve.

In March 2013, one of the Employees resigned, the management of the Company agreed not to obtain the interest in Modern Green Industrial previously transferred to him even though he has not yet provided the required number of years of services, as such, the remaining share-based payment relating to him amounted to RMB1,754,000 was fully charged to profit or loss during the six months ended June 30, 2013.

Condensed Consolidated Statement of Cash Flows

For the Six Months ended June 30, 2013

Notes	Six months ended June 30,	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	450,603	868,069
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES		
Interest received	2,208	1,421
Dividend received from held-for trading investments	1,311	24
Dividend received from available-for sale investments	3,044	1,412
Purchase of property, plant and equipment	(17,689)	(3,391)
Purchases of intangible assets	-	(127)
Proceeds on disposal of property, plant and equipment	1,885	1,954
Proceeds from disposal of a subsidiary	17 9,783	-
Advances to related parties	(7,116)	(2,775)
Repayment from related parties	101,559	2,770
Placement of deposit for loans	-	(52,565)
Proceeds on disposal of investment properties	12,030	-
Deposits received from pre-sale of property, plant and equipment	307,450	-
Purchase of acquisition of available for sale investments	(207,000)	-
Increase in restricted cash	(12,033)	(16,060)
	195,432	(67,337)

Condensed Consolidated Statement of Cash Flows

For the Six Months ended June 30, 2013

	Notes	Six months ended June 30, 2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES			
Interest paid		(60,130)	(106,541)
Settlement of consideration payable for acquisition of additional interests in subsidiaries		(20,000)	–
Repayments to related parties		(3,140)	–
Advance from related parties		20	13
Repayments of bank borrowings		(241,790)	(248,400)
Repayments of other borrowings		(300,000)	–
New bank loans raised		88,186	60,000
New other loans raised		200,000	300,000
		<u>(336,854)</u>	<u>5,072</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		<u>309,181</u>	<u>805,804</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD			
		<u>787,712</u>	<u>283,142</u>
Effects of exchange rate changes on the balance of cash held in foreign currencies		<u>(1,166)</u>	–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
		<u><u>1,095,727</u></u>	<u><u>1,088,946</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

1. GENERAL

The Company was incorporated in the Cayman Islands on June 28, 2006 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its parent and ultimate holding company is Super Land Holdings Limited ("Super Land"), a company incorporated in the BVI. The registered office of the Company is located at Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands, and its principal place of business is located at No. 1, Xiangheyuan Road, Dongcheng District, Beijing, People's Republic of China ("PRC").

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on July 12, 2013.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in property development, project management consulting, and construction project management, provision of club services, technology development and consulting.

The unaudited condensed 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 group entities).

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) *Interim Financial Reporting* issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2013 are consistent with those followed in the preparation of the Group's consolidated financial statements for the three years ended December 31, 2010, 2011 and 2012 underlying the preparation of the accountants' report in Appendix I to the prospectus of the Company (the "Prospectus") in connection with the initial public offering of the shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited issued on June 28, 2013.

In the current interim period, the Group has applied, for the first time, certain amendments to International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") that are relevant for the preparation of the Group's condensed consolidated financial statements.

IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 13	Fair Value Measurement
IAS 19 (Revised 2011)	Employee Benefits
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the above amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Principal accounting policies *(Continued)*

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current interim period. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various IFRSs. Consequential amendments have been made to IAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Principal accounting policies *(Continued)*

IFRS 13 Fair Value Measurement (Continued)

The scope of IFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. IFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information about financial instruments held by the Group are set out in note 22.

The application of IFRS 13 has no material impact on the Group's profit or loss, other comprehensive income and financial position in the current and prior periods.

Amendments to IAS 34 Interim Financial Reporting (as part of the Annual Improvements to IFRSs 2009-2011 Cycle)

The Group has applied the amendments to IAS 34 Interim Financial Reporting as part of the Annual Improvement to IFRSs 2009-2011 Cycle for the first time in the current interim period. The amendments to IAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (CODM) and there has been a material change from the amounts disclosed in the last annual financial statements for the reportable segment.

Since the CODM does not review assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purpose, the Group has not included total asset information as part of segment information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

3. REVENUE AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single reportable and operating segment focusing primarily on property development and property investment. This operating segment has been identified on the basis of internal management reports reviewed by the chief operating decision maker of the Group. The chief operating decision maker mainly reviews revenue from sales of properties from property development and leasing properties from property investment which are measured in accordance with accounting policies similar to those of IFRS. However, other than revenue information, no operating results and other discrete financial information is available for the assessment of performance of the respective type of revenue. The chief operating decision maker, Mr. Zhong Tianxiang, who is the Chief Executive Officer of the Group, reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no analysis of this single reportable and operating segment is presented.

An analysis of the Group's turnover by type is as follow:

	Six months ended June 30,	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of properties	1,228,543	1,029,183
Leasing of properties	14,355	8,560
	<u>1,242,898</u>	<u>1,037,743</u>

Non-current assets (excluding financial instruments and deferred tax assets) with carrying amount of RMB1,888,176,000 as at June 30, 2013 (December 31, 2012: RMB1,930,390,000) are situated in the PRC, the remaining non-current assets with carrying amount of RMB28,417,000 as at June 30, 2013 (December 31, 2012: RMB28,817,000) are situated in the United States (the "US").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

4. OTHER INCOME, GAIN AND LOSS

	Six months ended	
	June 30,	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income	2,208	1,421
Dividend income from available-for-sale investments	3,044	1,412
Penalty income	135	128
Government grants (<i>note a</i>)	676	5,194
Gain on disposal of property, plant and equipment	464	2,268
Project management service income	2,050	-
Excess compensation received for Water Metre		
Plant area project	-	146,876
Others	390	5,998
	8,967	163,297

Note:

- (a) Government grants represent incentive subsidies from various PRC governmental authorities. There are no conditions or limitations attached to these subsidies by the respective PRC governmental authorities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

5. FINANCE COSTS

	Six months ended June 30,	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank and other borrowings		
– Wholly repayable within five years	44,877	104,292
– Not wholly repayable within five years	7,597	8,631
	<u>52,474</u>	<u>112,923</u>
Less: Amount capitalized in properties under development	(44,174)	(61,837)
Less: Amount capitalized in properties under construction	(657)	–
	<u>7,643</u>	<u>51,086</u>

Borrowing costs capitalized arose on the general borrowing pool of the Group were calculated by applying capitalization rate of 10.91% for the six months ended June 30, 2013 (six months ended June 30, 2012: 12.31%) to expenditure on the qualifying assets.

6. INCOME TAX EXPENSE

	Six months ended June 30,	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax		
PRC Enterprise Income Tax	145,930	84,852
Land appreciation tax ("LAT")	134,327	95,312
	<u>280,257</u>	<u>180,164</u>
Deferred tax		
PRC Enterprise Income Tax	(73,924)	49,949
LAT	15,689	–
	<u>(58,235)</u>	<u>49,949</u>
Income tax expense	<u>222,022</u>	<u>230,113</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

6. INCOME TAX EXPENSE (Continued)

Pursuant to the PRC Enterprise Income Tax Law promulgated on March 16, 2007, the PRC enterprise income tax for both domestic and foreign-invested enterprises has been unified at the enterprise income tax rate of 25% effective from January 1, 2008 onwards.

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.

No provision for Hong Kong profits tax has been made as the Hong Kong companies in the Group incurred losses during the six months ended June 30, 2013. No provision for Hong Kong profits tax has not been made as the income of the companies in the Group neither arised in, nor was derived from Hong Kong during the six months ended June 30, 2012.

Pursuant to the United States Federal Tax Law, the US corporate tax shall be taxed at progressive rates ranging from 15% to 35%. No provision for US corporate income tax has been made as the US companies in the Group incurred losses during the six months ended June 30, 2013. No provision for US corporate income tax has been made as the income of the companies comprising the Group neither arised in, nor derived from the US during the six months ended June 30, 2012.

7. PROFIT FOR THE PERIOD

	Six months ended	
	June 30,	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment recognized in profit or loss	9,002	8,840
Depreciation of property, plant and equipment capitalized in properties under development	64	59
	<hr/> 9,066	<hr/> 8,899
Total depreciation charged for the period		
Operating lease rentals	895	1,625
Allowance for doubtful debts	610	–
	<hr/> 610	<hr/> –

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

8. DIVIDENDS

No dividends were paid or declared by the Group during the six months ended June 30, 2013 and during the financial year ended December 31, 2012.

Subsequent to the end of the current interim period, the directors of the Company (the "Directors") have determined that an interim dividend of HK\$1.5 cents, amounting to HK\$24,000,000 in aggregate (2012: Nil), will be paid to the shareholders of the Company whose names appear in the register of members of the Company on September 18, 2013.

9. EARNINGS PER SHARE

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

	Six months ended June 30,	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	183,198	270,398
	2013	2012
Number of shares		
Number of ordinary shares for the purpose of calculating basic earnings per share	1,200,000,000	1,200,000,000

The number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended June 30, 2013 and 2012 has been retrospectively adjusted to reflect the share sub-division and capitalization issues as described in Note 16.

For the six month ended June 30, 2013 and 2012, there were no potential ordinary shares in issue.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

10. INVESTMENT PROPERTIES

	Total RMB'000
FAIR VALUE	
At January 1, 2013 (audited)	717,000
Transfer from properties held for sale	58,775
Net change in fair value recognized in profit or loss	3,730
Disposals	(12,030)
	<hr/>
At June 30, 2013 (unaudited)	767,475
	<hr/> <hr/>

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 on is 40 years. The fair values of the Group's completed investment properties at the respective dates of transfer and at June 30, 2013 and December 31, 2012 have been arrived at on the basis of valuations carried out on those dates by DTZ Debenham Tie Leung Limited ("DTZ"), 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. The valuations were arrived at with adoption of Investment Approach by capitalization of the net rental income derived from the existing tenancies with due allowance for reversionary income potential of the properties or, where appropriate, by Direct Comparison Approach assuming sale of each of these properties in its existing state and by making reference to comparable sales transactions as available in the relevant market.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2013, additions to property, plant and equipment amounted to RMB17,689,000 (six months ended June 30, 2012: RMB3,391,000), consisting of buildings, motor vehicles and equipment and furniture.

The Group had entered agreement with the eligible employees in connection with the properties developed by the Group (the "Scheme"). Under the Scheme, the eligible employees can use the properties while remain with 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 the completion of the service period as stated under the Scheme. As at June 30, 2013, the carrying amount of leasehold land and buildings which have been occupied by the eligible employees under the Scheme amounted to RMB47,957,000 (December 31, 2012: RMB51,611,000).

12. PREPAID LEASE PAYMENTS

The carrying amount of prepaid lease payments represents land use rights held in the PRC and is analysed as follows:

	At June 30, 2013 RMB'000 (unaudited)	At December 31, 2012 RMB'000 (audited)
Medium-term	8,606	28,731
Long-term	123,934	250,461
	<u>132,540</u>	<u>279,192</u>

The Group's prepaid lease payments represent payments for obtaining the land use rights in the PRC with lease terms ranging from 40 to 70 years for the purpose of development of properties for sale.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables mainly comprise of overdue rental receivables. Pursuant to the lease agreements, rental payment is required to be settled in advance with no credit period being granted to the tenants. 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 June 30, 2013 RMB'000 (unaudited)	At December 31, 2012 RMB'000 (audited)
Trade receivables, net of allowance	22,184	15,133
Advances to suppliers of construction materials	63,634	81,167
Other receivables, net of allowance	59,705	55,367
Prepaid LAT and business tax	289,148	260,782
Compensation for Water Metre Plant area project (<i>note a</i>)	-	28,693
Guarantee deposits for housing provident fund loans provided to customers (<i>note b</i>)	4,148	5,099
	<u>438,819</u>	<u>446,241</u>

Notes:

- (a) Balance as at December 31, 2012 represented the compensation in relation to resettlement of Water Metre Plant area project. During the six months ended June 30, 2013, the compensation was fully settled.
- (b) Guarantee deposits for housing provident fund loans provided to customers represent amounts placed with Housing Provident Fund Management Center, a state-owned organization 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 certificates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The following is an aged analysis of trade receivables based on due date for rental receivables and date of properties delivered to buyers, which is approximated the respective revenue recognition dates, at June 30, 2013 and December 31, 2012:

	At June 30, 2013 RMB'000 (unaudited)	At December 31, 2012 RMB'000 (audited)
Less than 1 year	18,398	15,133
1-2 years	3,786	—
	<u>22,184</u>	<u>15,133</u>

As at June 30, 2013, the trade receivables of RMB8,045,000 (December 31, 2012: RMB8,045,000) was impaired because the counterparties' breach of contract and the Group does not hold any collateral over these balances.

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

	At June 30, 2013 RMB'000 (unaudited)	At December 31, 2012 RMB'000 (audited)
Trade payables	295,078	449,589
Accrued expenditure on construction	593,726	409,674
Other payables	180,784	326,820
Other tax payables	139,412	183,365
Accrued payroll	12,539	23,466
Deposits received and receipt in advance from property sales	3,697,173	3,143,215
Other accrued charges	2,963	11,276
	<u>4,921,675</u>	<u>4,547,405</u>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

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

The following is an aged analysis of trade payables based on invoice date at June 30, 2013 and December 31, 2012:

	At June 30, 2013 RMB'000 (unaudited)	At December 31, 2012 RMB'000 (audited)
Less than 1 year	115,942	330,793
1-2 years	127,633	86,108
2-3 years	26,662	18,949
Over 3 years	24,841	13,739
	295,078	449,589

15. BANK AND OTHER BORROWINGS

	At June 30, 2013 RMB'000 (unaudited)	At December 31, 2012 RMB'000 (audited)
Bank borrowings, secured	656,296	809,900
Other borrowings, secured	200,000	300,000
	856,296	1,109,900
Less: Amount due within one year shown under current liabilities	(234,196)	(109,000)
Amount due after one year	622,100	1,000,900

As at June 30, 2013, the borrowings with carrying amount of RMB656,296,000 (December 31, 2012: RMB809,900,000) carry interest at variable rates based on the interest rates quoted by the People's Bank of China or Hong Kong Interbank Offered Rate, the effective interest rate ranges from 2.85% to 9.92% (December 31, 2012: 5.40% to 9.84%) per annum and exposed the Group to cash flow interest rate risk. The remaining borrowings with carrying amount of RMB200,000,000 (December 31, 2012: RMB300,000,000) are arranged at fixed rate of 12.8% (December 31, 2012: 16%) per annum at June 30, 2013, and exposed the Group to fair value interest rate risk.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

16. SHARE CAPITAL

	Number of shares	Amount US\$'000	Equivalent to RMB'000
Issued and fully paid:			
At January 1, 2013 and June 30, 2013	<u>50,000</u>	<u>50</u>	<u>342</u>

The Company was originally incorporated with authorized share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each.

Pursuant to the resolutions in writing of the shareholders of the Company passed on June 14, 2013, each ordinary share with a nominal value of US\$1.00 in the Company's authorized share capital was sub-divided into 100 ordinary shares with a nominal value of US\$0.01 each and the authorized share capital of the Company was increased from US\$50,000 to US\$20,000,000 divided into 2,000,000,000 shares by the creation of an additional 1,995,000,000 shares; and conditional on the share premium account of the Company being credited as a result of the issue of 400,000,000 shares by the Company pursuant to the global offering, the Directors were authorized to capitalize an amount of US\$11,950,000 standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par 1,195,000,000 shares of the Company.

Subsequent to the end of the current interim period, the Company issue a total of 400,000,000 new ordinary shares of US\$0.01 each at the price of HK\$1.49 per share by means of global offering on July 12, 2013.

17. DISPOSAL OF A SUBSIDIARY

On March 25, 2013, Modern Green Development entered into a share transfer agreement with Modern Construction Investment Management Co., Ltd. 當代建設投資管理有限公司 ("Modern Construction"), a company controlled by Mr. Zhang Lei, to dispose of 100% equity interest in a subsidiary, Beijing Modern MOMA Investment Management Co., Ltd. 北京當代摩碼投資管理有限公司 ("Modern Moma") which held 100% equity interest in Suizhong Xian Changlong Property Development Co., Ltd. 綏中縣長龍房地產開發有限公司 ("Suizhong Changlong") at a consideration of RMB10,000,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

17. DISPOSAL OF A SUBSIDIARY (Continued)

	Six months ended June 30, 2013 RMB'000 (unaudited)
Analysis of assets and liabilities over which control were lost:	
Prepaid lease payment	146,652
Properties under development for sale	98,746
Bank balances and cash	217
Trade and other payables	<u>(235,973)</u>
Net assets disposed of	<u>9,642</u>
Consideration received:	
Cash received	<u>10,000</u>
Total consideration received	<u>10,000</u>
Gain on disposal of subsidiaries:	
Cash consideration	10,000
Less: Net assets disposed of	<u>(9,642)</u>
Contribution from the controlling shareholder of the Company	<u>358</u>
Net cash inflow arising on disposal:	
Cash consideration	10,000
Less: Bank balances and cash disposed of	<u>(217)</u>
	<u>9,783</u>

The subsidiaries disposed of did not have significant contribution to the Group's revenue, profits and cash flow during the six months ended June 30, 2013.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

18. 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 June 30, 2013 RMB'000 (unaudited)	At December 31, 2012 RMB'000 (audited)
Investment properties	140,854	139,059
Prepaid lease payments	42,559	42,559
Properties under development for sale	1,254,832	996,635
Properties held for sale	19,813	97,313
Property, plant and equipment	140,820	657,328
Bank deposits	97,258	85,225
Guarantee deposits for housing provident fund loans provided to customers	4,148	5,099
	<u>1,700,284</u>	<u>2,023,218</u>

19. CAPITAL AND OTHER COMMITMENTS

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

	At June 30, 2013 RMB'000 (unaudited)	At December 31, 2012 RMB'000 (audited)
Contracted but not provided for		
– Expenditure in respect of properties under development	1,788,287	2,813,346
– Expenditure in respect of property, plant and equipment	66,397	79,685
– Expenditure in respect of acquisition of land use rights	–	20,265
	<u>1,854,684</u>	<u>2,913,296</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

19. CAPITAL AND OTHER COMMITMENTS *(Continued)*

In addition, the Group has entered into a project management service contract in relation to a property development project (the "Project") with an independent third party. Pursuant to the project management service contract, the Group has provided a guarantee of minimum rate of return of investment of the Project and the Group would entitle to receive variable bonus service fee if the rate of return of investment of the Project is above certain levels. As at June 30, 2013, Phase 1 of the Project has commenced construction and was under development. Pre-sale of the Project has not begun at the end of the reporting period although pre-sale permits for several residential properties in Phase 1 have been obtained during the period. The management has conducted review of the estimates of both future revenue and budgeted costs of the project and concluded that the possibility of failure to achieve the minimum rate of return is remote and therefore no liability has been recognized as at June 30, 2013.

20. CONTINGENT LIABILITIES

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the possibility of the default of the parties involved is remote, accordingly, no value has been recognized at the inception of the guarantee contracts and at the end of the reporting period. The guarantee period commences from the date of grant of the relevant mortgage loan and ends after the buyer obtained the individual property ownership certificate.

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

	At June 30, 2013 RMB'000 (unaudited)	At December 31, 2012 RMB'000 (audited)
Mortgage guarantees	<u>1,613,263</u>	<u>1,434,739</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

20. CONTINGENT LIABILITIES (Continued)

In February 2013, Modern Green Development and Shanxi Modern Green Development Co., Ltd. are involved in arbitration proceedings with two management firms (the "Hotel Management Group") specializing in the management of hotel residences and serviced apartments in relation to management services of the Group's planned serviced apartments. The Hotel Management Group claimed its loss of profits under the agreement entered with the Group, the management of the Company is of the view that full payment of claims of the Hotel Management Group in the arbitration would be largely unsupported according to principles of PRC laws, with reference to the legal opinion from its lawyer.

21. OPERATING LEASE COMMITMENT

The Group as a lessor

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

	At June 30, 2013 RMB'000 (unaudited)	At December 31, 2012 RMB'000 (audited)
Within one year	21,838	21,073
In the second to fifth year inclusive	58,840	47,804
After five years	43,544	37,984
	<u>124,222</u>	<u>106,861</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	Fair value as at June 30, 2013	Fair value hierarchy	Valuation technique(s) and key input(s)	Relationship of	
				Significant unobservable input(s)	unobservable inputs to fair value
The bank financial products with non-guaranteed floating earnings classified as available-for-sale investment in the statement of financial position (note)	The bank financial products with non-guaranteed floating earnings issued by a PRC commercial bank of RMB207,000,000	Level 2	Discounted Cash Flow, future cash flows are estimated based on the expected investment return rate, discounted at rate that reflects the credit risk of various counterparties.	N/A	N/A

Note: During the six months ended June 30, 2013, the Group acquired certain financial products from a PRC commercial bank. The financial products can be redeemed at any time at the discretion of the Group. The return is determined with reference to prevailing market interest rates and performance of the underlying debt investments invested by the bank and the principal is not protected by the bank. The expected investment return rate stated in the contract of the financial products is varies with the investment period. The financial products were fully redeemed in July 2013 with an insignificant amount of gain.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

23. RELATED PARTY BALANCES AND TRANSACTIONS**(a) Balances with related parties***(i) Balances due from related parties*

	At June 30, 2013 RMB'000 (unaudited)	At December 31, 2012 RMB'000 (audited)
Companies controlled by Mr. Zhang Lei/ Mr. Zhang Lei and Mr. Salum Zheng Lee		
First Estate Service (Beijing) Co., Ltd. ("Beijing First Estate")		
第一物業服務(北京)有限公司	3,157	1,777
America Pearland Crown LLC	4,943	–
	8,100	1,777
Ultimate holding company		
Super Land	–	342
Total non-trade balances (<i>note i</i>)	8,100	2,119
Companies controlled by Mr. Zhang Lei/ Mr. Zhang Lei and Mr. Salum Zheng Lee		
Beijing Tongzheng Equipment Maintenance Co., Ltd. ("Beijing Tongzheng Equipment")		
北京通正設施設備有限公司	–	186
Total trade balance (<i>note ii</i>)	–	186
	8,100	2,305

Notes:

- (i) Balances are of non-trade nature, unsecured, interest free and repayable on demand.
- (ii) Balances are of trade nature, unsecured, interest free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

23. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(a) Balances with related parties (Continued)

(ii) Balances due to related parties

	At June 30, 2013 RMB'000 (unaudited)	At December 31, 2012 RMB'000 (audited)
Companies controlled by Mr. Zhang Lei/ Mr. Zhang Lei and Mr. Salum Zheng Lee		
Modern Investment Group (Canada) Ltd. 當代投資集團(加拿大)有限公司	173	176
Suizhong Changlong	20	-
	193	176
Ultimate holding company		
Super Land	-	3,140
Total non-trade balances	193	3,316
Companies controlled by Mr. Zhang Lei/ Mr. Zhang Lei and Mr. Salum Zheng Lee		
Beijing Capital City Construction Engineering Co., Ltd ("Beijing Capital") 北京首都城市建設工程有限公司	1,063	1,171
Modern Enlightenment Technology (Beijing) Co., Ltd. 當代天啟技術(北京)有限公司	116	116
Beijing First Estate	18,032	6,779
Beijing Tongzheng Equipment	307	232
Hunan First Estate Service Co., Ltd. ("Hunan First Estate") 湖南第一物業服務有限公司	-	4
Shanxi First Estate Service Co., Ltd. ("Shanxi First Estate") 山西第一物業服務有限公司	1,410	4,172
Modern Investment Group Co., Ltd. ("Modern Group") 當代投資集團有限公司	1,324	1,324
MOMA Club Management (Beijing) Co., Ltd. ("Moma Club") 摩碼會俱樂部管理(北京)有限公司	8	30
Total trade balance	22,260	13,828
	22,453	17,144

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

23. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(b) Transactions with related parties

Name of related party	Nature of transaction	Six months ended June 30,	
		2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Companies controlled by Mr. Zhang Lei/Mr. Zhang Lei and Mr. Salum Zheng Lee			
Beijing First Estate	Rental income	279	55
	Property management services fee	16,865	5,109
Moma Club	Rental income	365	365
	Property management services fee	816	580
Hunan First Estate	Property management services fee	3,485	3,002
Shanxi First Estate	Property management services fee	3,025	1,124
Jiangxi First Property Service Co., Ltd. 江西第一物業服務有限公司	Property management services fee	2,345	1,356
Beijing Modern Innovation Landscape Engineering Co., Ltd. 北京當代創新園林工程有限責任公司	Construction costs	-	30
Modern Group	Rental expense	-	1,299
Modern Property Group Co., Ltd. ("Modern Property") 當代置業集團股份有限公司	Interest expense (note i)	-	6,382
First Moma Real Estate Brokerage (Beijing) Co., Ltd. 第一摩碼聯行房地產經紀(北京)有限公司 (formerly known as Tong Zheng Lian Hang Real Estate Brokerage (Beijing) Co., Ltd. 通正聯行房地產經紀(北京)有限公司)	Real estate agency services fee	3,169	-
Hubei First Property Service Co., Ltd. 第一物業服務湖北有限公司	Property management service fee	1,029	-
Beijing MOMA Preschool Education Technology Operations Co., Ltd. 北京摩碼幼教科技運營有限公司	Rental income	121	121
First Moma Commercial Operation Management (Beijing) Co., Ltd. 第一摩碼商業運營管理(北京)有限公司 (formerly known as Modern Resort Business Operation Management (Beijing) Co., Ltd. 當代勝地商業運營管理(北京)有限公司)	Real estate agency services fee	1,790	50
	Rental income	203	-
Beijing Tongzheng Equipment Modern Construction	Property management services fee	207	956
	Consideration of disposal of a subsidiary (note ii)	10,000	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

23. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

Notes:

- (i) In addition to amounts due to related parties as mentioned above, the Group obtained a loan from Modern Property in May 2011, the Group borrowed RMB200,000,000 from Modern Property through the entrusting loan arrangement. The entrusting loan, which had been fully drawn down in May 2011, was unsecured, carries fixed interest rate at 6.4% per annum and repayable on May 16, 2014. The entrusted loan was fully repaid during the year ended December 31, 2012.
- (ii) Details of disposal of subsidiaries to a related party are disclosed in Note 17.
- (iii) During the year ended December 31, 2010, an employee of Modern Green Development of the Group used the property developed by Beijing Modern City Real Estate pursuant to the agreement dated November 29, 2010 entered into between Modern Green Development and the employee, with market value amounted to RMB4,071,000, the title of the property will be transferred to the employee upon his completion of the service period of 10 years. The Group recognized this transaction as staff cost and contribution from a company controlled by the shareholder amounted to RMB204,000 for the six months ended June 30, 2013 (six months ended June 30, 2012: RMB204,000).

(c) Key management compensation

	Six months ended	
	June 30,	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Basic salaries and allowance	1,574	1,194
Retirement benefit contribution	86	80
Share-based payment	2,190	2,190
Other benefit-in-kind	-	75
	3,850	3,539

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended June 30, 2013

24. SUBSEQUENT EVENTS

- (a) Details of issue of new shares by way of capitalization and global offering are disclosed in Note 16.
- (b) Declaration of an interim dividend is disclosed in Note 8.