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Mingfa Group (International) Company Limited

明發集團（國際）有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 00846)

QUARTERLY UPDATE ANNOUNCEMENT, UPDATE ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING AND DELAY IN PUBLICATION AND DESPATCH OF OUTSTANDING FINANCIAL STATEMENTS AND REPORTS

This announcement is made by Mingfa Group (International) Company Limited (the “**Company**”, which together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 and 13.24A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

UNAUDITED CONTRACTED SALES PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2018

Based on contracted sales record of the Company, for the year ended 31 December 2018, the Group achieved unaudited contracted sales of approximately RMB16.3 billion in total, representing an increase of approximately 30.4% when compared to the same period in 2017 (approximately RMB12.5 billion).

City	Area (sq.m.)	Average Selling Price (RMB/ sq.m.)	Amount (RMB in million)	Percentage (%)
Nanjing, Jiangsu Province	279,422	21,100	5,895.9	36.0%
Changsha, Hunan Province	183,280	6,459	1,183.7	7.2%
Ma'anshan, Anhui Province	149,279	7,229	1,079.2	6.6%
Quanjiao, Anhui Province	160,692	5,876	944.2	5.8%
Zibo, Shandong Province	69,809	13,377	933.8	5.7%
Taizhou, Jiangsu Province	144,585	6,099	881.8	5.4%
Jinzhai, Anhui Province	107,189	5,590	599.1	3.7%
Chuzhou, Anhui Province	54,826	9,826	538.7	3.3%
Sihong, Jiangsu Province	69,109	6,170	426.4	2.6%
Chizhou, Anhui Province	52,095	8,015	417.5	2.6%
Wuhu, Anhui Province	61,885	6,322	391.2	2.4%
Dongzhi, Anhui Province	41,914	7,979	334.4	2.0%
Guang'an, Sichuan Province	63,504	5,244	333.0	2.0%
Hanshan, Anhui Province	41,306	7,142	295.0	1.8%
Shenyang, Liaoning Province	54,629	5,370	293.3	1.8%
Lai'an, Anhui Province	24,302	9,950	241.8	1.5%
Zhenjiang, Jiangsu Province	41,376	5,344	221.1	1.4%
Quanzhou, Fujian Province	31,195	7,026	219.2	1.3%
Jinhu, Jiangsu Province	36,633	5,892	215.9	1.3%
Others	<u>119,162</u>	7,664	<u>913.3</u>	5.6%
	<u>1,786,192</u>		<u>16,358.8</u>	

The information set out above are unaudited figures based on the contracted sales record of the Company, which may differ from the figures to be disclosed in the annual reports or interim reports to be published by the Company on an annual or interim basis. The above figures are provided for reference only and do not mean to be complete. Investors are advised to exercise caution and not to place undue reliance on such information when dealing in the securities of the Company. When in doubt, investors are advised to seek professional advice from professional or financial advisers.

UPDATE ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING

References are made to the announcements of the Company dated 31 March 2016, 1 April 2016, 22 April 2016, 3 May 2016, 27 May 2016, 10 June 2016, 29 July 2016, 31 August 2016, 3 October 2016, 1 November 2016, 2 December 2016, 3 January 2017, 27 January 2017, 2 March 2017, 3 April 2017, 2 May 2017, 2 June 2017, 3 July 2017, 3 August 2017, 18 August 2017, 18 September 2017, 18 October 2017, 14 December 2017, 26 January 2018, 19 March 2018, 30 April 2018, 31 May 2018, 28 June 2018, 20 July 2018, 1 August 2018, 31 August 2018, 3 October 2018, 2 November 2018, 3 December 2018 and 2 January 2019 (collectively the “**Announcements**”) and the announcement of the Company on 19 December 2018 in relation to the appointment of an independent internal control consultant of the Company. Capitalised terms used in the paragraphs below shall have the same meanings as defined in the Announcements unless otherwise defined herein.

The Investigations

In respect of the Resumption Conditions (details of which please see the announcement of the Company dated 3 May 2016 and which were reproduced in the announcement of the Company dated 1 August 2018) and up to the date of this announcement, the management of the Company and the members of the Audit Committee were continuing with their conversation and deliberation on the Investigations with the Independent Forensic Accountants in respect of various key matters comprised under the Investigations including but not limited to the analysis of information. Up to the date of this announcement, the Audit Committee has been reviewing the findings set forth in the draft report of the Investigations and assessing whether the findings have adequately addressed the relevant audit issues (as disclosed in the announcement of the Company dated 31 March 2016 in relation to the consolidated annual results of the Group for the year ended 31 December 2015) and planning for necessary further actions if any is recommended.

Review of internal control systems and procedures

On 19 December 2018, the Company announced that in order to improve the Group’s internal control system and to pursue resumption of trading of the shares of the Company on the Stock Exchange, BDO Financial Services Limited (the “**Internal Control Consultant**”) was appointed by the Board to conduct a review of the internal control systems and procedures of the Group and make recommendations on remedial measures. As disclosed in the announcement, the results of the review will assist the Audit Committee in determining whether the Group has maintained an appropriate and adequate internal control system required of a listed issuer under the Listing Rules, and to ensure that the Group will have in place proper procedures, systems and monitoring procedures in compliance with the requirements under the Listing Rules. The scope of the review by the Internal Control Consultant has been reviewed and approved by the Audit Committee of the Board. According to the agreed timetable as disclosed in the aforementioned announcement, the Internal Control Consultant has commenced their review.

DELAY IN PUBLICATION AND/OR DESPATCH OF OUTSTANDING FINANCIAL STATEMENTS AND REPORTS OF THE COMPANY

In respect of the Further Resumption Condition (details of which please see the announcement of the Company on 1 August 2018) regarding the publication and/or despatch of the Outstanding Financial Statements and Reports (as defined below), with the draft of the written report from the Independent Forensic Accountants having been made available to the Board and the Audit Committee for review and consideration, the management of the Company believes a timetable for the publication and/or despatch of the Outstanding Financial Statements and Reports can be formulated upon, among other matters, the publication of a further announcement disclosing a summary of the key findings of the Investigations. Consultation with the Audit Committee and the Board, in conjunction with the professional parties involved, will be made when formulating such timetable.

On 31 January 2019, the Company published its 2015 annual report comprising, among other matters, the report of the then directors dated 31 March 2016 and the independent auditor's report dated 31 March 2016 in respect of the consolidated financial statements of the Company for the year ended 31 December 2015. As at the date of this announcement, the publication and/or despatch of the outstanding financial statements and information of the Company are (i) the respective annual reports of the Company for the financial years ended 31 December 2016 and 31 December 2017 and the respective interim reports of the Company for the six months ended 30 June 2016, 30 June 2017 and 30 June 2018, and (ii) the respective interim results announcements of the Company for the six months ended 30 June 2016, 30 June 2017 and 30 June 2018, and the annual results announcement of the Company for the year ended 31 December 2016 and 31 December 2017 (collectively the “**Outstanding Financial Statements and Reports**”).

Reference is also made to the announcement of the Company dated 28 January 2019 in relation to the forthcoming retirement of PricewaterhouseCoopers, the current auditor of the Company, and the proposed appointment of BDO Limited as the new auditor of the Company subject to the approval of the Shareholders in the forthcoming annual general meeting of the Company to be convened for such purpose on Wednesday, 6 March 2019. When formulating the timetable for the publication of the Outstanding Financial Statements and Reports, BDO Limited will also be consulted should their appointment is so approved in the annual general meeting scheduled to be convened on Wednesday, 6 March 2019. Further details of the annual general meeting and the resolution to be put forward for consideration by the Shareholders in respect of the appointment BDO Limited as the auditor of the Company are set forth in the circular of the Company dated 1 February 2019.

FURTHER ANNOUNCEMENT(S) ON MATERIAL INFORMATION AND PROGRESS

The Company will make further announcement(s) on the progress and finalization of the investigation report of the Independent Forensic Accountants, the review by the Internal Control Consultant of the internal control systems and procedures of the Group, the publication of the Outstanding Financial Statements and Reports, and other material developments and progress in relation to the fulfilment of the Resumption Conditions and the Further Resumption Condition as and when appropriate. The Company will use its best endeavours to comply with the Resumption Conditions and the Further Resumption Condition, and continue to carry on with its related preparation work for the resumption of trading of the shares of the Company on the Stock Exchange.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 1 April 2016 and will remain suspended until further notice pending the fulfilment of the resumption conditions and further resumption condition as set forth in the announcements of the Company dated 3 May 2016 and 1 August 2018.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

On behalf of the Board
Mingfa Group (International) Company Limited
WONG WUN MING
Chairman and Executive Director

Hong Kong, 1 February 2019

As at the date of this announcement, the Board comprises:

Executive Directors: *Mr. Wong Wun Ming, Mr. Huang Qingzhu,
Mr. Huang Lianchun and Mr. Huang Li Shui*

Independent Non-Executive Directors: *Mr. Lau Kin Hon, Mr. Chu Kin Wang Peleus,
Dr. Wong Tin Yau Kelvin J.P. and Dr. Lam, Lee G.*