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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 2016

HIGHLIGHTS

- The aggregate value of achieved contracted sales amounted to approximately RMB16,572.2 million, representing a year-on-year increase of approximately 46.8% and 110.5% of annual target of RMB15,000 million.
- Revenue increased by approximately 33.2% to approximately RMB8,457.9 million.
- Profit for the year of the Group increased by approximately 18.9% to approximately RMB714.0 million.
- The Group's total assets as at 31 December 2016 amounted to RMB28,507.0 million, an increase of approximately 81.3% as compared to the figure as at 31 December 2015.
- As at 31 December 2016, bank balances and cash (including restricted cash) was RMB6,762.3 million, an increase of approximately 89.1% as compared to the figure as at 31 December 2015.
- In December 2016, the Company successfully issued US\$350 million offshore green bond with coupon rate of 6.875%, being the first Hong Kong listed PRC property developer issuing green bonds.
- The weighted average borrowing cost of the Group decreased from 10.5% to 8.07% as at 31 December 2016.
- Introduction of Great Wall Pan Asia and Cinda (HK) as strategic investors.
- Basic earnings per share was RMB30.7 cents (2015: RMB30.5 cents)
- The Board resolved to declare a final dividend of HK6.3 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**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2016 with the comparative figures for the preceding financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 RMB'000	2015 RMB'000
Revenue	3	8,457,903	6,349,767
Cost of sales		<u>(6,811,651)</u>	<u>(4,385,674)</u>
Gross profit		1,646,252	1,964,093
Other income, gains and losses		169,678	(26,848)
Recognition of changes in fair value of properties held for sale and properties under development for sale upon transfer to investment properties		115,396	90,381
Changes in fair value of investment properties, net		80,246	77,494
Selling and distribution expenses		(303,898)	(209,705)
Administrative expenses		(344,151)	(245,837)
Finance costs	4	(182,093)	(197,276)
Share of losses of joint ventures		(98,038)	(108,048)
Share of losses of associates		–	(4,696)
Profit before taxation		1,083,392	1,339,558
Income tax expense	5	(369,379)	(738,858)
Profit for the year	6	714,013	600,700
Other comprehensive income for the year:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations, net of nil tax		(3,660)	9,160
Total comprehensive income for the year		710,353	609,860
Profit for the year attributable to:			
Owners of the Company		664,332	577,867
Non-controlling interests		49,681	22,833
		714,013	600,700
Total comprehensive income attributable to:			
Owners of the Company		660,672	587,027
Non-controlling interests		49,681	22,833
		710,353	609,860
Earnings per share, in Renminbi cents:			
Basic	7	30.7	30.5
Diluted	7	30.7	30.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

	<i>Notes</i>	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS			
Investment properties		1,820,000	1,368,240
Property, plant and equipment		517,273	498,816
Intangible assets		2,455	2,355
Freehold land held for future development		31,564	29,547
Interests in associates		99,890	71,959
Interests in joint ventures		643,355	1,182,955
Loans to joint ventures		2,163,958	2,169,600
Available-for-sale investments		46,350	34,850
Deferred tax assets		274,230	322,481
		<u>5,599,075</u>	<u>5,680,803</u>
CURRENT ASSETS			
Inventories		4,737	3,941
Prepaid lease payments		–	130,162
Properties under development for sale		10,331,289	3,653,643
Properties held for sale		2,277,087	1,303,189
Trade and other receivables, deposits and prepayments	8	2,775,600	840,338
Amounts due from related parties		756,858	535,530
Restricted cash		2,177,946	1,054,992
Bank balances and cash		4,584,391	2,520,759
		<u>22,907,908</u>	<u>10,042,554</u>
CURRENT LIABILITIES			
Trade and other payables, deposits received and accrued charges	9	9,263,016	3,859,078
Amounts due to related parties		2,257,987	728,840
Taxation payable		1,760,075	1,839,585
Bank and other borrowings – due within one year		2,463,064	1,756,687
		<u>15,744,142</u>	<u>8,184,190</u>
NET CURRENT ASSETS		<u>7,163,766</u>	<u>1,858,364</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,762,841</u>	<u>7,539,167</u>

	<i>Notes</i>	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
CAPITAL AND RESERVES			
Share capital	<i>10</i>	156,459	128,094
Reserves		4,491,834	3,637,266
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		4,648,293	3,765,360
NON-CONTROLLING INTERESTS			
		83,173	9,689
TOTAL EQUITY			
		4,731,466	3,775,049
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year		3,288,500	700,000
Senior notes		3,245,630	2,802,214
Corporate bond		1,023,769	–
Long term payables		295,317	133,134
Deferred tax liabilities		178,159	128,770
		8,031,375	3,764,118
		12,762,841	7,539,167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL

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. Its 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.

In preparation for the listing of its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing**”), the Company underwent a group reorganisation in 2011. Further details of which are set out in the Company’s prospectus dated 28 June 2013. The Company’s shares were then listed on the Stock Exchange on 12 July 2013.

The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in real estate development, property investment, hotel operation, project management, real estate agency services, immigration services and innovative household technology services in the PRC and the United States (the “**US**”).

The annual results set out in the announcement do not constitute the Group’s consolidated financial statements for the year ended 31 December 2016 but are extracted from those financial statements. The consolidated financial statements are presented in Renminbi (“**RMB**”), the currency of the primary economic environment in which the group entities operate.

2. APPLICATION OF NEW AND REVISED IFRSs

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT INFORMATION

The Group’s operating activities are attributable to a single reportable and operating segment focusing on (a) property development, (b) property investment, (c) hotel operation, (d) project management, (e) real estate agency services, (f) immigration services and (g) innovative household technology 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 properties from property investment, hotel operation, project management, real estate agency services, immigration services and innovative household technology services. However, other than revenue information, no operating results and other discrete financial information is available for the assessment of performance of the respective type of revenue. The CODM reviews the overall results and organisation structure of the Group as a whole to make decision about resources allocation. Accordingly, no analysis of this single reportable and operating segment is presented.

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

Entity-wide information

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Sale of properties	8,234,930	6,201,939
Real estate agency services	73,117	12,856
Project management	13,718	37,481
Hotel operation	52,107	33,680
Leasing of properties	51,747	45,068
Immigration service	15,535	13,711
Innovative household technology services	16,749	5,032
	<u>8,457,903</u>	<u>6,349,767</u>

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 is amounted to 10% or more of the Group's revenue for the year.

4. FINANCE COSTS

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Interest on bank and other borrowings	(317,695)	(163,010)
Interest expense on senior notes and corporate bond	(577,326)	(372,568)
	<u>(895,021)</u>	<u>(535,578)</u>
Less: Amount capitalised in properties under development	712,928	338,302
	<u>(182,093)</u>	<u>(197,276)</u>

5. INCOME TAX EXPENSE

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Current tax		
PRC Corporate Income Tax	(121,237)	(338,069)
Land appreciation tax ("LAT")	(138,946)	(326,074)
US Corporate Tax	-	(7)
Deferred tax	(109,196)	(74,708)
	<u>(369,379)</u>	<u>(738,858)</u>

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 ranged 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.

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 2016 and 2015.

Pursuant to the United States federal tax law, the United States corporate tax shall be taxed at progressive rates ranging from 15% to 35%. United States corporate tax is provided at federal statutory rate of 15% based on estimated assessable profits for the year ended 31 December 2015.

6. DIVIDEND

The final dividend proposed by the Directors of the Company for the year ended 31 December 2016 of HK6.3 cents per share is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

A final dividend in respect of the year ended 31 December 2015 of HK9.9 cents per share amounting to HK\$206,136,000 (equivalent to RMB173,181,000) in aggregate has been approved and paid in 2016.

7. 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:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<u>664,332</u>	<u>577,867</u>
	2016 '000	2015 '000
Number of shares (basic)		
Issued ordinary shares at 1 January	2,080,760	1,760,000
Issuance of shares	79,922	135,014
Effect of share options exercised	<u>2,967</u>	<u>49</u>
Weighted average number of ordinary shares at 31 December	<u>2,163,649</u>	<u>1,895,063</u>
	2016 '000	2015 '000
Number of shares (diluted)		
Number of ordinary shares for the purpose of calculating basic earnings per share	2,163,649	1,895,063
Effect of dilutive potential ordinary shares:		
– Share options (<i>note</i>)	<u>2,020</u>	<u>15,057</u>
Number of ordinary shares for the purpose of calculating diluted earnings per share	<u>2,165,669</u>	<u>1,910,120</u>

Note: The computation of the diluted earnings per share for the year ended 31 December 2016 has taken into consideration the weighted average number of 2,020,000 shares (2015:15,057,000 shares) deemed to be issued at nil consideration as if all outstanding share options had been exercised.

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables mainly are rental receivable and receivable from sale of properties. Considerations in respect of properties sold are paid in accordance with the terms of the related sales and purchase agreements, normally within 45 days from the agreement date.

	At 31 December 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Trade receivables, net of allowance	126,764	59,800
Other receivables, net of allowance	495,639	340,221
Guarantee deposits for housing provident fund loans provided to customers (<i>note i</i>)	19,276	17,880
Advances to employees (<i>note ii</i>)	–	31,139
	<hr/>	<hr/>
Loans and receivables	641,679	449,040
Prepayments to suppliers of construction materials	102,087	43,770
Deposits paid for acquisition of land use rights (<i>note ii</i>)	1,617,423	187,120
Prepaid LAT and business tax	414,411	160,408
	<hr/>	<hr/>
	2,775,600	840,338
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (i) 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.
- (ii) Deposit paid for acquisition of land use rights and advances to employees presented in the consolidated statement of financial position as separate items as of 31 December 2015 were grouped into trade and other receivables, deposits and prepayments to conform to the current year presentation. These reclassification has no material impact on the consolidated statement of financial position as at 1 January 2016.

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

	At 31 December 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Less than 1 year	90,940	56,836
1 – 2 years	35,824	2,964
	<hr/>	<hr/>
	126,764	59,800
	<hr/> <hr/>	<hr/> <hr/>

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

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

	At 31 December 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Trade payables	1,298,844	323,052
Accrued expenditure on construction	456,309	562,717
Payables to non-controlling interests	1,954,588	–
Accrued interest on senior notes	95,333	117,784
Accrued payroll	4,373	19,920
Dividend payable	1,121	589
Other payables	544,370	576,138
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	4,354,938	1,600,200
Deposits received and receipt in advance from property sales	4,794,689	2,152,162
Other tax payables	113,389	106,716
	<hr/>	<hr/>
	9,263,016	3,859,078
	<hr/> <hr/>	<hr/> <hr/>

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 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 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Less than 1 year	1,104,793	264,373
1 to 2 years	186,240	54,355
More than 2 years and up to 3 years	4,037	832
Over 3 years	3,774	3,492
	<hr/>	<hr/>
	1,298,844	323,052
	<hr/> <hr/>	<hr/> <hr/>

10. SHARE CAPITAL

	Number of shares '000	Amount USD'000	Equivalent to RMB'000
Ordinary shares of US\$0.01 each			
Authorised:			
At 31 December 2015 and 31 December 2016	3,000,000	30,000	184,404
Issued and fully paid:			
At 1 January 2015	1,600,000	16,000	98,610
Bonus issue of shares (<i>note b</i>)	160,000	1,600	9,861
Issue of shares	320,000	3,200	19,575
Exercise of share options (<i>note d</i>)	760	8	48
At 31 December 2015 and 1 January 2016	2,080,760	20,808	128,094
Issue of shares (<i>note c</i>)	416,397	4,164	27,952
Exercise of share options (<i>note d</i>)	6,248	62	413
At 31 December 2016	2,503,405	25,034	156,459

- (a) Pursuant to the resolutions passed at the Company's annual general meeting held on 17 June 2015, the authorised share capital of the Company was increased from US\$20,000,000 divided into 2,000,000,000 shares to US\$30,000,000 divided into 3,000,000,000 shares by the creation of 1,000,000,000 new shares.
- (b) Pursuant to the bonus issue which was completed on 10 July 2015, a total of 160,000,000 bonus shares were issued on the basis of one bonus share for every ten shares then existing as at 25 June 2015.
- (c) On 20 September and 14 November 2016, a total of 172,872,000 and 243,525,000 shares were allotted and issued by the Company at HK\$1.01 (equivalent to approximately RMB0.83) and HK\$1.10 (equivalent to approximately RMB0.83) per share under the general mandate, respectively, and total net proceeds of approximately HK\$442,016,000 (equivalent to approximately RMB385,670,000) were raised.
- (d) During the year ended 31 December 2016, share options were exercised to subscribe for 6,247,500 ordinary shares of the Company at HK\$1.145 (equivalent to approximately RMB0.95) per share, with the aggregate amount of HK\$7,360,000 (equivalent to approximately RMB6,090,000). During the year ended 31 December 2015, share options were exercised to subscribe for 760,000 ordinary shares of the Company at HK\$1.145 (equivalent to approximately RMB0.95) per share, with the aggregate amount of HK\$870,000 (equivalent to approximately RMB719,000).

CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the Board, I am pleased to present the business review of the Group for the year ended 31 December 2016 and its prospects.

Results

For the 12 months ended 31 December 2016, the Group achieved contracted sales of approximately RMB16,572.2 million, of which approximately RMB16,246.2 million was from properties and approximately RMB326.0 million was from car parking spaces. Area of properties under contracted sales was approximately 1,432,608 sq.m. and the average selling price per sq.m. was approximately RMB11,340. The Group achieved an increase of approximately 46.8% in contracted sales as compared with the figure for the 12 months ended 31 December 2015.

Upgrades in 2016

In 2016, Modern Land adhered to differentiation in green initiatives to consolidate its core competence, and continued its innovations and breakthroughs in its whole-cycle industry chain. During the year, Modern Land completed three upgrades.

The first is scale upgrade. In 2016, Modern Land acquired 15 parcels of land in total, the value of which exceeded more than three times of the overall sales of 2016. Modern Land expects that the value of its acquired land every year should exceed the sales amount of the same year, to lay a solid foundation for the steady growth in the following year.

In 2016, Modern Land established its presence in Seattle, Nanjing and Huizhou as expected, with a view to furthering the in-depth exploration of its business network. Currently, the strategic layout of Modern Land has extended to 15 domestic cities and 2 overseas cities.

The second is product upgrade. The *Modern Land White Paper on the Strategic Development of its Green Technology* which sets out the “most professional green technology theoretical framework for property development in China” was released in December 2016, detailing the 17 years of efforts of Modern Land in green architecture, green community and green lifestyle, and Modern Land’s foresight and corresponding solutions for green development in future.

Modern Land started its research on green architecture from the beginning of the 21st century and has since adhered to green technology innovation. By the end of 2016, the Group owned 65 core technology patents related to green development, 23 of which were invention patents covering green building materials, green technologies and green products etc., forming a unique green technology system and MOMΛ product collections.

The third is operation upgrade. Modern Land completed the construction of the MOMΛ Home 4+1, i.e. residential developments encompassing green residence, technology community, healthy community, all-age-group community and international community. On 18 May 2016, First Property (Beijing) Co., Limited, a related party company of Modern Land, was listed on the National Equities Exchange and Quotations System and became a leading listed company in green technology properties in China.

The related party companies of Modern Land in community operations including green hotel, green office, green education and green space operations also strongly boosted price premiums of products.

Outlook in 2017

In the coming ten years, the real estate industry in China will continue to demonstrate the trend of high differentiation, high concentration and high elimination. Due to the changing demographic structure, the property market in the following decade will record rapid development at a rate of no less than 1 billion sq.m. of newly constructed area per year. With the gradual changes in lifestyle in China, home communities featuring full-cycle sustainable development of the industry, namely liveable community residence for all age groups will be in the ascendant.

In 2017, Modern Land will grasp this important opportunity to integrate its development in different areas.

First, the Group will enlarge its scale by acquiring land steadily. In 2017, Modern Land will further deepen its presence in Southern, Northern, Central and Eastern China, among which Northern China includes Beijing, Tianjin, Taiyuan, Xi'an, Zhengzhou and Jinan; Eastern China includes Shanghai, Suzhou, Nanjing and Hangzhou; Central China includes Wuhan, Hefei, Changsha and Nanchang; and Southern China includes Shenzhen, Guangzhou, Foshan, Zhuhai, Zhongshan and Dongguan.

Emphasis would continue to be laid on first and strong second tier cities, including satellite cities nearby unaffected by home-purchase restrictions with a large client base, sufficient industry support and reasonable stock-to-sales ratios.

Secondly, Modern Land will continue to promote product innovation. In 2017, the Group will establish and perfect a Modern Land cloud platform for information of the whole green technology industry chain, recording the operating data of all projects of Modern Land and conducting big data analysis. The platform will also timely collect data on carbon reductions, saving of water, electricity and gas and new energy sources usage, etc., give feedback on the generated data and conduct follow-up management, thus improving the management efficiency for green technology products and finding the best operation mode for the energy sources for the projects.

The Group will continuously strengthen its core competitiveness, i.e. “unique heating and cooling solutions + unique air quality solutions + unique solutions for reducing energy consumption and operation costs”.

Lastly, the Group will build an ecosystem in terms of its structure. In 2017, Modern Land will implement autonomous structures featuring “comprehensive platform + lean structure + ecosystem building” to continue to attract talents, adjust its manpower structure, as well as procedures and operations featuring flattened-structure, platform-orientation, project-specificity and autonomous structures. By sourcing and making the best use of talents and promoting communications, Modern Land will arrange regular and ad hoc intra-group and inter-group rotation for all levels of employees. Executive level employees should rotate positions every three to five years; employees at the management level and middle level who remain in the same position for over two to three years must rotate positions if appraised as demonstrating no improvements in their positions and functions.

For team deployment in regional branches, the Group adopts a “1+4” mode. In the four stages of property development and with production, supply, sales and operation taken into consideration, one general manager/responsible person will lead four management level employees to form a core team in the property company to achieve seamless technical cooperation in eight professional areas. There will be fewer frontline staff but more officers in the headquarters, while talented frontline staff and officers with strong leadership will be deployed for projects to achieve team cohesion and optimal efficacy.

Under this market environment, as an enterprise with differentiated core competitiveness, we find the current stage a growth opportunity for us. Relying on the strength of our team and products, we are confident enough to believe that 2017 will be a year of steady and solid development for Modern Land.

Finally, on behalf of the Board, I would like to extend sincere thanks to our shareholders for their unwavering support and trust, and would like to express deepest gratitude to the Board, the management team and all staff of the Group for their dedication and diligence!

Zhang Lei
Chairman

20 March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue is mainly attributable to sale of properties, leasing of properties, hotel operations and project management, real estate agency services and immigration services and innovative household technology services.

Sale of Properties

For the year ended 31 December 2016, the Group's revenue from sale of properties amounted to RMB8,234.9 million, representing an increase of 32.8% as compared to the year ended 31 December 2015. The Group delivered 1,117,308 sq.m. of property in terms of total gross floor area ("GFA") and 2,076 units of car parking spaces in 2016. Gross profit margin of sale of properties was 17.8%, down from 29.8% in the corresponding period in 2015. Recognised average selling price ("ASP") was RMB7,187 per sq.m. and that for car parking spaces was RMB98,623 per unit for the year ended 31 December 2016.

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

* After deducting sales tax

Project name	2016			2015		
	Revenue	Total saleable GFA or car parking spaces delivered	ASP	Revenue	Total saleable GFA or units of car parking spaces delivered	ASP
	RMB'000	sq.m. or unit	RMB/sq.m. or unit	RMB'000	sq.m. or unit	RMB/sq.m. or unit
Modern MOMΛ (Beijing)	-	-	-	218,313	3,777	57,801
Wan Guo Cheng MOMΛ (Beijing)	-	-	-	18,242	352	51,824
Modern Caiyu Man Ting Chun MOMΛ (Beijing)	45,867	3,554	12,906	1,309,850	145,904	8,977
Shangdi MOMΛ (Beijing) (Note (1))	-	-	-	29,626	1,177	25,171
Modern North Star • YUE MOMΛ (Beijing)	1,503	131	11,503	-	-	-
Modern Land • CIFI Villa (Beijing)	1,630,520	107,971	15,101	-	-	-
Wan Guo Cheng MOMΛ (Taiyuan)	165,425	19,270	8,585	1,801,183	156,637	11,499
Kaifu Man Ting Chun MOMΛ (Changsha) (Note (2))	177,362	20,282	8,745	1,176,148	177,506	6,626
MOMΛ Modern Plaza (Changsha)	1,035,656	225,983	4,583	-	-	-
Modern Binjiang MOMΛ (Changsha)	895,674	132,648	6,752	-	-	-

Project name	2016			2015		
	Revenue	Total saleable GFA or car parking spaces delivered sq.m. or unit	ASP RMB/sq.m. or unit	Revenue	Total saleable GFA or units of car parking spaces delivered sq.m. or unit	ASP RMB/sq.m. or unit
	RMB'000			RMB'000		
Modern MOMΛ (Hefei)	1,149,514	76,107	15,104	-	-	-
Guanggu Man Ting Chun MOMΛ (Wuhan)	755,640	115,682	6,532	-	-	-
Hanyang Man Ting Chun MOMΛ (Wuhan)	247,913	44,600	5,559	322,093	59,875	5,379
Man Ting Chun MOMΛ (Nanchang)	637	99	6,434	5,413	632	8,565
Modern MOMΛ New City (Nanchang)	97,177	15,227	6,382	323,235	50,380	6,416
Modern International MOMΛ (Nanchang)	923,273	137,493	6,715	-	-	-
Man Ting Chun MOMΛ (Jiujiang) (Note (3))	696,330	153,728	4,530	352,233	73,961	4,762
Man Ting Chun MOMΛ (Xiantao)	207,698	64,533	3,218	326,458	106,168	3,075
Subtotal	<u>8,030,189</u>	<u>1,117,308</u>	<u>7,187</u>	<u>5,882,794</u>	<u>776,369</u>	<u>7,577</u>
Car parking spaces	<u>204,741</u>	<u>2,076</u>	<u>98,623</u>	<u>319,145</u>	<u>2,258</u>	<u>141,340</u>
Total	<u><u>8,234,930</u></u>			<u><u>6,201,939</u></u>		

- Notes:
- (1) Related information of iMOMΛ (Beijing) and Yue MOMΛ (Beijing) is no longer presented separately as it has been consolidated into Shangdi MOMΛ (Beijing).
 - (2) Related information of Wan Guo Cheng MOMΛ (Changsha), Man Ting Chun MOMΛ (Changsha) and Shang Pin Ge MOMΛ (Changsha) is no longer presented separately as it has been consolidated into Kaifu Man Ting Chun MOMΛ (Changsha).
 - (3) Related information of Chao Yang Li MOMΛ (Jiujiang) is no longer presented separately as it has been consolidated into Man Ting Chun MOMΛ (Jiujiang).

Contracted Sales

For the year ended 31 December 2016, the Group achieved contracted sales of RMB16,572.2 million, representing an increase of 46.8% as compared to the year ended 31 December 2015. The Group, its joint ventures and associates sold 1,432,608 sq.m. in total GFA and 3,337 units of car parking spaces, representing an increase of 15.4% and 40.4% respectively as compared to the year ended 31 December 2015.

Table 2: Breakdown of contracted sales of the Group

* Before deducting sales tax

Project name	Attributable interest to the Group (%)	Contracted sales RMB'000	2016			2015		
			Contracted sales RMB'000	GFA or car parking spaces sq.m. or unit	ASP RMB/sq.m. or unit	Contracted sales RMB'000	GFA or car parking spaces sq.m. or unit	ASP RMB/sq.m. or unit
Modern MOMΛ (Beijing)	100%	-	-	-	81,839	1,227	66,698	
Wan Guo Cheng MOMΛ (Beijing)	100%	-	-	-	19,339	352	54,940	
Modern Caiyu Man Ting Chun MOMΛ (Beijing)	100%	6,468	589	10,974	48,139	4,174	11,533	
Modern Land • CIFI Villa (Beijing)	50%	335,794	16,821	19,963	1,681,082	112,374	14,960	
Modern North Star • YUE MOMΛ (Beijing)	50%	968,380	28,546	33,923	1,218,863	72,145	16,895	
Shangdi MOMΛ (Beijing) (Note 1)	100%	8,552	244	34,981	50,689	1,636	30,983	
Modern Wan Guo Fu MOMΛ (Shanghai)	65.63%	2,612,165	66,349	39,370	450,000	15,000	30,000	
Songjiang Yi Jing Yuan (Shanghai)	35%	201,420	7,240	27,820	1,104,326	50,931	21,683	
Modern Wan Guo Cheng MOMΛ (Suzhou)	70%	1,388,857	53,393	26,012	-	-	-	
Shishan MOMΛ (Suzhou)	20%	700,613	24,805	28,245	-	-	-	
Wan Guo Cheng MOMΛ (Taiyuan)	100%	60,060	7,833	7,667	467,346	48,782	9,580	
Hongsheng Man Ting Chun MOMΛ (Shaanxi)	51%	772,120	107,612	7,175	104,599	15,111	6,922	
Kaifu Man Ting Chun MOMΛ (Changsha)	100%	153,257	18,366	8,344	385,317	45,030	8,557	
Modern Binjiang MOMΛ (Changsha)	100%	419,687	52,261	8,031	517,588	75,856	6,823	
MOMΛ Modern Plaza (Changsha)	100%	234,349	42,687	5,490	630,686	125,703	5,017	
Modern Furong Wan Guo Cheng MOMΛ (Changsha)	51%	946,809	138,870	6,818	-	-	-	
Hanyang Man Ting Chun MOMΛ (Wuhan)	99.02%	72,240	9,472	7,627	504,808	90,076	5,604	
Guanggu Man Ting Chun MOMΛ (Wuhan)	99.95%	930,584	106,123	8,769	544,817	83,146	6,553	
North Star-Modern • Guanggu Green Home (Wuhan)	45%	794,312	90,229	8,803	437,340	64,950	6,733	
Modern MOMΛ (Hefei)	100%	1,456,396	79,807	18,249	889,671	55,470	16,039	
Shao Quan Hu City of Future (Hefei)	20%	1,625,581	207,081	7,850	-	-	-	
Man Ting Chun MOMΛ (Nanchang)	100%	640	98	6,554	1,627	113	14,398	
Modern MOMΛ New City (Nanchang)	100%	65,847	9,350	7,042	196,284	30,825	6,368	
Modern International MOMΛ (Nanchang)	100%	357,043	43,564	8,196	530,095	71,797	7,383	

Project name	Attributable interest to the Group (%)	Contracted sales RMB'000	2016	ASP RMB/sq.m. or unit	Contracted sales RMB'000	2015	ASP RMB/sq.m. or unit
			GFA or car parking spaces sq.m. or unit			GFA or car parking spaces sq.m. or unit	
Modern Wan Guo Fu (Foshan)	51%	844,912	35,675	23,684	-	-	-
Man Ting Chun MOMΛ (Jiujiang) (Note (b))	100%	354,617	62,848	5,642	614,660	133,856	4,592
Man Ting Chun MOMΛ (Xiantao)	100%	569,306	168,592	3,377	417,079	126,437	3,299
Dongdaihe • Bai Jin Hai MOMΛ (Dongdaihe)	100%	366,184	54,151	6,762	95,396	16,659	5,726
Total		16,246,193	1,432,608	11,340	10,991,590	1,241,650	8,852
Car parking spaces		326,018	3,337	97,698	298,442	2,377	125,554
Total		16,572,211			11,290,032		

- Notes:
- (a) Related information of Wan Guo Cheng MOMΛ (Changsha), Man Ting Chun MOMΛ (Changsha) and Shang Pin Ge MOMΛ (Changsha) is no longer presented separately as it has been consolidated into Kaifu Man Ting Chun MOMΛ (Changsha).
 - (b) Related information of Chao Yang Li MOMΛ (Jiujiang) is no longer presented separately as it has been consolidated into Man Ting Chun MOMΛ (Jiujiang).
 - (c) The contracted sales of the Group as shown in the above table include the contracted sales of its joint ventures and associates.

Leasing of Properties, Hotel Operations, Project Management, Real Estate Agency Services, Immigration Services and Innovative Household Technology Services

For the year ended 31 December 2016, the Group's revenue from leasing of properties amounted to RMB51.7 million, representing an increase of 14.8% as compared to the corresponding period in 2015. The Group's revenue from hotel operations increased by 54.7% to RMB52.1 million in 2016 while the revenue from project management decreased by 63.4% to RMB13.7 million in 2016, the Group's revenue from real estate agency services increased by 468.7% to RMB73.1 million in 2016, while the revenue from immigration services increased by 13.3% to RMB15.5 million in 2016.

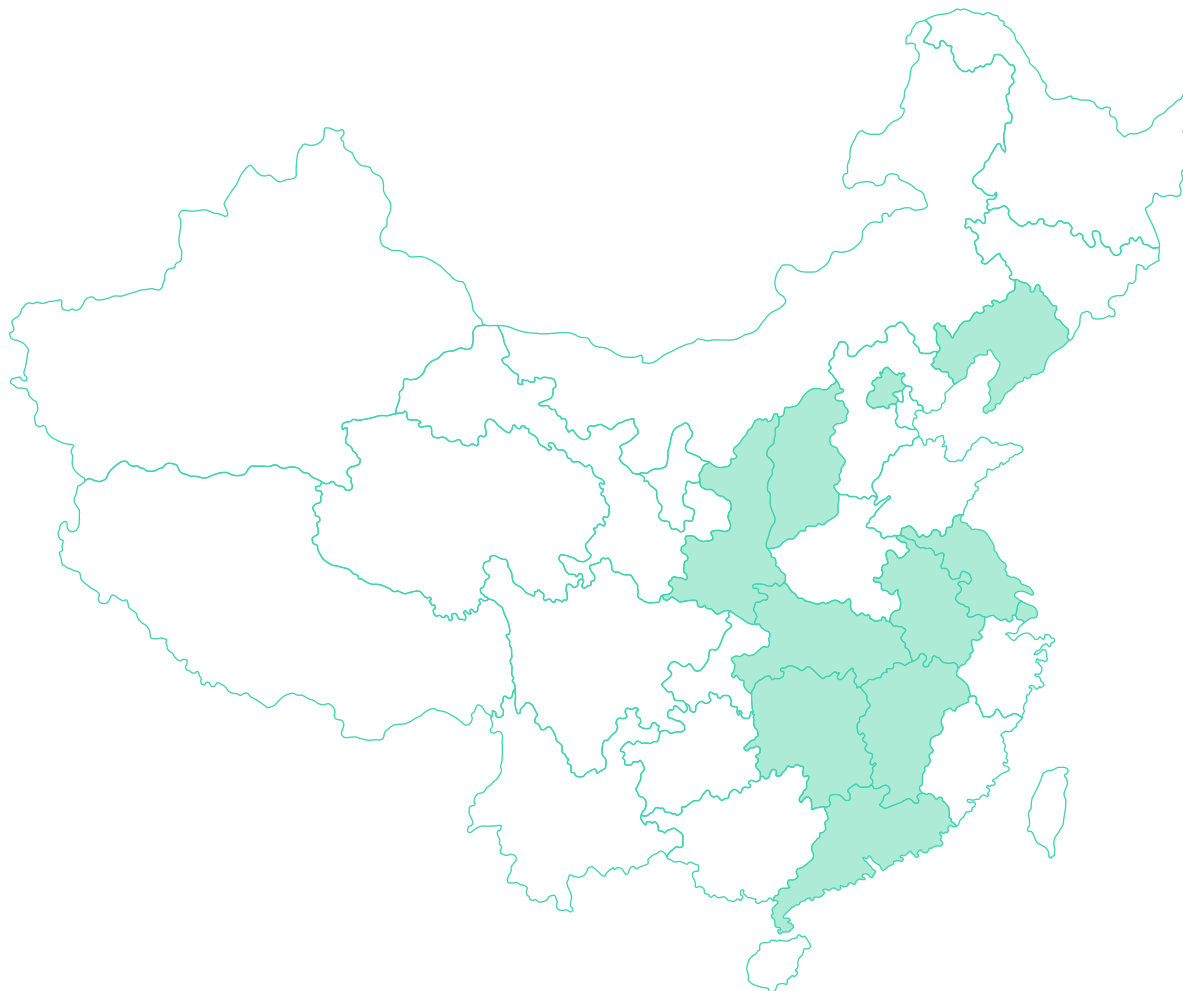
During the reporting period, the Group's revenue from innovative household technology services was RMB16.7 million.

The innovative household technology services are principally provided by New Power (Beijing) Architectural Technology Co., Ltd., (新動力(北京)建築科技有限公司) ("Beijing New Power"), a subsidiary of the Company primarily engaged in the provision of energy conservation services for new and existing projects as an innovative household technology operation platform.

Hotel MOMC, a boutique hotel owned and operated by the Group, has established its presence in Beijing, Taiyuan and Dongdaihe, and its revenue for the year amounted to RMB52.1 million.

Land Bank

As at 31 December 2016, total land bank in the PRC (excluding investment properties and properties held for own use) held by the Group was 5,403,060 sq.m.



Note: The land bank of the Group includes land parcels in Beijing, Shanghai, Nanjing, Suzhou, Hefei, Taiyuan, Xi'an, Changsha, Wuhan, Nanchang, Dongdaihe, Huizhou, Jiujiang, Xiantao and Foshan.

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

Table 3: Land bank held by the Group

Land bank in China

Project name	As at 31 December 2016		
	Attributable interest to the Group (%)	Total GFA unsold (Note 1) (sq.m.)	Aggregate GFA sold but undelivered with sales contracts (sq.m.)
Modern MOMΛ (Beijing)	100%	17,907	–
MOMΛ Forest Forever (Beijing)	100%	7,985	–
Modern Caiyu Man Ting Chun MOMΛ (Beijing)	100%	–	–
Modern Land CIFI Villa (Beijing)	50%	50,242	21,224
Modern North Star • YUE MOMΛ (Beijing)	50%	131,346	122,111
Shangdi MOMΛ (Beijing) (Note (2))	100%	11,163	–
Modern Yunjing (Beijing)	51%	163,593	–
Modern Xishan Shang Pin Wan MOMΛ (Beijing)	50%	130,030	–
Modern Wan Guo Fu MOMΛ (Shanghai)	65.63%	127,474	81,349
Songjiang Yi Jing Yuan (Shanghai)	35%	146,307	88,484
Modern Wan Guo Fu MOMΛ (Foshan)	51%	190,833	35,675
Man Tang Yue (Huizhou)	100%	209,700	–
Modern Wan Guo Fu MOMΛ (Suzhou)	100%	72,730	53,393
Gusu Wan Guo Fu MOMΛ (Suzhou)	50%	24,078	–
Xiangcheng Wan Guo Shu MOMΛ (Suzhou)	50%	58,373	–
MOMA Shishan MOMΛ (Suzhou)	20%	80,511	24,805
Zhongxiang Wan Guo Fu (Suzhou)	50%	154,294	–
Wan Guo Cheng MOMΛ (Nanjing)	51%	54,486	–
Wan Guo Cheng MOMΛ (Taiyuan)	100%	49,078	–
Hongsheng Man Ting Chun MOMΛ (Shaanxi)	51%	133,478	79,231
Yan Hu Cheng (Taiyuan)	50%	201,600	–
Modern City (Taiyuan)	51%	251,124	–

As at 31 December 2016

Project name	Attributable interest to the Group (%)	Total GFA unsold (Note 1) (sq.m.)	Aggregate
			GFA sold but undelivered with sales contracts (sq.m.)
Kaifu Man Ting Chun MOMΛ (Changsha) (Note (2))	100%	98,700	–
Modern Binjiang MOMΛ (Changsha)	100%	83,175	5,538
MOMΛ Modern Plaza (Changsha)	100%	115,795	19,232
Furong MOMΛ (Changsha)	51%	476,149	163,108
Hanyang Man Ting Chun MOMΛ (Wuhan)	99%	12,316	675
Guanggu Man Ting Chun MOMΛ (Wuhan)	100%	110,394	51,941
North Star-Modern • Guanggu Green Home (Wuhan)	45%	234,270	74,246
Hankou Wan Guo Fu (Wuhan)	51%	39,810	–
Modern MOMΛ (Hefei)	100%	112,966	71,910
Modern MOMΛ Hengtong International City of Future (Hefei)	20%	460,037	207,081
Wan Guo Fu (Hefei)	100%	258,402	–
Man Ting Chun MOMΛ (Nanchang)	100%	27,674	–
Modern MOMΛ New City (Nanchang)	100%	24,535	580
Modern International MOMΛ (Nanchang)	100%	40,565	5,392
Man Ting Chun MOMΛ (Jiujiang) (Note (2))	100%	90,053	61,465
Man Ting Chun MOMΛ (Xiantao)	100%	605,212	186,124
Dongdaihe • Bai Jin Hai MOMΛ (Dongdaihe)	100%	346,675	70,810
Total		<u>5,403,060</u>	<u>1,424,374</u>

Notes: (1) Total GFA unsold includes aggregated GFA sold but not yet delivered with sales contracts.

(2) Wan Guo Cheng MOMΛ (Beijing) is no longer presented separately as it has been consolidated into Modern MOMΛ (Beijing). iMOMΛ (Beijing) is no longer presented separately as it has been consolidated into Shangdi MOMΛ (Beijing). Wan Guo Cheng MOMΛ (Changsha) and Man Ting Chun MOMΛ (Changsha) are no longer presented separately as they have been consolidated into Kaifu Man Ting Chun MOMΛ (Changsha). Chao Yang Li MOMΛ (Jiujiang) is no longer presented separately as it has been consolidated into Man Ting Chun MOMΛ (Jiujiang).

(3) The land bank held by the Group as shown in the above table include the land bank of its joint ventures and associates.

The Group wholly owns a parcel of land with a site area of approximately 196,156 sq.m. located in Pearland, Texas, the U.S. for future development. This parcel of land is in development period.

The Group owns, in the form of a joint venture, two parcels of land located in Seattle, Washington, U.S. with a total GFA of approximately 237,000 sq.ft. and 764,082 sq.ft. for future development. The two parcels of land are at the preliminary stage.

Land Acquisitions

In 2016, the Group continued to apply the same conservative and balanced strategy as its general direction towards land acquisitions. In the PRC, the Group continued to expand its land reserves through various channels, including private negotiation and government held public tenders, urban redevelopment projects, integrated primary and secondary development, cooperation purchased a total of 13 land parcels or related interests.

The aggregate consideration for the PRC land acquisitions was approximately RMB15,305 million, with total GFA of approximately 2,079,949 sq.m..

Location	No. of Land Parcels	Approximate total GFA (sq.m.)
Beijing	2	293,623
Jiangsu	5	371,742
Hunan	1	453,948
Hubei	1	39,810
Shanxi	2	452,724
Anhui	1	258,402
Guangdong	1	209,700
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Total	13	2,079,949
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FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 33.2% to approximately RMB8,457.9 million for the year ended 31 December 2016 from approximately RMB6,349.8 million for the year ended 31 December 2015. Such increase was mainly attributable to the increase in sales revenue from properties in cities such as Beijing, Changsha, Hefei and Nanchang. The property-related delivered GFA of the Group increased from approximately 776,369 sq.m. for the year ended 31 December 2015 to approximately 1,117,308 sq.m. for the year ended 31 December 2016.

Cost of Sales

The Group's cost of sales increased by approximately 55.3% to RMB6,811.7 million in 2016 from that in 2015. Such increase was mainly due to the notable increase in the sold area and the change in product mix in 2016.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit decreased by approximately 16.2% to RMB1,646.3 million in 2016 from that in 2015 and the Group's gross profit margin in 2016 was 19.5%.

Other Income, Gains and Loss

Other income, gains and loss for the year ended 31 December 2016 increased to the gains of approximately RMB169.7 million from the loss of approximately RMB26.8 million for the year ended 31 December 2015. Such turnaround from loss to gains was primarily due to the combined effects of the remeasurement to fair value of the Group's pre-existing interest in acquirees, interest income and foreign exchange loss in 2016.

Change of Fair Value

Change of fair value includes fair value gain of properties held for sale and properties under development for sale upon transfer to investment properties and changes in fair value of investment properties. The changes in fair value for the year ended 31 December 2016 increased by approximately 16.5% to RMB195.6 million from RMB167.9 million in 2015, which was mainly attributable to the increase in market rents of new investment properties and existing investment properties.

Selling and Distribution Expenses

The selling and distribution expenses of the Group for the year ended 31 December 2016 increased by approximately 44.9% to approximately RMB303.9 million from approximately RMB209.7 million for the year ended 31 December 2015, which was primarily due to the substantial rise in sales and increase in staff costs and marketing expenses in 2016.

Administrative Expenses

The administrative expenses of the Group for the year ended 31 December 2016 increased by approximately 40.0% as compared to that for the year ended 31 December 2015 to approximately RMB344.2 million. The increase was primarily due to the business expansion of the Group. The administrative expenses of the Group was maintained at a reasonable level through the implementation of stringent cost control and improvement in efficiency per capita.

Finance Costs

The finance costs of the Group amounted to approximately RMB182.1 million for the year ended 31 December 2016, representing a decrease of approximately 7.7% from approximately RMB197.3 million for the year ended 31 December 2015, which was due to the substantial decrease in overall finance costs and capitalisation of part of the interest as qualifying assets despite the higher total amount of financing.

Income Tax Expense

The income tax expense of the Group for the year ended 31 December 2016 decreased by approximately 50.0% to approximately RMB369.4 million from approximately RMB738.9 million for the year ended 31 December 2015, primarily due to the adjustment in delivery mix and decrease in gross profit margin, resulting in a substantial decrease in land appreciation tax.

Profit for the year

As a result of the foregoing, the profit of the Group for the year ended 31 December 2016 increased by approximately 18.9% to approximately RMB714.0 million from approximately RMB600.7 million for the year ended 31 December 2015.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2016, the cash, restricted cash and bank balances of the Group increased by 89.1% to approximately RMB6,762.3 million from approximately RMB3,575.8 million as at 31 December 2015.

Borrowings and pledge of the Group's assets

As at 31 December 2016, the Group had total borrowings of approximately RMB10,021.0 million, including bank and other loans of approximately RMB5,751.6 million, senior notes of approximately RMB3,245.6 million and corporate bonds of approximately RMB1,023.8 million. As at 31 December 2016, 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 a subsidiary, bank deposits and guarantee deposits for housing provident fund loans provided to customers which had a carrying amount of approximately RMB6,544.1 million. A majority of the carrying value of all the Group's bank loans was denominated in RMB.

Breakdown of borrowings

By type of borrowings and maturity

	31 December 2016 RMB'000	31 December 2015 RMB'000
Bank and other loans		
Within one year or on demand	2,463,064	1,756,687
Over one year and within two years	3,054,000	632,000
Over two years and within five years	234,500	68,000
Subtotal	<u>5,751,564</u>	<u>2,456,687</u>
Offshore senior notes		
Over one year and within two years	–	1,076,234
Over two years and within five years	3,245,630	1,725,980
Subtotal	<u>3,245,630</u>	<u>2,802,214</u>
Corporate bonds	1,023,769	–
TOTAL	10,020,963	5,258,901
Less:		
Cash and restricted cash	6,762,337	3,575,751
Net debt	(3,258,626)	(1,683,150)
Total equity	4,731,466	3,775,049
Net debt to equity	<u>68.9%</u>	<u>44.6%</u>

By currency denomination

	31 December 2016 RMB'000	31 December 2015 RMB'000
By type of borrowings and maturity		
– Denominated in RMB	5,622,269	3,469,284
– Denominated in HK\$	178,000	–
– Denominated in US\$	4,220,694	1,789,617
	<u>10,020,963</u>	<u>5,258,901</u>

Leverage

As at 31 December 2016, the net debt ratio recorded by the Group increased to 68.9% from 44.6% as at 31 December 2015, which was mainly due to increase in financing and increase in net cash used in investing activities. The Group's net current assets (being current assets less current liabilities) increased by approximately 285.5% to approximately RMB7,164.0 million as at 31 December 2016 from approximately RMB1,858.4 million as at 31 December 2015. Its current ratio (being current assets/current liabilities) increased from approximately 1.23 as at 31 December 2015 to approximately 1.46 as at 31 December 2016.

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 31 December 2016, the Group had monetary assets which are denominated in US dollars and Hong Kong dollars of approximately RMB806.5 million and approximately RMB43.7 million respectively and liabilities which are denominated in US dollars and Hong Kong dollars of approximately RMB4,220.7 million and approximately RMB178.0 million respectively. 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.

Contingent Liabilities

As at 31 December 2016, the Group had contingent liabilities amounting to approximately RMB7,329.0 million (31 December 2015: approximately RMB3,460.0 million) in relation to guarantees provided to the domestic banks for their mortgage bank loans granted to the Group's customers. 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 the banks, and, in such circumstances, the Group will be entitled to take over the legal title and ownership of the relevant properties. 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 the completion of registration of other ownership certificates.

The Group provided guarantees in respect of bank loans and other loans of joint ventures amounting to RMB966,900,000 as at 31 December 2016 (2015: RMB2,620,000,000). As at the end of the reporting period, the Directors do not consider it is probable that claims will be made against the Group under these guarantees.

Employees and Compensation Policy

As at 31 December 2016, the Group had 1,103 employees (31 December 2015: 915). 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.

MATERIAL INVESTMENT, ACQUISITION AND DISPOSAL OF ASSETS

A summary of the material investment, acquisitions and disposals of the Group during the year ended 31 December 2016 is set out as follows:

1. On 8 January 2016, Modern Green Development Co., Ltd. (“**Modern Green Development**”) (an indirect wholly-owned subsidiary of the Company) and Huainan Xinyi Real Estate Development Co., Ltd. (淮南市信誼房地產開發有限責任公司) (“**Huainan Xinyi**”) entered into an equity transfer agreement whereby Modern Green Development agreed to acquire from Huainan Xinyi 49% equity interest in Anhui MOMA Development Co., Ltd. for a consideration of RMB65,000,000.
2. On 15 April 2016, the Company and AVIC Trust Co., Ltd. (中航信托股份有限公司) (“**AVIC Trust**”) entered into an equity transfer agreement whereby the Company agreed to acquire from AVIC Trust 35% equity interest in Nanchang Moma Real Estate Co., Ltd. (南昌摩碼置業有限公司) for a consideration of RMB161,083,555.85.
3. On 29 April 2016, the Company, Great Wall Pan Asia International Investment Co., Limited (長城環亞國際投資有限公司) (“**Great Wall Pan Asia**”) and Modern Land (HKNo.5) Limited entered into a termination agreement whereby it was agreed that, among other things, the joint venture arrangement between the Company and Great Wall Pan Asia shall be terminated and the Company shall buy back the remaining shareholding in each of Modern Land (HKNo.5) Limited and Modern Land (HKNo. 1) Limited for an aggregate consideration of HK\$98.
4. On 30 May 2016, Modern Land Seattle, LLC (“**Modern Land Seattle**”) (an indirect wholly-owned subsidiary of the Company), Modern Green Land Bellevue LLC (“**MGL Bellevue**”) and CW Development LLC (“**CW Development**”) entered into a limited liability company agreement to form MGCW, LLC (“**MGCW**”) with the investment amount to be contributed by Modern Land Seattle, MGL Bellevue and CW Development to be US\$15.3 million, US\$7.2 million and US\$7.5 million, respectively.
5. On 20 June 2016, Yuedong Benpao Real Estate (Beijing) Company Limited (躍動奔跑置業(北京)有限公司) (“**Yuedong Benpao**”) (an indirect wholly-owned subsidiary of the Company) and Nanjing Xinhe Property Development Company Limited (南京鑫和房地產開發有限公司) (“**Nanjing Xinhe**”) entered into an equity transfer agreement whereby Yuedong Benpao agreed to acquire from Nanjing Xinhe 100% equity interest in Nanjing Xinlei Property Development Company Limited (南京鑫磊房地產開發有限公司) (“**Nanjing Xinlei**”) at the consideration of RMB340 million. On the same date, Yuedong Benpao, Nanjing Xinhe, Nanjing Iron & Steel Group Corporation (南京鋼鐵集團有限公司) (“**Nanjing Steel**”), Wuhan Sanjing Property Development Company Limited (武漢三金房地產開發有限公司) (“**Wuhan Sanjing**”) and Nanjing Xinlei entered into a debt settlement agreement whereby Yuedong Benpao agreed to settle on behalf of Nanjing Xinlei the debt in the aggregate amount of RMB680,503,958.31 owed by Nanjing Xinlei to Nanjing Xinhe, Nanjing Steel and Wuhan Sanjing as at 29 February 2016.
6. On 27 June 2016, Modern Green Development and Shenzhen Pingan Dahua Huitong Wealth Management Company Limited (深圳平安大華匯通財富管理有限公司) (“**Pingan Dahua**”) entered into an equity transfer agreement whereby Modern Green Development agreed to acquire from Pingan Dahua 5% equity interest in Wuhan Modern Green Development Co., Ltd. (武漢當代節能置業有限公司) for a consideration of RMB10,000,000.

7. On 6 October 2016, Modern Land Seattle, MGL Bellevue and CW Development entered into a purchase agreement, pursuant to which, Modern Land Seattle agreed to acquire from CW Development 25% ownership interest in MGCW for the consideration of US\$5,820,379.87.
8. On 24 November 2016, Wholelife Green (International) Fund L.P. (a limited partnership wholly-owned by the Company), Great Wall Pan Asia, Harneys Services (Cayman) Limited and Great Wall Modern Fund Company Limited entered into a limited partnership agreement in relation to the formation of Great Wall Modern Land Fund L.P. (“**GWML Fund**”). The purpose for GWML Fund is to invest in real estate development project(s) in North America. The Group committed a cash contribution of US\$67.5 million, representing 75% of the total capital commitments of GWML Fund.
9. On 9 December 2016, Modern Land Seattle and America Great Wall Modern Land Green (Seattle) Holding LLC (“**AGWMLG (Seattle)**”) entered into an interest purchase agreement, pursuant to which, among other things, Modern Land Seattle agreed to sell 76% ownership interest in MGCW to AGWMLG (Seattle) for the consideration of US\$18,785,806.25.
10. On 9 December 2016, Modern Land (America) Co. Limited (“**Modern Land (America)**”) (an indirect wholly-owned subsidiary of the Company) and GWML Fund entered into a stock purchase agreement, pursuant to which, among other things, Modern Land (America) agreed to sell 100% of the shares in Modern Land Redmond No.1 Corp. to GWML Fund for the consideration of US\$29,558,436.65.

SENIOR NOTES

On 13 October 2016, the Company together with some of its subsidiaries entered into a purchase agreement with Guotai Junan Securities (Hong Kong) Limited, Morgan Stanley & Co. International plc, The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, VTB Capital plc and Zhongtai International Securities Limited in connection with the Company’s issuance of secured senior notes due 2019 with principal amount of US\$350 million at a coupon rate of 6.875% per annum (the “**US\$350 million Senior Notes**”). For details, please refer to the announcements of the Company dated 13, 14 and 21 October 2016.

On 2 December 2016, the Company redeemed in whole (i) the 2013 USD notes at a redemption price equal to 106.9375% of the principal amount plus accrued and unpaid interest, totaling US\$162,024,997.50 (equivalent to approximately RMB1,117,558,000); and (ii) the 2014 CNY notes at a redemption price equal to 100% of the principal amount plus the applicable premium and accrued and unpaid interest, totaling RMB1,157,884,420.

CORPORATE BOND

On 24 April 2016, the Company issued corporate bond with aggregate nominal value of RMB1,000,000,000, at 100.00% of its principal amount, which carries fixed interest at a rate of 6.4% per annum (interest payable annually in arrears) and will be due on 20 April 2021.

SHARE SUBSCRIPTIONS

On 20 September 2016, the Company completed a share subscription (the “**September Subscription**”) whereby an aggregate of 172,872,000 subscription shares (the “**Great Wall Subscription Shares**”) were successfully allotted and issued to the subscriber, Great Wall Pan Asia, at the subscription price of HK\$1.01 each under the general mandate. The Great Wall Subscription Shares represented (i) approximately 8.28% of the issued share capital of the Company immediately before the completion of the September Subscription; and (ii) approximately 7.65% of the issued share capital of the Company as enlarged by the allotment and issue of the Great Wall Subscription Shares.

On 4 November 2016, the Company completed a share subscription (the “**November Subscription**”) whereby an aggregate of 243,525,000 subscription shares (the “**Cinda Subscription Shares**”) were successfully allotted and issued to the subscriber, China Cinda (HK) Asset Management Co. Ltd. (“**Cinda (HK)**”), at the subscription price of HK\$1.10 each under the general mandate. The Cinda Subscription Shares represented (i) approximately 10.78% of the issued share capital of the Company immediately before the completion of the November Subscription; and (ii) approximately 9.73% of the issued share capital of the Company as enlarged by the allotment and issue of the Cinda Subscription Shares.

After deducting the related expenses, the aggregate net placing proceeds from the September Subscription and the November Subscription amounted to approximately HK\$442.0 million (equivalent to approximately RMB385.7 million) and are intended to be used as general working capital and/or for the purpose of the Group’s property development business outside the PRC.

EVENTS AFTER THE REPORTING PERIOD

1. On 29 December 2016, the Company together with some of its subsidiaries entered into a purchase agreement with Guotai Junan Securities (Hong Kong) Limited and Zhongtai International Securities Limited in connection with the Company’s additional issuance of secured senior notes with principal amount of US\$150 million (the “**US\$150 million Senior Notes**”), which were consolidated with the US\$350 million Senior Notes to form a single series. For details, please refer to the announcements of the Company dated 29 December 2016 and 10 January 2017. The additional issuance was completed on 10 January 2017.
2. On 3 March 2017, Tengfei Moma Real Estate (Beijing) Co., Ltd. (騰飛摩碼置業(北京)有限公司) (“**Tengfei Moma**”) (an indirect wholly-owned subsidiary of the Company) (as purchaser) entered into an equity transfer agreement with Mr. Guan Zhiquan, Xizang Yulong Real Estate Co., Ltd. (西藏煜隆置業有限公司) (“**Xizang Yulong**”) (as vendors) and Wuhan Zhonglian Shengming Real Estate Company Limited (武漢中聯晟鳴置業有限公司) (“**Zhonglian Shengming**”) whereby Tengfei Moma conditionally agreed to acquire 2% and 98% equity interest in Zhonglian Shengming from Mr. Guan Zhiquan and Xizang Yulong, respectively, at the aggregate consideration of RMB949,850,000. Zhonglian Shengming holds the land use rights of a land parcel situated in Hanyang District, Wuhan, Hubei Province, the PRC. It has a site area of approximately 45,200 square metres, with estimated gross floor area of approximately 172,700 square metres and is planned for residential use. For further details, please refer to the announcement of the Company dated 3 March 2017.

3. On 11 March 2017, Beijing New Power (an indirect wholly-owned subsidiary of the Company) entered into various partnership interest transfer agreements with certain individual investors whereby Beijing New Power agreed to acquire an aggregate of 51.31% partnership interest in Jiaxing Changtian Lifeng No. 1 Investment Management Partnership (Limited Partnership) (嘉興長天曆峰一號投資管理合夥(有限合夥)) (“**Lifeng No. 1**”) and 61.02% partnership interest in Jiaxing Changtian Lifeng No. 2 Investment Management Partnership (Limited Partnership) (嘉興長天曆峰二號投資管理合夥企業(有限合夥)) (“**Lifeng No. 2**”) at an aggregate consideration of RMB3,735,000. On the same date, Lifeng No. 1 and Lifeng No. 2 entered into various equity transfer agreements with certain individual investors whereby Lifeng No. 1 and Lifeng No. 2 agreed to dispose of their 3.97% and 2.18% equity interest in First Moma Renju Environmental Technology (Beijing) Company Limited (第一摩碼人居環境科技(北京)有限公司) (“**Moma Renju**”), respectively for the exchange of giving of the individual investors’ rights of distribution in Lifeng No. 1 and Lifeng No. 2. Upon completion of the aforesaid agreements, Lifeng No. 1 and Lifeng No. 2 will become subsidiaries of the Company and they hold an aggregate of 7.59% equity interest in Moma Renju. For details, please refer to the announcement of the Company dated 13 March 2017.

PROSPECTS

In 2016, the real estate industry in the PRC witnessed the tightening up on policies in over-heated cities. The implementation of differentiated and city-specific policies on property destocking, required by the National People’s Congress and Chinese People’s Political Consultative Conference, was further stepped up against the soaring property and land prices in over-heated cities. Due to the unleashing of various demands, property transactions and market volume remained at a high level during the year, resulting in a notable upward movement in the transaction structure. The reforms carried out in 2016 were instrumental in the development of the Company as enhancements were made in three areas, namely expansion in the scale of land acquisitions, upgrade in the product of green buildings and breakthrough in the operation of full-life cycle residential properties.

The domestic economy is expected to maintain stable in 2017. As supply-side structural reform begins to bear fruit, macro policy on the property market will tend to stay put. Whereas the differentiation and elimination of real estate enterprises will intensify during the year, the focus will be on the mode of market expansion and product positioning. In 2017, Modern Land will adopt the strategy of “Original Green & Blossoming Blue”, where green stands for differentiated core competitiveness and blue for the business model of full-life cycle residential properties. Adhering to the development of properties that use green technology, implementation of development strategies that are differentiated and charting a course of sustainable development as a leading player in the industry, Modern Land will create a green and healthy real estate ecological industrial chain on the back of R&D in green products through green property operation, aiming to innovate the ecosphere model, accelerate the expansion in scale and improve its core competitiveness.

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. All Directors have confirmed that they complied with the required standards set out in the Model Code during the year under review.

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

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 year under review.

CORPORATE GOVERNANCE

The Board is of opinion that the Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the year ended 31 December 2016.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 14 June 2013. The Company granted a total of 43,000,000 share options to certain eligible participants on 28 September 2016, details of which are set out in the announcement of the Company dated 28 September 2016.

ANNUAL GENERAL MEETING

The annual general meeting (the "2017 AGM") will be held on Thursday, 29 June 2017. The notice of the 2017 AGM will be published and despatched to the Shareholders in due course.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board is pleased to recommend a final dividend of HK6.3 cents per Share for the year ended 31 December 2016. Subject to the approval of the proposed final dividend by the Shareholders at the 2017 AGM, it is expected that the final dividend will be paid on or around Friday, 14 July 2017 to the Shareholders whose names appear on the register of members of the Company on Thursday, 6 July 2017.

(a) For determining the entitlement of Shareholders to attend and vote at the 2017 AGM

For determining the entitlement of Shareholders to attend and vote at the 2017 AGM, the register of members of the Company will be closed from Monday, 26 June 2017 to Thursday, 29 June 2017 (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 2017 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 23 June 2017.

(b) For determining the entitlement to the proposed final dividend (subject to Shareholders' approval at the 2017 AGM)

For determining the entitlement to the proposed final dividend (subject to Shareholders' approval at the 2017 AGM), the register of members of the Company will be closed from Wednesday, 5 July 2017 to Thursday, 6 July 2017 (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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 4 July 2017.

CHANGE IN AUDITOR

Deloitte Touche Tohmatsu resigned as the auditor of the Group with effect from 29 June 2016 and KPMG has been appointed as the auditor of the Group with effect from the same date to fill the casual vacancy following the resignation of Deloitte Touche Tohmatsu. KPMG will hold office until the conclusion of the 2017 AGM pursuant to the articles of association and a resolution will be proposed at the 2017 AGM to re-appoint KPMG as the auditor of the Company.

AUDIT COMMITTEE

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

AUDITOR

The Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, and the figures in relevant notes for the year ended 31 December 2016 published by the Group in this preliminary announcement of annual results, had been agreed by KPMG, the auditor of the Group, and is considered to be in line with the figures in the consolidated financial statements of the Group for the year.

PUBLICATION

This annual results announcement of the Company is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.modernland.hk) respectively. The 2016 annual report will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 20 March 2017

As at the date of this announcement, the Board comprises eleven Directors, namely executive Directors: Mr. Zhang Lei, Mr. Zhang Peng and Mr. Chen Yin; non-executive Directors: Mr. Fan Qingguo, Mr. Zhong Tianxiang, Mr. Chen Zhiwei and Mr. Chen Anhua; and independent non-executive Directors: Mr. Qin Youguo, Mr. Cui Jian, Mr. Hui Chun Ho, Eric and Mr. Zhong Bin.