



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

(於開曼群島註冊成立的有限公司)
(Incorporated in the Cayman Islands with limited liability)

股份代號 Stock Code: 1107

科技建築品位生活

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

2017 中期報告 Interim Report



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Lei (*Chairman*)
Mr. Zhang Peng (*President*)
Mr. Chen Yin

Non-Executive Directors

Mr. Fan Qingguo
Mr. Chen Zhiwei
Mr. Chen Anhua
Mr. Zhong Tianxiang (*resigned on 7 July 2017*)

Independent Non-Executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

AUTHORISED REPRESENTATIVES

Mr. Zhang Peng
Mr. Yeung Tak Yip

COMPANY SECRETARY

Mr. Yeung Tak Yip

AUDITOR

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

LEGAL ADVISER

Loong & Yeung

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

REGISTERED OFFICE

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Cayman Islands

HEADQUARTERS IN THE PRC

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Dongcheng District
Beijing
PRC 100028

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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24 Shedden Road, PO Box 1586
Grand Cayman KY1-1110
Cayman Islands

STOCK CODE

1107

COMPANY'S WEBSITE

www.modernland.hk

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
22nd Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

INVESTORS AND MEDIA RELATIONS CONSULTANT

Wonderful Sky Financial Group
6/F, Nexxus Building, 41 Connaught Road, Central,
Hong Kong
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PRINCIPAL BANKERS

Bank of China
Industrial and Commercial Bank of China
China Merchants Bank
Hang Seng Bank
Bank of East Asia

COMPANY PROFILE



Modern Land (China) Co., Limited (hereinafter referred to as “we”, “us”, “Modern Land” or the “Company”, together with its subsidiaries as the “Group”) is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) from 12 July 2013 with Class 1 qualification in real estate development in the People’s Republic of China (the “PRC” or “China”).

The Company has always been adhering to the development concept of “Technology Buildings and Quality Living”, sticking to the development philosophy of “Natural Simplicity, Harmonious Health, Simple Focus, and Endless Vitality” and focusing on the theme of “Action of Loving My Hometown” to bring home owners the sincere and real life experience and achieve positive economic and social benefits.

The Company pours herself to a homeland of “Green technology + comfort & energy-saving + full life cycle with mobile internet”. In 2002, “MOMΛ” was born. MOMΛ consists of four text graphics “M” “O” “M” “Λ”. Two “M” symbolises our home, “O” represents the origin of the universe and “Λ” stands for human. The left and right half of the pattern symbolises architecture and life respectively, which in turn provides a vivid interpretation for the concept of the Company of “Technology Buildings and Quality Life”. At present, MOMΛ has become an iconic brand in the energy-saving real estate industry of China.

COMPANY PROFILE

For many years, the Company has established and improved the standard development mode of product line, forming three types of standard product lines which gained a lot of positive feedbacks from the market. With the successful operation within three types of product lines, in 2013, in order to solve the two major problems faced by human beings in 21st century, i.e. sustainable development and aging population, the Company proposed the strategy of “heating and cooling unique solution + air quality unique solution + energy consumption and operation cost reduction unique solution + full life cycle aging population solution + industry-leading solution under the theme of sustainable development”. To this end, the Company has been committed to making product innovation and has its own Research, Development and Design Department for self-designing of ten major technical architecture systems including the geothermal pump, exterior temperature preservation, ceiling radiation, overall fresh air displacement ventilation and noise reduction systems. In 2014, a powerful instrument for haze clearing named “Air Dino 1 (恐龍壹號)” was introduced, which has dual effects of fresh air displacement and purification, wisely solving the air quality problem throughout the house with only one machine.

The Company has developed the core expertise on technological real estate, i.e. “high comfort level and low energy consumption” since 2002. With over a decade of development, “Green + comfort + energy-saving + full life cycle residential properties with mobile internet” has become the core competitiveness of the fourth generation product. When creating an equally high comfortable level, with the indoor temperature around 20-26°C and humidity around 30%-70%, which fits the definition of the “most comfortable environment” within ISO7730, the energy consumption of MOMA products is estimated to be only 1/3 of that of other normal residential buildings in China at present. This will save a slew of cost for the residents and create a pleasant ecological environment for the society.

As of 30 June 2017, the Company and its subsidiaries held a total of over 100 patents. In 2013, both Nanchang Man Ting Chun MOMA and Modern MOMA obtained the China Green Building Three-Star Certification. In 2017, Shang Pin Ge MOMA (Changsha) obtained the China Green Building Three-Star Certification. Up to now, the Company is the only enterprise that has passed the top certification for green building in China – China Green Building Three-Star Certification for three times. In 2015, Modern Land collaborated with the Human Habitat Environment Committee of China Real Estate Research Association to jointly develop exemplary green residences in full swing. Currently, there are five demonstration projects for green residences, showcasing that green habitat demonstration projects for green residences are in place. The Company has successively obtained various honours including but not limited to China Model Green Property Developers in Operation (ranking No.1) (中國綠色地產運行典範第1名), the Best Green Real Estate Developers (房地產綠色貢獻獎), the Most Potential Listed Company Award of the Listed Company Award of China Financial Market (中國融資上市公司之最具潛力上市公司獎), China Top 100 Real Estate Developers (中國房地產百強), the Innovative Brand of Chinese Real Estate (中國房地產創新品牌), the Elite Technology Award (精瑞科技獎), the Chinese Responsible Property Developer (中國責任地產), the Real Estate Internet Innovation Enterprise (房地產互聯網創新企業) and the Best Green Building Real Estate Enterprise (最佳綠色建造地產企業), etc.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of the Company, I am pleased to present the business review of the Group for the period from 1 January 2017 to 30 June 2017 (the "Period") and its prospects.

STABLE GROWTH IN BUSINESS AND EXPLORATION OF REGIONAL MARKETS

In the first half of 2017, the macro market was marked by disproportionate growth among regional markets as a result of policy adjustment. During the first half of 2017, the Group, its joint ventures and associates achieved contracted sales of RMB9,036 million and gross floor area sales of 893,400 sq.m.. We focused on domestic tier-one cities and high-end tier-two cities, increasing our market shares in the four major regions of Central China, Eastern China, Northern China and Southern China and acquiring new projects in Wuhan, Zhangjiakou, Quanzhou and Foshan, with a special focus on the Bohai Sea Rim, the middle and lower reaches of the Yangtze River and the Pearl River Delta. As at 30 June 2017, the Group acquired six new projects with a total gross floor area of approximately 1,500,000 sq.m. at a total consideration of RMB3.88 billion.

During the first half of the year, the Company was awarded a number of honours and accolades, for example, Shang Pin Ge MOM^ (Changsha) obtained the China Green Building Three-Star Certification, making the Company the only enterprise in China that has obtained the China Green Building Three-Star Certification for three times. On 10 June 2017, the Company was rated as 2017 China Model Green Property Developers in Operation (ranking No.1) and Top 10 China Green Property Developers by biao zhun 007.com, a domestic authoritative media platform, while Wan Guo Cheng MOM^ (Tongzhou, Beijing) was awarded Top 1 2017 China Green Property.

UPGRADE OF PRODUCT PORTFOLIO AND INNOVATION IN BUSINESS MODEL

The Company is always committed to product innovation, and consistently focuses on building homes of "green+comfort+energy-saving+full-life cycle residential properties with mobile internet". In the second half of the year, the Company will carry out a number of research and development topics, including full decoration industrial chain, extension of standardized services, etc. In the meantime, the Company will upgrade the *White Paper on the Strategic Development of its Green Technology* and release version 2.0 thereof and publish the *Practice in Developing Green Technology Residential Property* in the second half of the year.

The Company made constant efforts in innovating its business model, and launched the MOM^ unique towns in the first half of the year. On 10 June 2017, the Company entered into a framework agreement to initiate the project of building a green cultural tourism town in Boluo County, Huizhou City, Guangdong Province, which covers a site area of 4,000 mu. Pursuant to the strategic cooperation agreement previously entered into between the Company and Huayi Brothers Star Theatre, the Company has undertaken the construction of Huayi Brothers Star Theatre across the country, and currently the Company has kicked off the construction work of the project in Zhenjiang City, Jiangsu Province. In the second half of the year, the Company will continue to innovate its business model, and complete the transition into the "industry, city, human and culture-oriented" business model, creating more jobs for the local communities and implementing crowd introduction and cultural introduction in the towns. The Company has established the green town development model with executive team and operation mode led by the town mayors.

CHAIRMAN'S STATEMENT

STRONG MARKETING INITIATIVES AND BROADENING LAND ACQUISITION METHODS

Quick turnover rate remained to be our core business strategy. The Company will launch a number of projects in the second half of the year, including Swan Lake MOM^ (Hefei), Wan Guo Cheng MOM^ (Tongzhou, Beijing), Modern City MOM^ (Taiyuan), Modern Wan Guo Fu MOM^ (Nanjing), Modern Wan Guo Cheng MOM^ (Wuhan) etc.. The Company intends to sell most of its product inventories during the second half of the year.

Meanwhile, the Company will establish an extensive land resource platform and fund platform clustering. The Company will proactively develop local developers, brand developers and fund platform, while the regional companies will establish fund pools and explore more channels to introduce new business partners. Efforts will be made to diversify land acquisition methods, such as participation in urban redevelopment projects, acquisition of all types of equity interests and assets, entrusted construction, projects with minority interest, public tendering and construction of unique towns, etc.

STRENGTH OF EXCELLENT TEAMWORK AND CONFIDENCE IN THE FUTURE

We will adhere to the differentiated core competitiveness and green technology strategic planning in the second half of 2017, so as to accomplish our strategic objectives for the full year of 2017.

Zhang Lei

Chairman

14 August 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Sale of Properties

During the Period, the Group's revenue from sale of properties amounted to approximately RMB4,185.7 million. The Group delivered 243,515 sq.m. of property in terms of total gross floor area ("GFA") and 1,019 units of car parking spaces during the Period. Recognised average selling price ("ASP") was RMB16,832 per sq.m. and that for car parking spaces was RMB85,124 per unit for the six months ended 30 June 2017.

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

* Net of business tax

Project name	For the six months ended 30 June					
	2017			2016		
	Revenue	Total saleable GFA or units delivered	ASP	Revenue	Total saleable GFA or units 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 Caiyu Man Ting Chun MOM^ (Beijing)	-	-	-	28,435	2,260	12,581
Modern Wan Guo Fu MOM^ (Shanghai)	3,122,650	83,429	37,429	-	-	-
Modern MOM^ (Hefei)	312,544	16,318	19,155	-	-	-
Wan Guo Cheng MOM^ (Taiyuan)	-	-	-	165,436	19,270	8,585
MOM^ Huan Cheng	3,986	585	6,813	740,757	114,071	6,494
MOM^ Qi Cheng	36	4	8,425	244,727	44,283	5,526
Kaifu Man Ting Chun MOM^ (Changsha) (Note a)	15,101	1,840	8,207	115,452	17,806	6,484
Modern Binjiang MOM^ (Changsha)	216,810	20,534	10,559	789,122	121,944	6,471
MOM^ Modern Plaza (Changsha)	25,909	4,940	5,244	755,858	174,273	4,337
Modern International MOM^ (Nanchang)	21,341	1,322	16,143	805,669	115,528	6,974
Man Ting Chun MOM^ (Nanchang)	2,869	402	7,137	634	99	6,404
Modern MOM^ Xincheng (Nanchang)	15,215	2,173	7,002	75,272	11,962	6,293
Man Ting Chun MOM^ (Jiujiang) (Note b)	52,621	7,660	6,870	206,127	48,555	4,245
Man Ting Chun MOM^ (Xiantao)	309,851	104,308	2,971	143,699	45,999	3,124
Sub-total	4,098,933	243,515	16,832	4,071,188	716,050	5,686
Car parking spaces	86,741	1,019 units	85,124/unit	124,308	1,231 units	100,981/unit
Total	4,185,674			4,195,496		

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (a) Related information of Wan Guo Cheng MOM^ (Changsha), Man Ting Chun MOM^ (Changsha) and Shang Pin Ge MOM^ (Changsha) is no longer presented separately as it has been consolidated into Kaifu Man Ting Chun MOM^ (Changsha).
- (b) Related information of Chao Yang Li MOM^ (Jiujiang) is no longer presented separately as it has been consolidated into Man Ting Chun MOM^ (Jiujiang).

Contracted Sales

For the six months ended 30 June 2017, the Group, its joint ventures and associates achieved contracted sales of approximately RMB9,036.3 million, representing an increase of 21.3% as compared to the corresponding period in 2016. The Group, its joint ventures and associates pre-sold 893,425 sq.m. in total GFA and 2,370 units of car parking spaces, representing an increase of 35.6% and 75.3% respectively over the same period in 2016.

Table 2: Breakdown of contracted sales of the Group

* Before deducting business tax

Project name	Six months ended 30 June						
	Attributable interest to the Group (%)	2017			2016		
		Contracted sales RMB'000	GFA (in sq.m.) or unit	ASP RMB/sq.m. or unit	Contracted sales RMB'000	GFA (in sq.m.) or unit	ASP RMB/sq.m. or unit
Modern Caiyu Man Ting Chun MOM^ (Beijing)	100%	-	-	-	2,541	262	9,698
Modern Land • CIFI Villa (Beijing)	50%	-	-	-	210,200	8,330	25,234
Modern North Star • YUE MOM^ (Beijing)	50%	26,028	3,035	8,756	63,725	4,931	12,924
Modern Wan Guo Fu MOM^ (Shanghai)	65.63%	100,078	1,915	52,260	1,437,214	39,074	36,782
Songjiang Yi Jing Yuan (Shanghai)	35%	-	-	-	192,670	6,972	27,635
Modern Wan Guo Fu MOM^ (Suzhou)	70%	-	-	-	953,014	37,057	25,717
Xiangcheng Wan Guo Shu MOM^ (Suzhou)	50%	659,109	27,798	23,711	-	-	-
Wan Guo Cheng MOM^ (Taiyuan)	100%	462	305	1,515	78,143	9,381	8,330
Modern MOM^ Yan Hu Cheng (Taiyuan)	50%	1,134,172	154,808	7,326	-	-	-
Modern Man Tang Yue MOM^ (Xi'an)	51%	264,944	34,015	7,789	192,138	25,083	7,660
Kaifu Man Ting Chun MOM^ (Changsha) (Note a)	100%	12,925	1,481	8,727	113,300	12,852	8,816
Modern Binjiang MOM^ (Changsha)	100%	196,600	18,133	10,842	281,712	38,703	7,279
MOM^ Modern Plaza (Changsha)	100%	26,988	4,151	6,502	170,293	28,715	5,930
Furong Wan Guo Cheng MOM^ (Changsha)	51%	856,672	108,898	7,867	411,102	64,547	6,369
Modern Man Ting Chun MOM^ (Wuhan)	20%	-	-	-	72,264	9,450	7,647
MOM^ Huan Cheng (Wuhan)	99.95%	64,679	15,850	4,081	437,102	60,924	7,175
Wuhan Quality International Youth Interaction Community	45%	702,121	62,649	11,207	510,948	61,263	8,340
Modern MOM^ (Hefei)	100%	113,404	5,616	20,193	1,362,436	75,625	18,016
Modern MOM^ City of Future (Hefei)	20%	1,195,764	146,462	8,164	-	-	-
Swan Lake MOM^ (Hefei)	30.6%	907,458	39,662	22,880	-	-	-

MANAGEMENT DISCUSSION AND ANALYSIS

Project name	Six months ended 30 June						
	Attributable interest to the Group (%)	2017			2016		
		Contracted sales RMB'000	GFA (in sq.m.) or unit	ASP RMB/sq.m. or unit	Contracted sales RMB'000	GFA (in sq.m.) or unit	ASP RMB/sq.m. or unit
Man Ting Chun MOM^ (Nanchang)	100%	2,822	199	14,181	640	98	6,531
Modern MOM^ New City (Nanchang)	100%	-	-	-	32,408	5,011	6,468
Modern International MOM^ (Nanchang)	100%	3,870	432	8,958	252,987	33,317	7,593
Modern Wan Guo Fu (Foshan)	51%	1,025,682	48,279	21,245	-	-	-
Heshun Man Ting Chun (Foshan)	100%	372,874	23,400	15,935	-	-	-
Man Ting Chun MOM^ (Jiujiang) (Note b)	100%	59,261	7,186	8,247	223,914	44,779	5,000
Man Ting Chun MOM^ (Xiantao)	100%	624,655	124,740	5,008	256,905	79,453	3,233
Dongdaihe • Bai Jin Hai MOM^ (Dongdaihe)	100%	454,552	64,411	7,057	76,336	12,862	5,935
Sub-total		8,805,120	893,425	9,855	7,331,992	658,689	11,131
Car parking spaces		231,157	2,370 units	97,535/unit	118,644	1,352 units	87,753/unit
Total		9,036,277			7,450,636		

Notes:

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

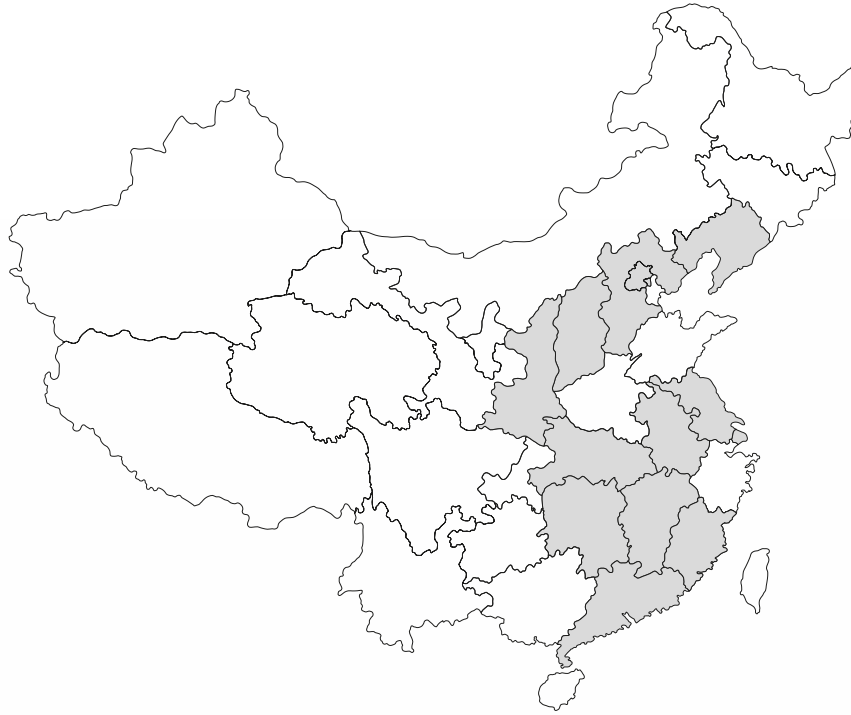
Leasing of Properties, Hotel Operation, Project Management, Real Estate Agency Services, Immigration Services and Innovative Household Technology Services

For the six months ended 30 June 2017, the Group's revenue from leasing of properties amounted to approximately RMB32.0 million, representing an increase of 19.4% as compared to the corresponding period in 2016. Revenue from hotel operation increased by 52.0% to approximately RMB31.6 million for the six months ended 30 June 2017 while revenue from project management decreased by 46.9% to approximately RMB7.3 million for the six months ended 30 June 2017 as compared to the corresponding period in 2016. Revenue from real estate agency services and immigration services were approximately RMB25.0 million and approximately RMB6.3 million, respectively, representing an increase of 499.0% and 12.7% respectively as compared to the corresponding period in 2016. Revenue from innovative household technology services increased by 36.5% to RMB6.6 million as compared to 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Land Bank

As at 30 June 2017, total land bank in the PRC (excluding investment properties and properties held for own use) held by the Group, its joint ventures and associates was 6,393,271 sq.m.



Note: The land bank of the Group, its joint ventures and associates includes lands in Beijing, Shanghai, Nanjing, Suzhou, Hefei, Taiyuan, Xi'an, Zhangjiakou, Changsha, Wuhan, Nanchang, Dongdaihe, Jiujiang, Xiantao, Foshan, Huizhou and Quanzhou.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Table 3: Land bank held by the Group

Land bank in China

Project name	Attributable interest to the Group (%)	Total GFA unsold as at 30 June 2017 (Note 1) (sq.m.)	Aggregated
			GFA sold but undelivered with sales contracts (sq.m.)
Modern MOM^ (Beijing)	100%	17,907	–
MOM^ Forest Forever (Beijing)	100%	7,985	–
Shangdi MOM^ (Beijing)	100%	11,163	–
Modern Land • CIFI Villa (Beijing)	50%	50,242	21,224
Yue MOM^ (Beijing)	50%	32,399	26,260
Modern Yunjing MOM^ (Beijing)	51%	163,593	–
Tongzhou Wan Guo Cheng MOM^ (Beijing)	65%	220,733	–
Modern Xishan Shang Pin Wan MOM^	51%	130,030	–
Man Ting Chun MOM^ (Zhangjiakou)	70%	298,423	–
Modern Songjiang Yi Jing Yuan (Shanghai)	35%	130,807	88,484
Modern Wan Guo Fu MOM^ (Shanghai)	65.63%	28,945	235
Modern Wan Guo Fu MOM^ (Foshan)	51%	190,833	83,954
Modern Shang Pin Wan MOM^ (Foshan)	100%	29,222	23,400
Lishui Shang Pin Wan MOM^ (Foshan)	100%	37,776	–
Modern MOM^ Shang Pin Wan (Huizhou)	100%	209,700	–
Modern Wan Guo Cheng MOM^ (Quanzhou)	20%	426,305	–
Modern Wan Guo Fu MOM^ (Suzhou)	70%	72,730	53,393
Modern Suzhou Fu MOM^ (Suzhou)	50%	24,078	–
Modern Wan Guo Shu MOM^ (Suzhou)	50%	58,373	27,798
Shishan Modern MOM^ (Suzhou)	20%	80,511	24,805
Zhongxiang Wan Guo Cheng MOM^ (Suzhou)	40%	154,294	–
Wan Guo Fu MOM^ (Nanjing)	51%	54,486	–
Wan Guo Cheng MOM^ (Taiyuan)	100%	49,078	–
Modern MOM^ Yan Hu Cheng (Taiyuan)	50%	201,600	154,808
Modern City MOM^ (Taiyuan)	51%	251,124	–
Modern Man Tang Yue MOM^ (Xi'an)	51%	133,478	113,246
Kaifu Man Ting Chun MOM^ (Changsha)	100%	83,085	–
Modern Binjiang MOM^ (Changsha)	100%	57,194	2,970
MOM^ Modern Plaza (Changsha)	100%	110,858	23,636

MANAGEMENT DISCUSSION AND ANALYSIS

Project name	Attributable interest to the Group (%)	Total GFA unsold as at 30 June 2017 (Note 1) (sq.m.)	Aggregated GFA sold but undelivered with sales contracts (sq.m.)
Furong Wan Guo Cheng MOM^ (Changsha)	51%	423,561	219,847
MOM^ Huan Cheng (Wuhan)	99.95%	107,171	68,948
MOM^ Qi Cheng (Wuhan)	99.02%	12,316	765
Wuhan Quality International Youth Interaction Community	45%	234,270	148,475
Modern • Zhongrui Wan Guo Fu MOM^ (Wuhan)	51%	39,810	–
Modern Wan Guo Cheng MOM^ (Wuhan)	62%	159,944	–
Modern Man Ting Chun MOM^ (Wuhan)	20%	268,141	–
Modern MOM^ (Hefei)	100%	96,339	62,024
Swan Lake MOM^ (Hefei)	30.6%	258,402	39,662
Modern MOM^ City of Future (Hefei)	20%	460,037	353,543
Man Ting Chun MOM^ (Nanchang)	100%	27,674	7,489
Modern MOM^ New City (Nanchang)	100%	22,285	–
Modern International MOM^ (Nanchang)	100%	37,132	4,971
Man Ting Chun MOM^ (Jiujiang)	100%	81,566	60,426
Man Ting Chun MOM^ (Xiantao)	100%	500,996	206,648
Dongdaihe • Bai Jin Hai MOM^ (Dongdaihe)	100%	346,675	135,221
Total		6,393,271	1,952,232

Notes:

- (1) Total GFA unsold includes aggregated GFA sold but undelivered with sales contracts.
- (2) 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 United States of America (the "U.S.") for future development. So far, this parcel of land has been in primary development and construction period.

The Group owns, in the form of a joint venture, two parcels of land located in Seattle, Washington, the 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 preparation stage.

MANAGEMENT DISCUSSION AND ANALYSIS

Land Acquisitions in 2017

During the Period, the Group continued to apply the same conservative and balanced strategy as its general direction towards land acquisitions. The Group purchased a total of six parcels of land or related interests. The aggregate consideration for the PRC land acquisitions was RMB3.88 billion, with a total GFA of approximately 1,503,816 sq.m..

Location	No. of Land Parcels	Approximate total GFA (sq.m.)
Wuhan	2	538,614
Zhangjiakou	1	360,005
Foshan	2	90,831
Quanzhou	1	514,366
Total	6	1,503,816

FINANCIAL REVIEW

Revenue

The Group's revenue slightly increased by approximately 1% to approximately RMB4,294.4 million for the six months ended 30 June 2017 from approximately RMB4,271.3 million for the six months ended 30 June 2016.

Cost of Sales

The Group's cost of sales decreased by approximately 2% to approximately RMB3,406.7 million for the six months ended 30 June 2017 from approximately RMB3,469.7 million for the six months ended 30 June 2016.

Gross profit and gross profit margin

The Group's gross profit increased by approximately 11% to approximately RMB887.7 million for the six months ended 30 June 2017 from approximately RMB801.6 million for the six months ended 30 June 2016.

For the six months ended 30 June 2017, the Group's gross profit margin was approximately 20.7%, representing an increase of 1.9 percentage points as compared to approximately 18.8% for the corresponding period in 2016, which was due to a change in the portfolio of projects delivered during the Period with properties delivered concentrated on the tier-one and tier-two cities.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income, gains and losses

The Group's other income, gains and losses increased by approximately 49% to approximately RMB290.8 million for the six months ended 30 June 2017 from approximately RMB195.2 million for the six months ended 30 June 2016, which was mainly attributable to the re-valuation of equity interest due to change of control and the gain from transfer of equity interests in an associate.

Change in fair value

Change in 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 change in fair value of the Company decreased from RMB167.7 million for the six months ended 30 June 2016 to RMB68.8 million for the six months ended 30 June 2017, representing a decrease of approximately 59%, which was mainly attributable to the decrease in new investment properties during the Period.

Selling and distribution expenses

The selling and distribution expenses of the Group increased by approximately 16% to approximately RMB130.0 million for the six months ended 30 June 2017 from approximately RMB112.1 million for the six months ended 30 June 2016, primarily due to the increase in pre-sale amount for the Period as well as strict cost control and efforts to improve sales efficiency.

Administrative expenses

The administrative expenses of the Group increased by approximately 45% to approximately RMB205.1 million for the six months ended 30 June 2017 from approximately RMB141.5 million for the six months ended 30 June 2016, primarily due to the commencement of operation of a number of projects and the fees incurred for the merger and acquisition of projects during the Period.

Finance costs

The finance costs of the Group amounted to approximately RMB95.4 million for the six months ended 30 June 2017, representing a decrease of approximately 20% from approximately RMB119.9 million for the six months ended 30 June 2016, which was mainly due to the increase in capitalization ratio and the decrease in finance costs for the Period.

Profit before taxation

The profit before taxation of the Group increased by approximately 11% to approximately RMB824.1 million for the six months ended 30 June 2017 from approximately RMB739.8 million for the six months ended 30 June 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

Along with the approximately 11% increase in the profit before taxation of the Group, the income tax expense for the six months ended 30 June 2017 increased by approximately 22% to approximately RMB289.4 million from approximately RMB237.9 million for the six months ended 30 June 2016, primarily due to an increase in gross profit margin for the Period as compared to the corresponding period last year.

Profit for the period attributable to owners of the Company

The profit of the Group for the period attributable to owners of the Company increased by approximately 1% to approximately RMB506.0 million for the six months ended 30 June 2017 from approximately RMB499.6 million for the six months ended 30 June 2016.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2017, the Group had cash, restricted cash and bank balances of approximately RMB8,693.5 million (31 December 2016: RMB6,762.3 million), representing an increase of approximately 29% as compared to that as at 31 December 2016. A healthy cash position was maintained mainly due to the increase in sales and the fact that cooperation projects recorded earnings during the Period.

Borrowings and pledge of the Group's assets

As at 30 June 2017, the Group had total borrowings of approximately RMB12,934.6 million, including bank and other loans of approximately RMB7,896.7 million, senior notes of approximately RMB4,055.1 million and corporate bond of RMB982.8 million. As at 30 June 2017, 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 and restricted cash, which had a carrying amount of approximately RMB8,953.1 million (31 December 2016: RMB6,544.1 million). The carrying value of most of the Group's bank and other 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 is exposed to interest rate risk which is mainly related to variable interest rates of the domestic bank loans.

MANAGEMENT DISCUSSION AND ANALYSIS

Breakdown of indebtedness

By type of borrowings and maturity

	30 June 2017 RMB'000	31 December 2016 RMB'000
Bank and other loans		
Within one year or on demand	3,855,763	2,463,064
Over one year and within two years	3,640,000	3,054,000
Over two years and within five years	400,984	234,500
Sub-total	7,896,747	5,751,564
Senior notes		
Within one year	686,879	–
Over two years and within five years	3,368,200	3,245,630
Sub-total	4,055,079	3,245,630
Corporate bond		
Over two years and within five years	982,754	981,102
Total	12,934,580	9,978,296
Less:		
Bank balances and cash (including restricted cash)	8,693,482	6,762,337
Net debt	(4,241,098)	(3,215,959)
Total equity	6,681,828	4,731,466
Net debt to equity	63.5%	68.0%

MANAGEMENT DISCUSSION AND ANALYSIS

By type of borrowings and maturity

	30 June 2017 RMB'000	31 December 2016 RMB'000
Denominated in RMB	7,500,838	5,579,602
Denominated in USD	4,950,896	4,220,694
Denominated in HKD	482,846	178,000
Sub-total	12,934,580	9,978,296

Leverage

As at 30 June 2017, the Group recorded net debt to equity ratio of 63.5%. The Group's net current assets (being current assets less current liabilities) increased by approximately 22.2% to approximately RMB8,698.9 million as at 30 June 2017 from approximately RMB7,121.1 million as at 31 December 2016. Current ratio (being current assets/current liabilities) decreased from approximately 1.45 times as at 31 December 2016 to approximately 1.40 times as at 30 June 2017.

Foreign currency risk

The functional currency of the Group is RMB. Most transactions are denominated in RMB. As at 30 June 2017, our major non-RMB assets and liabilities are (i) bank deposits and borrowings denominated in Hong Kong dollar and US dollar; and (ii) the senior notes denominated in US dollar. Those amounts are exposed to foreign currency risk. The Group currently does not have 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

- (a) As at 30 June 2017, the Group had contingent liabilities amounting to approximately RMB7,437.3 million (31 December 2016: approximately RMB7,329.0 million) in relation to guarantees provided to the domestic banks for the mortgage bank loans granted to the Group's customers. Under the terms of the guarantees, if a purchaser has defaulted on the mortgage payments, the Group will be liable for the payment of outstanding mortgage principals plus accrued interest and the penalties owed by the defaulted purchaser to the bank, and, in such circumstances, the Group will be entitled to take over the legal title and ownership of the relevant property. These guarantees will be released upon the earlier of: (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgaged property and cancellation of mortgage registration.

MANAGEMENT DISCUSSION AND ANALYSIS

- (b) The Group provided guarantees to bank loans and other borrowings of joint ventures amounting to RMB593,900,000 (31 December 2016: RMB966,900,000) as at 30 June 2017. At the end of the Period, the Directors do not consider that any claims will be made against the Group under these guarantees. The Group has not recognised any deferred income in respect of these guarantees.

Employees and compensation policy

As at 30 June 2017, the Group had 1,472 employees (31 December 2016: 1,103). Employee's remuneration is determined based on the employee's performance, skills, knowledge, experience and market trends. The Group regularly reviews compensation policies and programs, and will make any necessary adjustment in order to be in line with the remuneration levels in the industry. In addition to basic salaries, employees may be granted with share options, discretionary bonus and cash awards based on individual performance.

FUND AND TREASURY POLICIES AND OBJECTIVES

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

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

1. On 3 March 2017, Tengfei Moma Real Estate (Beijing) Co., Ltd. ("Tengfei Moma"), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Mr. Guan Zhiquan and Xizang Yulong Real Estate Co., Ltd., whereby Tengfei Moma agreed to acquire 100% equity interest in Wuhan Zhonglian Shengming Real Estate Company Limited from Mr. Guan Zhiquan and Xizang Yulong Real Estate Co., Ltd. at the consideration of RMB949,850,000.
2. On 5 April 2017, Modern Green Development Group Hongye Benpao Technology (Beijing) Company Limited ("Hongye Benpao"), an indirect wholly-owned subsidiary of the Company, entered into the equity cooperation agreement with Foshan Changxin Tianhao Investment Company Limited ("Tianhao Investment") and Foshan Changxin Hongchuang Real Estate Company Limited ("Hongchuang Real Estate"), pursuant to which Hongye Benpao agreed to acquire the entire equity interest of Hongchuang Real Estate and the sale loans from Tianhao Investment at the consideration of RMB230,877,436.

On the same day, Zhihui Hongye Real Estate (Beijing) Company Limited ("Zhihui Hongye"), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Foshan Changxin Yinhao Investment Company Limited ("Yinhao Investment"), Foshan Nanhai Yongxin Investment Company Limited ("Yongxin Investment") and Foshan Xinlong Real Estate Investment Company Limited ("Xinlong Real Estate"), pursuant to which Zhihui Hongye agreed to acquire the entire equity interest in Xinlong Real Estate and the sale loans from Yinhao Investment and Yongxin Investment at the consideration of RMB202,275,598.

MANAGEMENT DISCUSSION AND ANALYSIS

3. On 4 May 2017, Zhanlan Tuozhan Real Estate (Beijing) Co., Ltd. (“Zhanlan Tuozhan”) (an indirect wholly-owned subsidiary of the Company), Xiamen Yuelian Real Estate Company Limited (“Xiamen Yuelian”), Xiamen Xinjingdi Group Company Limited (“Xiamen Xinjingdi”) and Fujian Shengshi Lianbang Real Estate Development Company Limited (“Shengshi Lianbang”) entered into the joint development agreement, pursuant to which Zhanlan Tuozhan, Xiamen Yuelian and Xiamen Xinjingdi agreed to cooperate in the development of the land located in Jinjiang, Fujian Province, the PRC via Shengshi Lianbang. The net consideration was RMB1,800,000,000.
4. On 5 May 2017, Zhanlan MOMA Real Estate (Beijing) Co., Ltd. (“Zhanlan MOMA”) and Modern Green Development Co., Ltd. (“Modern Green Development”) (both being indirect wholly-owned subsidiaries of the Company) entered into an equity and loan transfer agreement (the “Transfer Agreement”) with Jiang Yang Group Co., Ltd. and Ms. Chen Jun (the “Vendors”) and Mr. Ding Wenquan, pursuant to which, Zhanlan MOMA agreed to acquire the entire equity interest in the target company, namely Jiang Yang Jin Xin Real Estate Development Co., Ltd. (“Jiang Yang Jin Xin”) and settle the outstanding loans owed by Jiang Yang Jin Xin to its external creditor(s) at a total consideration of RMB434,000,000. On 16 June 2017, the parties to the Transfer Agreement entered into the termination agreement whereby the parties agreed to terminate the Transfer Agreement with immediate effect and the Vendors refunded the first instalment of the consideration under the Transfer Agreement to Zhanlan MOMA.
5. On 9 May 2017, Modern Green Development entered into an agreement with Shanghai Zhongcheng Canshuo Investment Center (Limited Partnership), Hongrui (Beijing) Investment Management Company Limited and Shanghai Zhongcheng Allied Investment Management Holdings Limited whereby it was agreed that, among other things, major decisions of the board of directors of Wuhan Moma Development Co., Ltd. (a company held as to 51% by the Company and was accounted for as a joint venture of the Group before the entering into of the said agreement) shall be resolved by a simple majority of the members of the board of directors instead of unanimous approval of all directors.
6. On 22 May 2017, Modern Green Development entered into an agreement with Dingxin Changcheng (Beijing) Investment Management Company Limited, Shengeng Tuozhan Investment (Beijing) Company Limited (“Shengeng Investment”) and Yingtan Dingxin Yongchun Investment (Limited Partnership) (“Yingtan Dingxin”) whereby it was agreed that, among other things, major decisions of the board of directors of Shengeng Investment (a company held as to 51% and 49% by Modern Green Development and Yingtan Dingxin, respectively, and a non wholly-owned subsidiary of the Company) shall be resolved by an unanimous approval instead of a majority approval.
7. On 29 June 2017, Beijing Modern Green Investment Fund Management Co., Ltd. (“Beijing Modern Green”) (an indirect wholly-owned subsidiary of the Company) and Jiaxing Lan Lv Jingshen Equity Investment Fund Enterprise (LLP) (“Jiaxing Lan Lv Jingshen”) (a limited partnership established by Modern Green Development) entered into the limited partnership agreement with certain other partners whereby the parties agreed to, among other things, invest in Jiaxing Lan Lv Zhanfang Equity Investment Fund Enterprise (LLP) with an aggregate capital of RMB1,901,000,000 with capital to be contributed by Beijing Modern Green and Jiaxing Lan Lv Jingshen in the amount of RMB1,000,000 and RMB475,000,000, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT

During the first half of 2017, the PRC macro economy maintained a stable development momentum. Amidst the backdrop where it is emphasized that property development should be back to the basics of offering houses for accommodation, local governments proactively intensified the tightening measures for real estate, with a number of real estate control policies being launched in different cities. Marked by differentiated control policies implemented by local governments, speculative demand in over-heated cities was rapidly curbed. Due to the implementation of differentiated and city-specific policies, the overall property transactions decreased as compared with the same period last year, showing noticeable divergence among various cities. The Group has successfully completed the transition from a green-technology-based property developer into a green-technology-enabled lifestyle operator in 2016. Under an environment of tightened macro policy, the Group continued to maintain stable business growth and explore regional markets with a focus on the tier-one and high-end tier-two cities, increasing its market shares in the four major regions of Central China, Eastern China, Northern China and Southern China.

In the second half of 2017, with the continuous implementation of the differentiated and city-specific control policies and promotion of the establishment of long-term mechanism, the government will continue to tighten control policy in over-heated cities, with an aim to promote steady development in the property market and accelerate the establishment of long-term mechanism and housing system for stable development. The Group will continue to upgrade its product portfolio and make innovation in its business model. Under the guidance of the macro policy, the Group will broaden land acquisition methods. Being determined to follow the trend of niche market path to act, the Group will adhere to differentiation in green technology to consolidate its core competitiveness, in order to strive for a higher return for the shareholders.

OTHER INFORMATION

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

As at 30 June 2017, the interests and short positions of the Directors and chief executives in the shares (the "Shares"), underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which would be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), were as follows:

INTERESTS IN THE COMPANY (LONG POSITION)

Name of Director	Capacity/Nature of Interest	Number of Shares	Approximate % of Interest in the Company
Mr. Zhang Lei	Beneficiary of a trust (Note 1)	1,661,175,700	66.34%
	Beneficial owner (Notes 2, 6)	19,497,400	0.78%
Mr. Chen Yin	Interest in a controlled corporation (Note 3)	6,283,200	0.25%
Mr. Fan Qingguo	Interest in a controlled corporation (Note 4)	5,438,400	0.22%
Mr. Zhang Peng	Interest in a controlled corporation (Note 5)	5,438,400	0.22%
	Beneficial owner (Note 6)	14,900,000	0.60%
Mr. Hui Chun Ho, Eric	Beneficial owner (Note 6)	500,000	0.02%

Note 1: Such 1,661,175,700 Shares are held by Super Land Holdings Limited as a registered holder. The entire issued share capital of Super Land Holdings Limited is wholly-owned by Fantastic Energy Ltd., the entire issued share capital of which is in turn wholly-owned by TMF (Cayman) Limited as the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. Salum Zheng Lee as the settlor and the capital and income beneficiaries thereof include Mr. Salum Zheng Lee, Mr. Zhang Lei and their respective daughters. Mr. Salum Zheng Lee is the younger brother of Mr. Zhang Lei. Therefore, Mr. Zhang Lei is deemed to have the same interest in the Company.

Note 2: 8,479,900 Shares out of the 19,497,400 Shares are beneficially held by Mr. Zhang Lei in his own capacity while the remaining 11,017,500 Shares are held pursuant to share options granted under the Share Option Scheme (as defined below).

OTHER INFORMATION

Note 3: Mr. Chen Yin holds 100% of the issued share capital of Dragon Shing Technology Ltd., which owns 6,283,200 Shares out of the issued share capital of the Company. Therefore, Mr. Chen Yin is deemed to have the same interest in the Company.

Note 4: Mr. Fan Qingguo holds 100% of the issued share capital of Create Success Development Ltd., which owns 5,438,400 Shares out of the issued share capital of the Company. Therefore, Mr. Fan Qingguo is deemed to have the same interest in the Company.

Note 5: Mr. Zhang Peng holds 100% of the issued share capital of Zhou Ming Development Ltd., which owns 5,438,400 Shares out of the issued share capital of the Company. Therefore, Mr. Zhang Peng is deemed to have the same interest in the Company.

Note 6: Such share interest (including Mr. Zhang Lei's interest in 11,017,500 Shares, Mr. Zhang Peng's interest in 14,900,000 Shares and Mr. Hui Chun Ho, Eric's interest in 500,000 Shares) is held pursuant to the share options granted under the Share Option Scheme, details of which are set out on pages 25 to 26 in this report.

Save as disclosed in the foregoing, as at 30 June 2017, none of the Directors or chief executives of the Company or their respective close associates had any interests or short positions in any Shares, underlying Shares, or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Furthermore, save as disclosed in the foregoing, during the six months ended 30 June 2017, none of the Directors or chief executives (including their spouses and children under the age of 18) of the Company had any interests in or was granted any right to subscribe in any Shares, underlying Shares, or debentures of the Company or any of its associated corporations, or had exercised any such rights.

OTHER INFORMATION

MATERIAL INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to any Directors or chief executives of the Company, as at 30 June 2017, other than the interests and short positions of the Directors or chief executives of the Company as disclosed in the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme", the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Approximate % of Interest in the Company
Super Land Holdings Limited	Registered holder <i>(Note 1)</i>	1,661,175,700	66.34%
Fantastic Energy Ltd.	Interest in a controlled corporation <i>(Note 1)</i>	1,661,175,700	66.34%
TMF (Cayman) Limited	Trustee <i>(Note 1)</i>	1,661,175,700	66.34%
Mr. Salum Zheng Lee	Settlor of a discretionary trust <i>(Note 1)</i>	1,661,175,700	66.34%
Ms. Zhang Degui	Interest of a spouse <i>(Note 2)</i>	1,661,175,700	66.34%

Note 1: All of the 1,661,175,700 Shares are held by Super Land Holdings Limited as a registered holder. The entire issued share capital of Super Land Holdings Limited is wholly-owned by Fantastic Energy Ltd., the entire issued share capital of which is in turn wholly-owned by TMF (Cayman) Limited as the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. Salum Zheng Lee as the settlor and the capital and income beneficiaries thereof include Mr. Salum Zheng Lee, Mr. Zhang Lei and their respective daughters. Mr. Salum Zheng Lee is deemed to be interested in 1,661,175,700 Shares held by the Family Trust.

Note 2: Ms. Zhang Degui is the spouse of Mr. Salum Zheng Lee. Therefore, Ms. Zhang Degui is deemed to be interested in 1,661,175,700 Shares.

Save as disclosed above, as at 30 June 2017, there was no other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

OTHER INFORMATION

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 14 June 2013. The purpose of the Share Option Scheme is to motivate the eligible participants to optimise their performance efficiency for the benefit of our Group and to attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of our Group.

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

During the period from 1 January 2017 to 30 June 2017, the changes in the share options granted by the Company under the Share Option Scheme are as follows:

Name or category of participant	Date of Grant	Exercise price/ adjusted exercise price per Share (HK\$)	Closing price of the Share of grant (HK\$)	Balance as at 1 January 2017	Number of share options			Balance as at 30 June 2017
					Granted during 6 months	Exercised during 6 months	Lapsed or cancelled during 6 months	
Executive Directors								
Mr. Zhang Lei	4 September 2014	1.26/1.145	1.19	3,217,500	-	-	-	3,217,500 <i>Note</i>
	10 July 2015	1.252	1.18	3,900,000	-	-	-	3,900,000 <i>Note</i>
	28 September 2016	1.15	1.12	3,900,000	-	-	-	3,900,000 <i>Note</i>
Mr. Zhang Peng	4 September 2014	1.26/1.145	1.19	8,250,000	-	-	-	8,250,000 <i>Note</i>
	28 September 2016	1.15	1.12	3,900,000	-	-	-	3,900,000 <i>Note</i>
Independent non-executive Director								
Mr. Hui Chun Ho, Eric	10 July 2015	1.252	1.18	500,000	-	-	-	500,000 <i>Note</i>
				23,667,500	-	-	-	23,667,500

OTHER INFORMATION

Name or category of participant	Date of Grant	Exercise price/ adjusted exercise price per Share (HK\$)	Closing price of the Share on the date of grant (HK\$)	Balance as at 1 January 2017	Number of share options			Balance as at 30 June 2017
					Granted during 6 months	Exercised during 6 months	Lapsed or cancelled during 6 months	
Senior management and other staff members of the Group	4 September 2014	1.26/1.145	1.19	9,460,000	-	577,500	880,000	8,002,500 <i>Note</i>
	10 July 2015	1.252	1.18	58,450,000	-	62,000	6,188,000	52,200,000 <i>Note</i>
	28 September 2016	1.15	1.12	35,200,000	-	-	4,750,000	30,450,000 <i>Note</i>
				103,110,000	-	639,500	11,818,000	90,652,500
				126,777,500	-	639,500	11,818,000	114,320,000

Note:

For details of the vesting periods and exercise periods of the share options, please refer to Note 24 to the Condensed Interim Financial Statements in page 61 of this report.

COMPLIANCE WITH APPENDIX 16 TO THE LISTING RULES

According to paragraph 40 of Appendix 16 to the Listing Rules, save as disclosed herein, the Company confirmed that the current company information in relation to those matters set out in paragraph 32 of Appendix 16 to the Listing Rules has not changed materially from the information disclosed in the Company's 2016 Annual Report.

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

For the six months ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

OTHER INFORMATION

INTERIM DIVIDEND AND PROPOSED BONUS ISSUE

Interim dividend

The Board declared payment of an interim dividend for the six months ended 30 June 2017 of HK2.3 cents per share. The said interim dividend will be paid on or about Monday, 9 October 2017 to Shareholders whose names appear on the register of members of the Company on Tuesday, 26 September 2017.

Proposed bonus issue

In addition to the distribution of interim dividend, the Board also recommends the issue of bonus shares on the basis of one (1) bonus share for every ten (10) existing shares held by the Shareholders registered as such on the register of members of the Company on Tuesday, 26 September 2017 (being the record date of bonus issue). The relevant resolution(s) will be proposed at the forthcoming extraordinary general meeting (the "EGM") to be held on Monday, 18 September 2017, and if passed and upon the Stock Exchange granting the listing of and permission to deal in such new shares, share certificates for the bonus shares will be despatched to the Shareholders on or around Monday, 9 October 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

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

For determining the entitlement of Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 13 September 2017 to Monday, 18 September 2017 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the identity of the Shareholders who are entitled to attend and vote at the EGM, 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, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 12 September 2017.

(b) For determining the entitlement to the interim dividend and bonus issue of shares

For determining the entitlement to the interim dividend and bonus shares, the register of members of the Company will be closed from Friday, 22 September 2017 to Tuesday, 26 September 2017 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the entitlement to the interim dividend and the bonus shares, 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, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 21 September 2017.

OTHER INFORMATION

ADJUSTMENTS TO OUTSTANDING SHARE OPTIONS

As at the date of this report, there were outstanding share options entitling the holders thereof to subscribe for a total of 112,420,000 shares. Pursuant to the terms of the Share Option Scheme, the proposed bonus issue may lead to adjustments to the exercise price and/or the number of the Shares which may fall to be issued upon exercise of the outstanding share options. Other than the outstanding share options, the Company does not have any warrants, options, or other securities exchangeable or convertible into Shares as at the date of this report. Further announcement will be made by the Company in respect of such adjustments and their effective date(s) in due course.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises four independent non-executive Directors who together have substantial experience in the fields of auditing, legal, business, accounting, corporate internal control and regulatory affairs. The Audit Committee has discussed with the management and external auditors the accounting principles and policies adopted by the Group, reviewed the interim results for the six months ended 30 June 2017 and considered that the interim results have been prepared in accordance with the applicable accounting standards and requirements and have made appropriate disclosures accordingly.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance. The Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code, as set out in Appendix 10 to the Listing Rules to govern securities transactions by the Directors. Further to the specific enquiries made by the Company to the Directors, all Directors have confirmed their compliance with the Model Code for the six months ended 30 June 2017.

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS



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

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 30 to 66 which comprises the consolidated statement of financial position of Modern Land (China) Co., Limited ("the Company") as of 30 June 2017 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

14 August 2017

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME***For the six months ended 30 June 2017 – unaudited*

	Note	For the six months ended 30 June	
		2017 RMB'000	2016 RMB'000
Revenue	3	4,294,356	4,271,329
Cost of sales		(3,406,679)	(3,469,750)
Gross profit		887,677	801,579
Other income, gains and losses	4	290,779	195,215
Recognition of changes in fair value of properties held for sale and properties under development for sale upon transfer to investment properties	10	18,132	77,778
Changes in fair value of investment properties	10	50,632	89,934
Selling and distribution expenses		(130,010)	(112,127)
Administrative expenses		(205,103)	(141,518)
Finance costs	5	(95,437)	(119,905)
Share of profits less losses of joint ventures		3,706	(41,127)
Share of profits less losses of associates		3,743	(10,076)
Profit before taxation		824,119	739,753
Income tax expense	6	(289,425)	(237,935)
Profit for the period	7	534,694	501,818

The notes on pages 39 to 66 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017 – unaudited

	Note	For the six months ended 30 June	
		2017 RMB'000	2016 RMB'000
Profit for the period		534,694	501,818
Other comprehensive income for the period:			
<i>Items that will not be reclassified to profit or loss:</i>			
Surplus on revaluation of owner-occupied properties upon transfer to investment properties, net of tax		5,676	–
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations, net of nil tax		(3,415)	4,561
Total comprehensive income for the period		536,955	506,379
Profit for the period attributable to:			
Owners of the Company		505,975	499,559
Non-controlling interests		28,719	2,259
		534,694	501,818
Total comprehensive income attributable to:			
Owners of the Company		508,236	504,120
Non-controlling interests		28,719	2,259
		536,955	506,379
Earnings per share, in Renminbi (“RMB”) cents:			
Basic	9	20.2	24.0
Diluted	9	20.2	23.9

The notes on pages 39 to 66 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017 – unaudited

	Note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Non-current assets			
Investment properties	10	1,931,230	1,820,000
Property, plant and equipment	11	493,719	517,273
Intangible assets		2,197	2,455
Freehold land held for future development		32,246	31,564
Interests in associates		101,348	99,890
Interests in joint ventures	12	1,179,382	643,355
Loans to joint ventures	12	2,801,658	2,163,958
Available-for-sale investments		50,085	46,350
Deferred tax assets		352,421	274,230
		6,944,286	5,599,075
Current assets			
Inventories		4,674	4,737
Properties under development for sale		15,306,015	10,331,289
Properties held for sale		2,303,442	2,277,087
Trade and other receivables, deposits and prepayments	13	2,824,698	2,775,600
Amounts due from related parties	25	1,272,742	756,858
Restricted cash		1,696,944	2,177,946
Bank balances and cash		6,996,538	4,584,391
		30,405,053	22,907,908

The notes on pages 39 to 66 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017 – unaudited

	Note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Current liabilities			
Trade and other payables, deposits received and accrued charges	14	12,574,108	9,305,683
Amounts due to related parties	25	2,599,823	2,257,987
Taxation payable		1,989,559	1,760,075
Bank and other borrowings – due within one year	15	3,855,763	2,463,064
Senior notes – due within one year	17	686,879	–
		21,706,132	15,786,809
Net current assets			
		8,698,921	7,121,099
Total assets less current liabilities			
		15,643,207	12,720,174
Capital and reserves			
Share capital	18	156,503	156,459
Reserves		4,875,333	4,491,834
Equity attributable to owners of the Company			
Non-controlling interests		1,649,992	83,173
Total equity			
		6,681,828	4,731,466
Non-current liabilities			
Bank and other borrowings – due after one year	15	4,040,984	3,288,500
Corporate bond	16	982,754	981,102
Long-term payable		381,843	295,317
Senior notes – due after one year	17	3,368,200	3,245,630
Deferred tax liabilities		187,598	178,159
		8,961,379	7,988,708
		15,643,207	12,720,174

Approved and authorised for issue by the board of directors on 14 August 2017.

Zhang Lei
Director

Zhang Peng
Director

The notes on pages 39 to 66 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017 – unaudited

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000 (note a)	Special reserve RMB'000 (note b)	Revaluation reserve RMB'000	Share option reserve RMB'000	Statutory surplus reserve RMB'000 (note c)	Foreign currency translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017	156,459	799,559	345,480	34,384	15,095	400,449	2,574	2,894,293	4,648,293	83,173	4,731,466
Profit for the period	-	-	-	-	-	-	-	505,975	505,975	28,719	534,694
Valuation surplus on investment properties transferred from property and equipment, net of deferred tax (note 11)	-	-	-	5,676	-	-	-	-	5,676	-	5,676
Exchange differences on translating foreign operations	-	-	-	-	-	-	(3,415)	-	(3,415)	-	(3,415)
Other comprehensive income for the period, net of income tax	-	-	-	5,676	-	-	(3,415)	-	2,261	-	2,261
Total comprehensive income for the period	-	-	-	5,676	-	-	(3,415)	505,975	508,236	28,719	536,955
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	1,512,790	1,512,790
Share-based payment (note 24)	-	-	-	-	11,805	-	-	-	11,805	-	11,805
Contribution from a company controlled by a shareholder (note d)	-	-	204	-	-	-	-	-	204	-	204
Acquisition of a subsidiary (note 19)	-	-	-	-	-	-	-	-	-	27,094	27,094
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(1,784)	(1,784)
Issue of shares upon exercise of share options (note 18)	44	729	-	-	(126)	-	-	-	647	-	647
Dividend approved in respect of the previous year (note 8)	-	-	-	-	-	-	-	(137,349)	(137,349)	-	(137,349)
At 30 June 2017	156,503	800,288	345,684	40,060	26,774	400,449	(841)	3,262,919	5,031,836	1,649,992	6,681,828

The notes on pages 39 to 66 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017 – unaudited

	Attributable to owners of the Company										
	Share capital	Share premium	Special reserve	Revaluation reserve	Share option reserve	Statutory surplus reserve	Foreign currency translation reserve	Retained 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	RMB'000
		(note a)	(note b)			(note c)					
At 1 January 2016	128,094	435,219	345,073	34,384	12,765	383,030	6,234	2,420,561	3,765,360	9,689	3,775,049
Profit for the period	-	-	-	-	-	-	-	499,559	499,559	2,259	501,818
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-	4,561	-	4,561	-	4,561
Total comprehensive income for the period	-	-	-	-	-	-	4,561	499,559	504,120	2,259	506,379
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	9,800	9,800
Share-based payment (note 24)	-	-	-	-	3,439	-	-	-	3,439	-	3,439
Contribution from a company controlled by a shareholder (note d)	-	-	204	-	-	-	-	-	204	-	204
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	103	103
Issue of shares upon exercise of share options (note 18)	106	1,699	-	-	(246)	-	-	-	1,559	-	1,559
Dividend approved in respect of the previous year (note 8)	-	-	-	-	-	-	-	(173,181)	(173,181)	-	(173,181)
At 30 June 2016	128,200	436,918	345,277	34,384	15,958	383,030	10,795	2,746,939	4,101,501	21,851	4,123,352

The notes on pages 39 to 66 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017 – unaudited

Notes:

- (a) Pursuant to article 134 of the Company's Articles of Association, the Company is permitted to pay out dividends from share premium account.
- (b) Special reserve relates to acquisition of additional interests in subsidiaries, deemed acquisition of a subsidiary, disposals of partial interests in subsidiaries, disposal of partial interests in subsidiaries to a non-controlling shareholder and contribution from a company controlled by a shareholder.
- (c) In accordance with the Articles of Association of certain group entities established in the People's Republic of China ("the PRC"), these entities are required to transfer 10% of the profit after taxation, prepared in accordance with PRC generally accepted accounting principles, to the statutory surplus reserve until the reserve reaches 50% of the registered capital of respective entities. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous year's losses, expand the existing operations or convert into additional capital of the entities.
- (d) Pursuant to the agreement dated 29 November 2010 entered into between Modern Green Development Co., Ltd. 當代節能置業股份有限公司 (formerly known as Beijing Modern Hongyun Real Estate Development Co., Ltd. 北京當代鴻運房地產經營開發有限公司) ("Modern Green Development") and an employee of Modern Green Development, the employee can use the property developed by Beijing Modern City Real Estate Development Co., Ltd. 北京當代城市房地產開發有限公司 ("Beijing Modern City Real Estate"), a company controlled by a shareholder of the Company. The title of the property will be transferred to the employee upon his completion of service with Modern Green Development for 10 years commencing from 30 October 2010. As at 29 November 2010, the market value of the property is RMB4,071,000. The Group recognised this transaction as staff cost and contribution from a company controlled by the shareholder amounted to RMB204,000 for the six months ended 30 June 2017 (for the six months ended 30 June 2016: RMB204,000).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017 – unaudited

	Note	For the six months ended 30 June	
		2017 RMB'000	2016 RMB'000
Net cash used in operating activities		(3,389,384)	(1,394,463)
Investing activities			
Interest received		64,851	53,278
Capital injection in joint ventures		(529,254)	(240,818)
Net cash inflow from acquisition of a subsidiary	19	17,487	481,046
Loans to joint ventures		(519,147)	(948,463)
Repayment from joint ventures		426,704	43,614
Decrease/(increase) in restricted cash		481,002	(625,748)
Other cash used in investing activities		(582,549)	(207,163)
Net cash used in investing activities		(640,906)	(1,444,254)
Financing activities			
Interest paid		(384,815)	(348,130)
Dividends paid		–	(173,725)
Repayments to related parties		(315,341)	(80,990)
Advances from related parties		2,097,414	943,134
Repayments of bank borrowings		(2,041,411)	(2,172,265)
New bank borrowings raised		1,321,820	1,705,804
Repayments of other borrowings		(2,748,550)	(465,000)
New other borrowings raised		6,179,065	3,927,000
Proceeds from issue of senior notes corporate bonds		1,673,262	978,100
Repayment of senior notes		(848,378)	–
Capital contribution from non-controlling interests		1,512,790	9,800
Proceeds from issue of shares upon exercise of share options		647	1,559
Net cash generated from financing activities		6,446,503	4,325,287

The notes on pages 39 to 66 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2017 – unaudited*

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Net increase in cash and cash equivalents	2,416,213	1,486,570
Cash and cash equivalents at the beginning of the period, represented by bank balances and cash	4,584,391	2,520,759
Effects of exchange rate changes on the balance of cash held in foreign currencies	(4,066)	3,935
Cash and cash equivalents at the end of the period, represented by bank balances and cash	6,996,538	4,011,264

The notes on pages 39 to 66 form part of this interim financial report.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. BASIS OF PREPARATION

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

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

This interim financial report contains condensed interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The condensed interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company and approved for issue by the Board of Directors on 14 August 2017. The interim financial report has also been reviewed by the Company’s auditor in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). KPMG’s independent review report to the Board of Directors is included on page 29.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

2. CHANGES IN ACCOUNTING POLICIES

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

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

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 of 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 and is analysed as follows:

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Sale of properties	4,185,674	4,195,496
Leasing of properties	32,007	26,812
Hotel operation	31,561	20,760
Project management	7,291	13,720
Real estate agency services	24,990	4,172
Immigration services	6,263	5,557
Innovative household technology services	6,570	4,812
	4,294,356	4,271,329

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

3 REVENUE AND SEGMENT INFORMATION (Continued)

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

No revenue from transactions with single external customer amounted to 10% or more of the Group's revenue during each of the six months ended 30 June 2017 and 2016.

4 OTHER INCOME, GAINS AND LOSSES

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Interest income	43,296	40,264
Government grants	888	5,637
Re-measurement to fair value of pre-existing interest in acquiree (note a)	51,737	201,593
Net exchange gain/(loss) (note b)	22,632	(56,968)
Gain on disposal of an associate (note c)	147,195	–
Gain on disposal of a subsidiary	22,765	–
Gain on disposal of property, plant and equipment	1,264	–
Dividend income from available-for-sale investments	–	3,755
Others	1,002	934
	290,779	195,215

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS*For the six months ended 30 June 2017***4 OTHER INCOME, GAINS AND LOSSES** (Continued)

Notes:

- (a) During the six months ended 30 June 2017, the Group acquired a subsidiary which was a joint venture of the Group before the acquisition. The re-measurement to fair value of the Group's pre-existing interest in the acquiree resulted in a gain of RMB51,737,000 (note 19).

During the six months ended 30 June 2016, the Group acquired subsidiaries which were joint ventures of the Group before acquisition. The re-measurement to fair value of the Group's pre-existing interest in these acquirees resulted in a total gain of RMB201,593,000.

- (b) The amount mainly arose from retranslation of senior notes denominated in US\$ held by the Company due to the appreciation of RMB against US\$ for the six months ended 30 June 2017, and the depreciation of RMB against US\$ for the six months ended 30 June 2016.
- (c) During the six months ended 30 June 2017, the Group disposed the interests in an associate, which resulted in a gain of RMB147,195,000.

5 FINANCE COSTS

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Interest on bank and other borrowings	(297,340)	(165,406)
Interest expense on senior notes and corporate bond	(300,588)	(209,327)
	(597,928)	(374,733)
Less: Amount capitalised in properties under development for sale	502,491	254,828
	(95,437)	(119,905)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

6 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Current tax		
PRC Corporate Income Tax	(198,006)	(166,162)
Land appreciation tax ("LAT")	(82,210)	(30,725)
	(280,216)	(196,887)
Deferred tax		
PRC Corporate Income Tax	(9,209)	(41,048)
	(9,209)	(41,048)
Income tax expense	(289,425)	(237,935)

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

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

Pursuant to the rules and regulations of British Virgin Islands ("BVI") and the Cayman Islands, the Group is not subject to any income tax in 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 six months ended 30 June 2017 and 2016.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

7 PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment recognised in profit or loss	15,495	11,506
Operating lease rentals	7,254	3,951

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

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Declared interim dividend of HK2.3 cents (equivalent to approximately RMB2.0 cents) per share (2016:nil)	49,065	–

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

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

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK6.3 cents (equivalent to approximately RMB5.5 cents) per share (six months ended 30 June 2016: HK9.9 cents (equivalent to approximately RMB8.3 cents) per share)	137,349	173,181

(iii) Bonus issue

A resolution on a bonus share issue of 1 bonus share for every 10 existing shares will be proposed by the Board at the forthcoming extraordinary general meeting on 18 September 2017.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

9 EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	505,975	499,559

	For the six months ended 30 June	
	2017 '000	2016 '000
Number of shares (basic)		
Issued ordinary shares at 1 January	2,503,405	2,080,760
Effect of share options exercised	145	808
Weighted average number of ordinary shares at 30 June	2,503,550	2,081,568
Number of shares (diluted)		
Number of ordinary shares for the purpose of calculating basic earnings per share	2,503,550	2,081,568
Effect of dilutive potential ordinary shares:		
– Share options (note)	1,328	12,728
Number of ordinary shares for the purpose of calculating diluted earnings per share	2,504,878	2,094,296

Note: The computation of the diluted earnings per share for the six months ended 30 June 2017 and 2016 has taken into consideration the weighted average number of 1,328,000 and 12,728,000 shares deemed to be issued at nil consideration if all outstanding share options had been exercised.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS*For the six months ended 30 June 2017***10 INVESTMENT PROPERTIES**

	Total
	RMB'000
Fair value	
At 1 January 2017	1,820,000
Addition	818
Transfer from properties under development for sale and properties held for sale	52,000
Transfer from property, plant and equipment (note 11)	19,000
Net change in fair value recognised in profit or loss	50,632
Disposals	(11,220)
At 30 June 2017	1,931,230

All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

The investment properties are all situated in the PRC. The lease term of land on which the investment properties are situated range from 40 to 50 years. The fair values of the Group's investment properties at the respective dates of transfer and at 30 June 2017 and 31 December 2016 have been arrived at on the basis of valuations carried out on those dates by DTZ Cushman & Wakefield Limited, a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. For the completed investment properties, the valuations were arrived at with adoption of investment approach by capitalisation of the rental income derived from the existing tenancies with due allowance for reversionary income potential of the properties. There has been no change from the valuation technique used in the prior year for the completed investment properties. For the investment properties under development, the valuations were arrived at using the residual method. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

During the six months ended 30 June 2017, the amount transferred from properties held for sale and properties under development for sale upon change in use included the cost of the properties held for sale and properties under development for sale amounted to RMB33,868,000 with fair value gain of approximately RMB18,132,000 (six months ended 30 June 2016: RMB77,778,000) based on valuation performed at dates of transfer.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, additions to property, plant and equipment amounted to RMB8,076,000 (six months ended 30 June 2016: RMB14,801,000), consisting of buildings, motor vehicles and electronic equipment and furniture.

During the six months ended 30 June 2017, the amount transferred from property, plant and equipment to investment properties upon change in use included the cost of property, plant and equipment amounted to RMB11,432,000 with fair value change of approximately RMB7,568,000 (six months ended 30 June 2016: nil) based on valuation performed at dates of transfer. As a result of the transfer, a revaluation surplus, after tax effect of RMB1,892,000, of RMB5,676,000 has been recognised in other comprehensive income and accumulated in the revaluation reserve.

The Group had entered into agreements 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 30 June 2017, the carrying amount of leasehold land and buildings which have been occupied by the eligible employees under the Scheme amounted to RMB17,786,000 (31 December 2016: RMB20,842,000).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS*For the six months ended 30 June 2017***12 INTERESTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES**

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Cost of investment in joint ventures	1,257,170	727,916
Share of post-acquisition losses and other comprehensive expense	(77,788)	(84,561)
	1,179,382	643,355
Loans to joint ventures	2,817,177	2,191,607
Less: share of post-acquisition losses that are in excess of costs of the investments	(15,519)	(27,649)
	2,801,658	2,163,958

The Group obtained control over a joint venture, Wuhan MOMA Development Co., Ltd which has become a subsidiary during the six months ended 30 June 2017. Details are disclosed in note 19.

Loans to joint ventures are unsecured, expected to be recovered after one year and bear interest at fixed rate of 13% (2016: 6% to 13%) per annum, except for the amounts of RMB2,652,177,000 (2016: RMB1,486,604,000) which are interest free.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

13 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Trade receivables, net of allowance	134,133	126,764
Other receivables, net of allowance	616,057	495,639
Guarantee deposits for housing provident fund loans provided to customers (note)	23,586	19,276
Loans and receivables	773,776	641,679
Prepayments to suppliers of construction materials	256,896	102,087
Deposits paid for acquisition of a subsidiary	395,625	–
Deposits paid for acquisition of land use rights	686,889	1,617,423
Prepaid LAT and business tax	711,512	414,411
	2,824,698	2,775,600

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS*For the six months ended 30 June 2017***13 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)**

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Less than 1 year	95,630	90,940
1-2 years	38,503	35,824
	134,133	126,764

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

14 TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Trade payables	1,312,668	1,298,844
Accrued expenditure on construction	586,051	456,309
Amount due to non-controlling interests	1,699,614	1,954,588
Accrued interest	69,267	138,000
Accrued payroll	6,952	4,373
Dividend payable	138,500	1,121
Other payables	2,358,063	544,370
Financial liabilities measured at amortised cost	6,171,115	4,397,605
Deposits received and receipt in advance from property sales	6,203,836	4,794,689
Other tax payables	199,157	113,389
	12,574,108	9,305,683

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Less than 1 year	1,092,036	1,104,793
1-2 years	197,932	186,240
2-3 years	17,581	4,037
Over 3 years	5,119	3,774
	1,312,668	1,298,844

15 BANK AND OTHER BORROWINGS

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Bank borrowings, secured	2,438,057	3,141,564
Other borrowings, secured	5,458,690	2,610,000
	7,896,747	5,751,564

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

15 BANK AND OTHER BORROWINGS (Continued)

The borrowings are repayable:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within one year or on demand	3,855,763	2,463,064
More than one year, but not exceeding two years	3,640,000	3,054,000
More than two years, but not exceeding five years	400,984	234,500
	7,896,747	5,751,564
Less: Amount due within one year shown under current liabilities	(3,855,763)	(2,463,064)
Amount due after one year	4,040,984	3,288,500
Analysis of borrowings by currency		
– Denominated in RMB	6,518,084	4,598,500
– Denominated in US\$	895,817	975,064
– Denominated in HK\$	482,846	178,000
	7,896,747	5,751,564

As at 30 June 2017, the borrowings with carrying amount of RMB898,574,000 (31 December 2016: RMB990,689,000) carry interest at variable rates based on the interest rates quoted by the People's Bank of China, the effective interest rate ranges from 1.8% to 6.5% (31 December 2016: 1.6% to 6.5%) per annum and exposed the Group to cash flow interest rate risk. The remaining borrowings are arranged at fixed rate, the effective interest rate ranged from 4.75% to 9.5% (31 December 2016: from 2.4% to 9.5%) per annum at 30 June 2017, and exposed the Group to fair value interest rate risk.

16 CORPORATE BOND

On 24 April 2016, the Company issued Corporate bond to the public with aggregate nominal value of RMB1,000,000,000 at 97.81% of the principal amount, which carry fixed interest of 6.4% per annum (interest payable annually in arrears) and will be fully repayable by 20 April 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

17 SENIOR NOTES

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Carrying amount at the beginning of the period/year	3,245,630	2,802,214
Net proceeds from issuance of 2016 USD Notes (note (a))	–	2,331,012
Net proceeds from issuance of 2017 USD Notes (note (b))	994,646	–
Net proceeds from issuance of 2017 USD Private Notes (note (c))	678,617	–
Exchange (gain)/loss	(38,248)	184,689
Other finance costs	22,812	62,715
Redemption	(848,378)	(2,135,000)
Carrying amount at the end of the period/year	4,055,079	3,245,630
Less: current portion of senior notes	(686,879)	–
Amount due after one year	3,368,200	3,245,630

Notes:

(a) 2016 USD Notes

On 20 October 2016, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of US\$350,000,000 (approximately RMB2,335,900,000,000) (the "2016 USD Notes"), at 99.667% of the principal amount of the 2016 USD Notes, which carried fixed interest at 6.875% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 20 October 2019.

The 2016 USD Notes are listed on the Singapore Stock Exchange, are senior obligations of Modern Land (China) Co., Limited, and guaranteed by certain of the Company's existing subsidiaries other than those established under the laws of the PRC. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of assets serving as security.

At any time prior to 20 October 2019, the Company may at its option redeem the 2016 USD Notes, in whole but not in part, at a price equal to 100% of the principal amount of the 2016 USD Notes plus the applicable premium (which is defined as to the greater of (1) 1% of the principal amount of such senior notes and (2) the excess of (A) the present value at such redemption date of the principal amount of such senior notes, plus all required remaining scheduled interest payments due on such senior notes through the maturity date of such senior notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to an adjusted treasury rate plus 100 basis points, over (B) the principal amount of such senior note on such redemption date.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

17 SENIOR NOTES (Continued)

(a) 2016 USD Notes (Continued)

At any time prior to 20 October 2019, the Company may redeem up to 35% of the principal amount of the 2016 USD Notes at a redemption price of 106.875% of the principal amount of the 2016 USD Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2016 USD Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

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

(b) 2017 USD Notes

On 6 January 2017, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of US\$150,000,000 (approximately RMB1,014,210,000) at 98.193% of the principal amount plus accrued interest from (and including) 20 October, 2016 to (but excluding) 6 January 2017, which carry fixed interest at 6.875% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 20 October 2019. Other terms and conditions for the above senior notes are the same as those for the 2016 USD Notes as described in Note 17(a). The issuance was completed on 10 January 2017.

The above senior notes are jointly guaranteed by certain of the Company's existing subsidiaries other than those established under the laws of the PRC. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of assets serving as security.

(c) 2017 USD Private Notes

On 1 June 2017, the Company issued guaranteed private senior fixed rate notes with aggregate nominal value of US\$100,000,000 (approximately RMB689,000,000) (the "2017 USD Notes"), at 100% of the principal, which carry fixed interest at 6.5% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 31 May 2018.

The above senior notes are jointly guaranteed by certain of the Company's existing subsidiaries other than those established under the laws of the PRC. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of assets serving as security.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

18 SHARE CAPITAL

	Number of shares '000	Amount USD'000	Equivalent to RMB'000
Ordinary shares of US\$0.01 each			
Authorised:			
At 31 December 2016 and 30 January 2017	3,000,000	30,000	184,404
Issued and fully paid:			
At 1 January 2016	2,080,760	20,808	128,094
Exercise of share options (note (a))	1,625	16	106
At 30 June 2016 and 1 July 2016	2,082,385	20,824	128,200
Issue of shares	416,397	4,164	27,952
Exercise of share options	4,623	46	307
At 31 December 2016 and 1 January 2017	2,503,405	25,034	156,459
Issued and fully paid:			
At 1 January 2017	2,503,405	25,034	156,459
Exercise of share options (note (b))	640	6	44
At 30 June 2017	2,504,045	25,040	156,503

Notes:

- (a) During the six months ended 30 June 2016, share options were exercised to subscribe for 1,625,000 ordinary shares of the Company at HK\$1.145 per share, with the aggregate amount of HK\$1,861,000 (equivalent to approximately RMB1,559,000).
- (b) During the six months ended 30 June 2017, share options were exercised to subscribe for 577,500 and 62,000 ordinary shares of the Company at HK\$1.145 and at HK\$1.252, respectively (equivalent to approximately RMB1.003 and RMB1.091, respectively) per share, with the aggregate amount of HK\$739,000 (equivalent to approximately RMB647,000).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

19 ACQUISITION OF A SUBSIDIARY

As at 31 December 2016, Wuhan Moma Development Co., Ltd. (“Wuhan Moma”) is a property development company and held as to 51%, 48.78%, 0.11% and 0.11% by the Group, Shanghai Zhongcheng Canshuo Investment Center (Limited Partnership) (“Zhongcheng Canshuo Investment”), Hongrui (Beijing) Investment Management Company Limited (“Hongrui Investment”) and Shanghai Zhongcheng Allied Investment Management Holdings Limited (“Zhongcheng Allied Investment”), respectively. Pursuant to the Articles of Association of Wuhan Moma, relevant business activities of Wuhan Moma require unanimous consent of the shareholders and the board of directors. Therefore, Wuhan Moma was accounted for as a joint venture of the Group.

During the six months ended 30 June 2017, the Group entered into an agreement with Zhongcheng Canshuo Investment, Hongrui Investment and Zhongcheng Allied Investment, whereby it was agreed that, among other things, major decisions of Wuhan Moma shall be resolved by a simple majority of the shareholders and directors instead of unanimous approval. Since the Group holds 51% shareholding in Wuhan Moma and has the power to appoint majority of its board of directors, Wuhan Moma has become a non-wholly-owned subsidiary of the Group.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

19 ACQUISITION OF A SUBSIDIARY (Continued)

The identifiable assets acquired and liabilities assumed of the subsidiaries at the date of acquisition are as follows:

	Wuhan MOMA
	RMB'000
Property, plant and equipment	449
Properties under development for sale	2,379,946
Deferred tax assets	38,159
Trade and other receivables, deposits and prepayments	2,205,786
Bank balances and cash	17,487
Short-term loans	(480,000)
Trade and other payables, deposits received and accrued charges	(925,934)
Sales deposits	(3,011,651)
Taxation payable	(142,984)
Deferred tax liabilities	(2,427)
Identifiable net assets acquired	78,831
Fair value of pre-existing interests in a joint venture (note)	(51,737)
Non-controlling interests	(27,094)
Total consideration satisfied by cash	–
Net cash inflow arising on acquisitions:	
Cash paid	–
Bank balances and cash acquired	17,487
	17,487

Note: The re-measurement of fair value of the Group's pre-existing interests in the acquiree resulted in a gain of RMB51,737,000, which has been included in "Other income, gains and losses" (see note 4).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS*For the six months ended 30 June 2017***20 PLEDGE OF ASSETS**

The following assets were pledged to secure certain banking and other facilities granted to the Group and mortgage loans granted to buyers of sold properties at the end of the reporting period:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Investment properties	464,497	184,543
Properties under development for sale	5,490,221	4,086,815
Properties held for sale	748,467	131,560
Property, plant and equipment	11,333	136,023
Equity interests in a subsidiary	986,198	511,395
Bank deposits	1,228,840	1,474,516
Guarantee deposits for housing provident fund loans provided to customers	23,586	19,276
	8,953,142	6,544,128

21 CAPITAL AND OTHER COMMITMENTS

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Contracted but not provided for in the consolidated financial statements:		
– Properties under development	1,636,971	1,280,825
– Acquisition of land use rights	570,000	2,720,000
– Capital contribution to a joint venture	–	950,000
– Acquisition of a subsidiary	1,550,000	–
	3,756,971	4,950,825

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

22 CONTINGENT LIABILITIES

- (a) The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgage loans and ends after the buyer obtained the individual property ownership certificate. In the opinion of the Directors, the fair value of guarantee contracts is insignificant at initial recognition. Also, no provision for the guarantee contracts as at 30 June 2017 and 31 December 2016 respectively was been recognised as the default risk is considered low.

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Mortgage guarantees	7,437,322	7,328,978

- (b) The Group provided guarantees to bank loans and other borrowings of a joint venture amounted to RMB593,900,000 as at 30 June 2017 (31 December 2016: RMB966,900,000). At the end of the reporting period, the Directors do not consider it probable that claims will be made against the Group under these guarantees. The Group has not recognized any deferred income in respect of these guarantees.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

23 OPERATING LEASE COMMITMENTS

The Group as a lessor

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within one year	53,286	50,199
In the second to fifth year inclusive	135,696	142,299
After five years	62,040	74,414
	251,022	266,912

24 SHARE-BASED PAYMENT TRANSACTIONS

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

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

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

On 28 September 2016, the Company granted an aggregate of 43,000,000 options to two directors and twenty-six employees to subscribe for an aggregate of 43,000,000 shares in the Company, representing approximately 1.91% of the shares issued by the Company as at the date of grant.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

24 SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The details of the options granted are as follows:

	Number of options	Vesting period	Contractual life of options
Shares options granted to directors			
On 4 September 2014	13,900,000	25% from the date of grant to 3 September 2015	1 year
		25% from the date of grant to 3 September 2016	5 years
		25% from the date of grant to 3 September 2017	5 years
		25% from the date of grant to 3 September 2018	5 years
On 10 July 2015 Plan A	4,400,000	33% from the date of grant to 10 July 2016	3 years
		67% from the date of grant to 10 July 2017	3 years
On 28 September 2016	7,800,000	25% from the date of grant to 28 September 2017	5 years
		25% from the date of grant to 28 September 2018	5 years
		25% from the date of grant to 28 September 2019	5 years
		25% from the date of grant to 28 September 2020	5 years
Shares options granted to employees			
On 4 September 2014	11,800,000	25% from the date of grant to 3 September 2015	2 years
		25% from the date of grant to 3 September 2016	5 years
		25% from the date of grant to 3 September 2017	5 years
		25% from the date of grant to 3 September 2018	5 years
On 10 July 2015 Plan A	55,700,000	33% from the date of grant to 10 July 2016	3 years
		67% from the date of grant to 10 July 2017	3 years
On 10 July 2015 Plan B	45,500,000	25% from the date of grant to 10 July 2016	1.5 years
		25% from the date of grant to 31 December 2016	4 years
		25% from the date of grant to 30 June 2017	4 years
		25% from the date of grant to 31 December 2017	4 years
On 28 September 2016	35,200,000	25% from the date of grant to 28 September 2017	5 years
		25% from the date of grant to 28 September 2018	5 years
		25% from the date of grant to 28 September 2019	5 years
		25% from the date of grant to 28 September 2020	5 years
Total share options	174,300,000		

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS*For the six months ended 30 June 2017***24 SHARE-BASED PAYMENT TRANSACTIONS (Continued)**

The exercise of the share options by the eligible employees is conditional upon the fulfilment of certain financial indicators as set out by the Company.

The Group recognised total expense of RMB11,805,000 during the six months ended 30 June 2017 (six months ended 30 June 2016: RMB3,439,000) in relation to share options granted by the Company.

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

The amounts due from related parties at the end of the reporting period are as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Amount due from a company controlled by Mr. Zhang Lei, executive director of the Company	11,776	6,335
Amount due from an associate	2,958	68,416
Amount due from joint ventures and their subsidiaries	1,226,221	603,315
Total non-trade balances (note i)	1,240,955	678,066
Amount due from companies controlled by Mr. Zhang Lei	19,515	15,364
Amount due from an associate	5	25,057
Amount due from joint ventures	12,267	38,371
Total trade balances (note ii)	31,787	78,792
Amount due from related parties	1,272,742	756,858
Loans to joint ventures	2,801,658	2,163,958

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

25 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(a) Balances with related parties (Continued)

(i) Amounts due from related parties (Continued)

Notes:

- (i) Balances at 30 June 2017 and 31 December 2016 are of non-trade nature, unsecured, interest free and repayable on demand.
- (ii) Trade receivables from related parties at 30 June 2017 and 31 December 2016 are unsecured, interest free and repayable on demand. The following is an ageing analysis of amounts due from related parties of trade nature based on invoice date which approximated the revenue recognition date, at the end of each reporting period:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Less than 1 year	31,787	78,792

(ii) Amounts due to related parties

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Amount due to a company controlled by Mr. Zhang Lei	–	962
Amount due to joint ventures	2,598,217	2,252,613
Total non-trade balances (note i)	2,598,217	2,253,575
Amount due to companies controlled by Mr. Zhang Lei	1,606	4,412
Total trade balance (note ii)	1,606	4,412
Amount due to related parties	2,599,823	2,257,987

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

25 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)**(a) Balances with related parties (Continued)****(ii) Amounts due to related parties (Continued)**

Note:

- (i) Balances at 30 June 2017 and 31 December 2016 are of non-trade nature, unsecured, interest free and repayable on demand.
- (ii) Trade payables to related parties are unsecured, interest free and repayable on demand. The following is an ageing analysis of amounts due to related parties of trade nature based on invoice date at the end of each reporting period:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Less than 1 year	1,606	4,412

(b) Transactions with related parties

Nature of related party	Nature of transaction	For the six months ended 30 June	
		2017 RMB'000	2016 RMB'000
Companies controlled by Mr. Zhang Lei	Rental income	1,097	527
Companies controlled by Mr. Zhang Lei	Property management services expenses	31,020	35,560
Associate	Income from provision of real estate agency service	3,519	1,017
Associate	Income from provision of technical know-how	7,746	–
Associate	Interest income	2,173	10,118
Joint venture	Income from provision of technical know-how	959	–
Joint venture	Interest income	12,185	29,402
Joint venture	Management service income	6,547	13,718
Joint venture	Income from provision of real estate agency service	2,933	5,063

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

25 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(c) Transactions and balances with key management

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Key management compensation		
Basic salaries and allowance	2,183	2,208
Retirement benefit contribution	51	63
Share-based payment	1,614	1,178
	3,848	3,449

26 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED FOR THE PERIOD ENDED 30 JUNE 2017

A number of amendments and new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

IFRS 15, Revenue from contracts with customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

26 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED FOR THE PERIOD ENDED 30 JUNE 2017 (Continued)

IFRS 15, Revenue from contracts with customers (Continued)

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. The Directors of the Company anticipate that the application of IFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

Except for the above, the Directors of the Company do not anticipate that the application of other new and revised IFRSs will have significant impact on the Group’s consolidated financial statements.

27 SUBSEQUENT EVENTS

On 29 June 2017, the Company entered into an offering memorandum to issue guaranteed senior fixed rate notes to the public with aggregate nominal value of US\$130,000,000 (equivalent to approximately to RMB891,481,000), at 100% of the principal amount, which carried fixed interest at 6.5% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 3 July 2018. The issuance was completed on 5 July 2017.

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