

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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: 846)

ANNOUNCEMENT RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

PERFORMANCE HIGHLIGHTS

The consolidated revenue for 2009 was approximately RMB3,681.0 million, representing an increase of 78.6% as compared with last year.

The profit attributable to equity holders of the Company was RMB987.5 million in 2009, representing a surge of 120.2% over 2008 and an extra increase of 14.6% over the profit forecast of the Group as set out in the prospectus of the Company dated 4 November 2009 (the “Prospectus”).

The earnings per share were RMB0.189 in 2009, representing an increase of 114.8% from 2008.

The Board recommended payment of a final dividend of HK5 cents per share for the year ended 31 December 2009.

The board of directors (the “Board”) of Mingfa Group (International) Company Limited (the “Company”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2009 together with comparative figures as follows. The consolidated annual results have been reviewed by the Company’s audit committee.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

		Year ended 31 December	
		2009	2008
	Note	RMB'000	RMB'000
Continuing operations:			
Revenues	3	3,681,027	2,061,065
Cost of sales	5	<u>(2,149,153)</u>	<u>(925,945)</u>
Gross profit		1,531,874	1,135,120
Fair value gains on investment properties		532,357	117,830
Other gains	4	118,190	69,858
Selling and marketing costs	5	(69,565)	(47,426)
Administrative expenses	5	(183,741)	(110,983)
Other operating expenses	5	<u>(13,874)</u>	<u>(156,190)</u>
Operating profit		<u>1,915,241</u>	<u>1,008,209</u>
Finance income	6	2,308	1,584
Finance costs	6	<u>(51,900)</u>	<u>(48,075)</u>
Finance costs — net	6	<u>(49,592)</u>	<u>(46,491)</u>
Share of results of			
— Associated company		—	(2,707)
— Jointly controlled entities		<u>(37)</u>	<u>(2,259)</u>
		<u>(37)</u>	<u>(4,966)</u>
Profit before income tax		1,865,612	956,752
Income tax expense	7	<u>(881,346)</u>	<u>(546,257)</u>
Profit for the year from continuing operations		984,266	410,495
Discontinued operations:			
Profit for the year from discontinued operations		<u>—</u>	<u>6,455</u>
Profit for the year		<u>984,266</u>	<u>416,950</u>
Attributable to:			
Equity holders of the Company		987,461	448,413
Minority interests		<u>(3,195)</u>	<u>(31,463)</u>
		<u>984,266</u>	<u>416,950</u>
Basic and diluted earnings per share for profit attributable to equity holders of the Company (RMB cents)			
— From continuing operations	8	18.9	8.7
— From discontinued operations	8	<u>—</u>	<u>0.1</u>
		<u>18.9</u>	<u>8.8</u>
Dividends	9	<u>264,144</u>	<u>—</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Year ended 31 December	
	2009	2008
Note	RMB'000	RMB'000
Profit for the year	984,266	416,950
Other comprehensive income:		
Revaluation surplus upon the transfer of an owner-occupied property to investment property, net of tax	<u>14,701</u>	<u>11,278</u>
Total comprehensive income for the year	<u>998,967</u>	<u>428,228</u>
Attributable to:		
Equity holders of the Company	1,002,162	459,691
Minority interests	<u>(3,195)</u>	<u>(31,463)</u>
	<u>998,967</u>	<u>428,228</u>

CONSOLIDATED BALANCE SHEET*As at 31 December 2009*

		As at 31 December	
		2009	2008
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		178,718	202,658
Investment properties		2,694,840	1,967,023
Land use rights		23,673	25,828
Intangible assets		14,723	14,723
Jointly controlled entities		144,851	144,888
Deferred income tax assets		141,139	125,144
Other receivables	10	23,390	—
Other non-current assets		<u>385,908</u>	<u>590,094</u>
		<u>3,607,242</u>	<u>3,070,358</u>
Current assets			
Land use rights		1,987,095	1,464,795
Properties under development		2,511,772	3,900,044
Completed properties held for sale		1,362,583	1,155,714
Inventories		9,554	8,075
Trade and other receivables and prepayments	10	253,216	216,730
Prepaid income taxes		77,554	106,493
Amounts due from related parties		3,940	3,360
Amounts due from minority interests		53,981	39,686
Held-to-maturity investments		60,156	—
Restricted cash		100,000	38,000
Cash and cash equivalents		<u>2,868,761</u>	<u>122,233</u>
		<u>9,288,612</u>	<u>7,055,130</u>
Total assets		<u>12,895,854</u>	<u>10,125,488</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		528,540	1
Reserves		<u>4,104,065</u>	<u>1,797,122</u>
		4,632,605	1,797,123
Minority interests in equity		<u>63,272</u>	<u>66,467</u>
Total equity		<u>4,695,877</u>	<u>1,863,590</u>
LIABILITIES			
Non-current liabilities			
Deferred government grants		127,706	1,978
Borrowings	11	2,140,700	594,990
Deferred income tax liabilities		<u>401,585</u>	<u>335,153</u>
		<u>2,669,991</u>	<u>932,121</u>

		As at 31 December	
		2009	2008
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities			
Trade and other payables	12	1,599,485	2,761,450
Advanced proceeds received from customers		1,838,292	1,753,102
Amounts due to related parties		51,280	718,159
Amounts due to minority interests		77,021	76,298
Income tax payable		1,558,783	942,593
Borrowings	11	371,585	1,030,010
Provision for other liabilities and charges		33,540	48,165
		<u>5,529,986</u>	<u>7,329,777</u>
Total liabilities		<u>8,199,977</u>	<u>8,261,898</u>
Total equity and liabilities		<u>12,895,854</u>	<u>10,125,488</u>
Net current assets/(liabilities)		<u>3,758,626</u>	<u>(274,647)</u>
Total assets less current liabilities		<u>7,365,868</u>	<u>2,795,711</u>

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Mingfa Group (International) Company Limited (the “Company”) was incorporated in the Cayman Islands on 27 November 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands.

The principal activities of the Company and its subsidiaries (together, the “Group”) are property development, property investment and hotel operation in the People’s Republic of China (the “PRC”).

To prepare for the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Group has undertaken a reorganisation (the “Reorganisation”). Pursuant to the Reorganisation, which was completed on 26 September 2008, the Company became the holding company of the subsidiaries comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 4 November 2009.

The Company’s shares were listed on the Stock Exchange on 13 November 2009.

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and under the historical cost convention, as modified by the revaluation of investment properties which are carried at fair value.

The Reorganisation involved companies under common control of Mr. Wong Wun Ming, Mr. Huang Li Shui, Mr. Huang Qingzhu and Mr. Huang Lianchun (together, the “Controlling Shareholders”) and Ms. Chen Bihua (spouse of Mr. Wong Wun Ming) who acted as nominee of the Controlling Shareholders, and the Group resulting from the Reorganisation is regarded as a continuing group. Accordingly, the Reorganisation has been accounted for using the principles of merger accounting as stipulated in the Accounting Guideline No. 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA, under which the financial statements have been prepared as if the Reorganisation had been completed on 1 January 2008, the beginning of the earliest period presented, and business of the companies comprising the Group had always been carried out by the Group.

3 REVENUES AND SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments:

- (i) the property development segment engages in real estate development, and is further segregated into commercial and residential;
- (ii) the hotel segment engages in hotel operation;
- (iii) the property investment and management segment invests in properties for their rental income potential and/or for capital appreciation, and provides management and security services to residential and commercial properties.

Other operating segments mainly including the discontinued operations such as manufacture and sale of furniture, are not included within the reportable operating segments, as they are not included in the reports provided to the management. The results of these operations are included in the “all other segments” column.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects may be measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs and interest income) and income taxes are managed on a group basis and are not allocated to operating segments.

Inter-segment revenues are eliminated on consolidation.

The Group's revenue from external customers is derived solely from its operations in the PRC, and no non-current assets of the Group are located outside the PRC.

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties under development, completed properties held for sale, receivables and cash balances. They also include goodwill recognised arising from acquisition of subsidiaries or minority interests relating to respective segments. They exclude deferred income tax assets, prepaid income taxes and held-to-maturity investments.

Segment liabilities comprise operating liabilities. They exclude borrowings, deferred income tax liabilities and income tax payable.

(a) Revenues

Turnover of the Group consists of the following revenues for the year ended 31 December 2009.

	Year ended 31 December	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of properties		
— commercial	840,680	1,358,887
— residential	<u>2,724,819</u>	<u>594,151</u>
	3,565,499	1,953,038
Hotel operating income	40,617	37,505
Rental income from investment properties	73,748	68,666
Others	<u>1,163</u>	<u>1,856</u>
	<u><u>3,681,027</u></u>	<u><u>2,061,065</u></u>

(b) Segment information

The segment results and other segment items for the year ended 31 December 2009:

	Property development — commercial <i>RMB'000</i>	Property development — residential <i>RMB'000</i>	Hotel <i>RMB'000</i>	Property investment and management <i>RMB'000</i>	All other segments <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Continuing operations:							
Total segment revenues	840,680	2,724,819	42,790	81,484	1,163	—	3,690,936
Inter-segment revenues	—	—	(2,173)	(7,736)	—	—	(9,909)
Revenues	<u>840,680</u>	<u>2,724,819</u>	<u>40,617</u>	<u>73,748</u>	<u>1,163</u>	<u>—</u>	<u>3,681,027</u>
Operating profit/(loss)	<u>513,819</u>	<u>819,078</u>	<u>27,530</u>	<u>579,033</u>	<u>(24,219)</u>	<u>—</u>	<u>1,915,241</u>
Finance costs — net							(49,592)
Share of results of a jointly controlled entity	—	(37)	—	—	—	—	(37)
Profit before income tax							1,865,612
Income tax expense							(881,346)
Profit from continuing operations							984,266
Discontinued operations:							
Profit from discontinued operations							—
Profit for the year							<u>984,266</u>
Other segment information for continuing operations							
Capital and property development expenditure	462,615	754,048	141	148	687	—	1,217,639
Depreciation	2,253	4,531	17,372	783	571	—	25,510
Amortisation of land use rights as expenses	2,452	1,506	—	14	—	—	3,972
Fair value gains on investment properties				532,357			532,357

The segment assets and liabilities as at 31 December 2009 are as follows:

	Property development — commercial <i>RMB'000</i>	Property development — residential <i>RMB'000</i>	Hotel <i>RMB'000</i>	Property investment and management <i>RMB'000</i>	All other segments <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	3,598,912	8,857,118	281,756	2,869,266	2,507,555	(5,642,453)	12,472,154
Jointly controlled entity	—	144,851	—	—	—	—	144,851
	<u>3,598,912</u>	<u>9,001,969</u>	<u>281,756</u>	<u>2,869,266</u>	<u>2,507,555</u>	<u>(5,642,453)</u>	12,617,005
Unallocated:							
Held-to-maturity investments							60,156
Deferred income tax assets							141,139
Prepaid income taxes							<u>77,554</u>
Total assets							<u>12,895,854</u>
Segment liabilities	<u>2,574,432</u>	<u>4,597,983</u>	<u>182,075</u>	<u>167,031</u>	<u>1,848,256</u>	<u>(5,642,453)</u>	3,727,324
Unallocated:							
Deferred income tax liabilities							401,585
Borrowings							2,512,285
Income tax payable							<u>1,558,783</u>
Total liabilities							<u>8,199,977</u>

The segment results and other segment items for the year ended 31 December 2008:

	Property development — commercial <i>RMB'000</i>	Property development — residential <i>RMB'000</i>	Hotel <i>RMB'000</i>	Property investment and management <i>RMB'000</i>	All other segments <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Continuing operations:							
Total segment revenues	1,358,887	594,151	40,689	75,727	1,856	—	2,071,310
Inter-segment revenues	—	—	(3,184)	(7,061)	—	—	(10,245)
Revenues	<u>1,358,887</u>	<u>594,151</u>	<u>37,505</u>	<u>68,666</u>	<u>1,856</u>	<u>—</u>	<u>2,061,065</u>
Operating profit/(loss)	<u>855,649</u>	<u>127,836</u>	<u>(37,493)</u>	<u>170,604</u>	<u>(108,387)</u>	<u>—</u>	<u>1,008,209</u>
Finance costs — net							(46,491)
Share of results of							
— Associated company	—	(2,707)	—	—	—	—	(2,707)
— Jointly controlled entities	—	(112)	—	(2,147)	—	—	(2,259)
Profit before income tax							956,752
Income tax expense							<u>(546,257)</u>
Profit from continuing operations							410,495
Discontinued operations:							
Profit from discontinued operations							<u>6,455</u>
Profit for the year							<u>416,950</u>
Other segment information for continuing operations							
Capital and property development expenditure	771,585	1,218,830	743	149	248	—	1,991,555
Depreciation	2,664	3,095	16,385	1,464	401	—	24,009
Amortisation of land use rights as expenses	2,923	1,499	—	17	—	—	4,439
Impairment of goodwill	—	—	—	3,596	—	—	3,596
Impairment of completed properties held for sale	12,011	—	—	—	—	—	12,011
Impairment of prepayment for equity investment	—	—	—	—	100,000	—	100,000
Fair value gains on investment properties	<u>—</u>	<u>—</u>	<u>—</u>	<u>117,830</u>	<u>—</u>	<u>—</u>	<u>117,830</u>

The segment assets and liabilities as at 31 December 2008 are as follows:

	Property development — commercial <i>RMB'000</i>	Property development — residential <i>RMB'000</i>	Hotel <i>RMB'000</i>	Property investment and management <i>RMB'000</i>	All other segments <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	2,827,396	7,805,863	209,357	1,986,393	356,421	(3,436,467)	9,748,963
Jointly controlled entity	—	144,888	—	—	—	—	144,888
	<u>2,827,396</u>	<u>7,950,751</u>	<u>209,357</u>	<u>1,986,393</u>	<u>356,421</u>	<u>(3,436,467)</u>	<u>9,893,851</u>
Unallocated:							
Deferred income tax assets							125,144
Prepaid income taxes							<u>106,493</u>
Total assets							<u>10,125,488</u>
Segment liabilities	<u>1,341,873</u>	<u>6,497,413</u>	<u>184,930</u>	<u>126,851</u>	<u>644,552</u>	<u>(3,436,467)</u>	5,359,152
Unallocated:							
Deferred income tax liabilities							335,153
Borrowings							1,625,000
Income tax payable							<u>942,593</u>
Total liabilities							<u>8,261,898</u>

4 OTHER GAINS

	Year ended 31 December	
	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Government grants (<i>note (a)</i>)	41,132	13,411
Gains from disposal of property, plant and equipment	26,830	—
Income tax refunds on reinvestment (<i>note (b)</i>)	21,183	16,009
Reversal of compensation for cancellation of an equity transfer agreement (<i>Note 5(c)</i>)	20,000	—
Reversal of provision for delay in delivering properties	7,977	11,533
Net exchange gain	—	12,885
Compensation from government	—	15,790
Miscellaneous	<u>1,068</u>	<u>230</u>
	<u>118,190</u>	<u>69,858</u>

Notes:

- (a) The government grants represented both the amortisation of deferred government grant and other subsidy income received from various local governments to certain subsidiaries which were credited to the consolidated income statements directly. Grants from government were recognised at their fair values when the Group fulfilled the attached conditions.

As the provision of government grants should be approved by local government on a case by case basis, there is no assurance that the Group will continue to enjoy such grants in the future.

- (b) According to the tax regulations of the PRC, income tax refund on reinvestment made prior to 1 January 2008 is available to foreign investors when they reinvest their dividends receivable from invested entities in the PRC to other invested entities in the PRC, instead of remitting outside the PRC. The amount represented the income tax refunds received by the Group for its reinvestment of profits from certain PRC subsidiaries into its other PRC subsidiaries.

5 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs, administrative expenses and other operating expenses are analysed as follows:

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Staff costs — including directors' emoluments (<i>note (a)</i>)	34,186	26,789
Auditor's remuneration	2,800	6,738
Depreciation	25,510	24,009
Amortisation of land use rights	3,972	4,439
Advertising, promotion and commission costs	64,343	44,958
Cost of properties sold	1,896,887	756,134
Business tax and other levies on sales of properties (<i>note (b)</i>)	181,911	98,596
Direct outgoings arising from investment properties that generate rental income	10,760	10,716
Hotel operating expenses	34,814	40,645
Impairment of goodwill	—	3,596
Charitable donations	5,267	3,514
Office expenses	40,002	32,733
Professional fees	42,267	18,759
Provision for impairment of receivables and other non-current assets		
— impairment of a prepayment for equity investment	—	100,000
— others	37,507	2,890
Losses on disposal of subsidiaries and businesses	—	8,779
Compensation for cancellation of an equity transfer agreement (<i>note (c)</i>)	—	20,000
Impairment of completed properties held for sale	—	12,011
Miscellaneous	36,107	25,238
	<u>2,416,333</u>	<u>1,240,544</u>

(a) Staff costs (including directors' emoluments)

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Wages and salaries	29,360	22,360
Pension costs — statutory pension	2,707	2,490
Other allowances and benefits	2,119	1,939
	<u>34,186</u>	<u>26,789</u>

(b) Business tax and other levies on sales of properties

The PRC companies of the Group are subject to business tax of 5% and other levies on their revenues from sale of properties.

(c) Compensation for cancellation of an equity transfer agreement

On 15 November 2004, the Group entered into an equity transfer agreement to sell its 34% equity interest in Quanzhou Mingfa Hotel Co., Ltd. to a third party at a consideration of RMB10,000,000. However, such transfer had not been executed, nor registered with government authorities, and as a result, such transfer had not been accounted for in the Group's consolidated financial statements. On 18 January 2008, the Group entered into a cancellation agreement with the third party and to return the previous consideration of RMB10,000,000 and additional RMB20,000,000 for compensation. As at 31 December 2008, the additional compensation has not been settled and therefore has included in other payables (Note 12(b)). On 29 August 2009, the Group entered into a compensation cancellation agreement with the third party, pursuant to which the compensation of RMB20,000,000 was cancelled and the compensation charged in 2008 was reversed in 2009 (Note 4).

6 FINANCE INCOME AND COSTS

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Finance income		
— interest income on bank deposits	1,901	1,584
— interest income on held-to-maturity investments	407	—
	2,308	1,584
Interest on bank borrowings and overdrafts		
— wholly repayable within five years	(119,280)	(123,868)
— wholly repayable over five years	(8,744)	—
Less: Interest capitalised	76,124	75,793
Finance costs	(51,900)	(48,075)
Net finance costs	(49,592)	(46,491)

7 INCOME TAX EXPENSE

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Current income tax		
— PRC enterprise income tax	427,988	111,997
— PRC land appreciation tax	407,822	343,736
	835,810	455,733
Deferred income tax		
— PRC enterprise income tax	(11,287)	60,937
— PRC withholding income tax	56,823	29,587
	45,536	90,524
	881,346	546,257

Hong Kong profits tax

No Hong Kong profits tax has been provided for as the Group has no assessable profit in Hong Kong for the year ended 31 December 2009 (2008: Nil).

PRC enterprise income tax

On 16 March 2007, the National People's Congress approved the Enterprise Income Tax Law of the PRC (the "new EIT Law"). The new EIT Law reduces the standard enterprise income tax rate for domestic enterprises and foreign invested enterprises from 33% to 25% effective from 1 January 2008 and there are transitional arrangements for enterprises which have been subject to preferential tax treatments in the past. For the subsidiaries established in Xiamen of the PRC, the new tax rate will gradually increase from 15% to 25% starting from 1 January 2008 over 5 years.

PRC enterprise income tax is provided for on 25% of the profits for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC enterprise income tax purpose. The subsidiaries established in Xiamen of the PRC are entitled to a preferential tax rate of 20% for the year ended 31 December 2009 (2008: 18%).

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including cost of land use rights, borrowing costs, business taxes and all property development expenditures. The tax is incurred upon transfer of property ownership.

PRC withholding income tax

According to the new EIT Law and its detailed implementation regulations, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding companies established outside the PRC when their invested entities in the PRC declare their dividends out of the profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The Group accrues for the PRC withholding income tax based on the tax rate of 5% for its immediate holding companies which are established in Hong Kong.

8 EARNINGS PER SHARE

Basic earnings per share for the years ended 31 December 2009 and 2008 is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. In determining the weighted average number of ordinary shares in issue during 2009 and 2008, the 1,000 shares issued and allotted in connection with the Reorganisation on 26 September 2008 and the 5,099,989,000 shares issued and allotted through capitalization of the share premium account arose from the listing on 13 November 2009 have been regarded as if these shares were in issue since 1 January 2008.

	Year ended 31 December	
	2009	2008
Profit attributable to equity holders of the Company		
— From continued operations (<i>RMB'000</i>)	987,461	442,873
— From discontinued operations (<i>RMB'000</i>)	<u>—</u>	<u>5,540</u>
	<u>987,461</u>	<u>448,413</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>5,220,822</u>	<u>5,100,000</u>
Basic earnings per share (<i>RMB cents</i>)		
— From continued operations	18.9	8.7
— From discontinued operations	<u>—</u>	<u>0.1</u>
	<u>18.9</u>	<u>8.8</u>

As there were no dilutive options and other dilutive potential shares in issue during 2009 and 2008, diluted earnings per share is the same as basic earnings per share.

9 DIVIDENDS

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Proposed final dividend of HK5 cents (2008: Nil) per ordinary share	<u>264,144</u>	<u>—</u>

At a meeting held on 20 April 2010, the directors proposed a final dividend of HK5 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2010 upon approval by the shareholders at the forthcoming annual general meeting of the Company.

10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
Trade receivables (<i>note (a)</i>)	95,686	87,395
Less: Provision for impairment of receivables	<u>(51,329)</u>	<u>(23,857)</u>
Trade receivables — net	44,357	63,538
Deposits for resettlement costs (<i>note (c)</i>)	13,684	13,684
Advances to third parties (<i>note (d)</i>)	3,339	1,261
Advances to a company to be acquired by the Group (<i>note (e)</i>)	54,667	—
Other receivables	55,849	20,585
Prepayments for construction costs	3,629	20,777
Prepaid business tax on pre-sale proceeds	<u>101,081</u>	<u>96,885</u>
	276,606	216,730
Less: Non-current portion of other receivables (<i>note (b)</i>)	<u>(23,390)</u>	<u>—</u>
Current portion	<u>253,216</u>	<u>216,730</u>

As at 31 December 2009 and 2008, the fair values of trade receivables, deposits for resettlement costs, advances to third parties and other receivables approximate their carrying amounts.

Note:

- (a) Trade receivables are mainly arisen from sales of properties and lease of investment properties. Proceeds in respect of properties sold and leased are to be received in accordance with the terms of the related sales and purchase agreements and lease agreements.

The ageing analysis of trade receivables is as follows:

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
Within 90 days	21,582	23,559
Over 90 days and within 1 year	30,082	46,750
Over 1 year and within 2 years	29,681	16,603
Over 2 years	<u>14,341</u>	<u>483</u>
	<u>95,686</u>	<u>87,395</u>

The ageing analysis of trade receivables past due but not impaired is as follows:

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
Within 90 days	5,955	3,037
Over 90 days and within 1 year	1,677	3,727
Over 1 year and within 2 years	983	1,642
Over 2 years	<u>—</u>	<u>424</u>
	<u>8,615</u>	<u>8,830</u>

As at 31 December 2009, trade receivables of RMB8,615,000 which were past due but not impaired have been received subsequent to the year end.

As at 31 December 2009, trade receivables of RMB51,329,000 (2008: RMB23,857,000) are considered impaired.

- (b) Non-current other receivables represent the unsettled proceeds from the sale of a building included in property, plant and equipment which are to be collected over a period of seven years. The receivables were initially recognised at fair value based on cash flows discounted using a rate of 5.94%.
- (c) Deposits for resettlement costs mainly represent the prepayments to local governments to compensate resettlement activities on the land to be acquired by the Group. The deposits will be transferred to part of construction and development costs once the Group obtained the land titles.
- (d) The advances to third parties were unsecured and interest-free.
- (e) The balance represented the advances to Zhenjiang Hanxing Real Estate Company Limited, which became a subsidiary of the Group since 20 January 2010. The advances were unsecured and interest-free.

11 BORROWINGS

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
Borrowings included in non-current liabilities		
Bank borrowings — secured	2,434,500	1,275,000
Bank borrowings — unsecured	<u>—</u>	<u>350,000</u>
	2,434,500	1,625,000
Less: Amounts due within one year	<u>(293,800)</u>	<u>(1,030,010)</u>
	<u>2,140,700</u>	<u>594,990</u>
Borrowings included in current liabilities		
Bank overdrafts	8,185	—
Bank borrowings — secured	69,600	—
Current portion of long-term borrowings	<u>293,800</u>	<u>1,030,010</u>
	<u>371,585</u>	<u>1,030,010</u>

The maturity of the borrowings included in non-current liabilities is as follows:

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
Bank borrowings:		
Between 1 and 2 years	415,880	500,000
Between 2 and 5 years	1,182,620	94,990
Over 5 years	542,200	—
	<u>2,140,700</u>	<u>594,990</u>

12 TRADE AND OTHER PAYABLES

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
Trade payables (<i>note (a)</i>)	1,053,021	2,209,611
Other payables (<i>note (b)</i>)	415,341	495,953
Other taxes payable	131,123	55,886
	<u>1,599,485</u>	<u>2,761,450</u>

Notes:

(a) The ageing analysis of trade payables is as follows:

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
Within 90 days	955,672	2,130,443
Over 90 days and within 1 year	97,349	79,168
	<u>1,053,021</u>	<u>2,209,611</u>

(b) Other payables comprise:

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
Deposits and advances from constructors	6,130	64,752
Excess proceeds and deposits received from customers	—	13,052
Deposits received from tenants	7,695	3,220
Advances from third parties	160,738	167,614
Unpaid compensation for cancellation of an equity transfer agreement (<i>Note 5(c)</i>)	—	20,000
Consideration payable on acquisition of additional interest in an associated company	167,201	169,201
Unpaid professional fees	28,862	20,444
Miscellaneous	44,715	37,670
	<u>415,341</u>	<u>495,953</u>

BUSINESS REVIEW

2009 was an important year for the Group because with the efforts of our staff and the professional parties, as well as the support of the investors at large, the Group was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 13 November 2009 with the net proceeds raised from the listing amounting to HK\$2,081 million, which has laid a milestone for the future development of the Group. Upon a successful listing of the Company on the Stock Exchange, apart from gaining access to the international capital market, the Group has also enhanced its management capabilities through compliance with the requirements of Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) in its management operations, which also helps attracting talents in the industry to join the Group.

Sales and Earnings

The total area of properties in terms of GFA sold and delivered to the customers by the Group in 2009 was approximately 692,271 sq.m., representing an increase of 225.7% over the last year (2008: 212,548 sq.m.). The Group recorded an increase in the sale of residential properties in 2009 because a significant number of completed residential units with an aggregate GFA of 589,370 sq.m. of Nanjing Mingfa Riverside New Town were delivered by the Group to the customers in 2009 (2008: residential units with an aggregate GFA of 139,375 sq.m. were delivered).

During the year under review, the average sales price of the Group’s properties in 2009 was RMB5,150 per sq.m. (2008: average sales price was RMB9,189 per sq.m.), representing a decrease of 44.0% over 2008. Such decrease was mainly attributable to the kinds and proportions of properties sold by the Group such that, while the Group sold and delivered more residential properties in Nanjing in 2009, the Group sold and delivered more commercial properties in Xiamen in 2008 which selling price were comparatively higher than that of residential properties.

The total GFA of the major property projects delivered by the Group in 2009 and the average sales price per sq.m. were as follows:

	Sales Revenue (RMB million)		GFA Delivered (sq.m.)		Average Selling Price (RMB per sq.m.)	
	2009	2008	2009	2008	2009	2008
Nanjing Mingfa Riverside New Town	3,188.85	651.94	653,854	148,558	4,877.0	4,388.4
Xiamen Mingfa Shopping Mall	39.40	1,251.02	1,646	60,283	23,940.9	20,752.5

The average cost of sales of the Group was recorded RMB3,002.8 per sq.m. in 2009, representing a decrease of 25.3% over 2008 (2008: average cost of sales was RMB4,021.4 per sq.m.). Such decrease was mainly attributable to the kinds and proportions of properties sold by the Group such that, while the Group sold and delivered more commercial properties in Xiamen in 2008, the Group sold and delivered more residential properties in Nanjing in 2009 which cost of sales were comparatively lower than that of commercial properties.

The gross profit of the Group amounted to RMB1,531.9million in 2009, representing an increase of 35.0% over 2008 (2008: gross profit was RMB1,135.1 million). The major reason for the recorded increase in the gross profit was attributable to the increase of 225.7% in the sales area in 2009 compared with that in 2008, despite the decrease in the gross profit margin from 55.0% in 2008 to 41.6% in 2009.

The profit attributable to the equity holders of the Company was RMB987.5 million in 2009, representing an increase of RMB539.1 million or 120.2% from that of 2008. The major reasons for the increase were attributable to the increase in total GFA delivered to customers by the Group in 2009, and the increase of RMB414.6 million in the fair value gain of the Group on investment properties in 2009 over 2008 (2009: RMB532.4 million; 2008: RMB117.8 million).

Pre-sold Properties

As of 31 December 2009, the Group has pre-sold properties with an aggregate GFA of 316,694 sq.m. to the customers. Set out below are the details of the projects and the area pre-sold by the Group:

	GFA (<i>sq.m</i>)
Nanjing Mingfa Riverside New Town	65,560
Nanjing Mingfa Shopping Mall	89,520
Yangzhou Mingfa Shopping Mall	81,355
Hefei Mingfa Shopping Mall	64,308
Xiamen Mingfa Shopping Mall	8,081
Wuxi Mingfa Shopping Mall	<u>7,870</u>
	<u><u>316,694</u></u>

Strategy

In terms of corporate strategies, the Group continues to focus its businesses on the Greater Yangtze River Delta, which is the most rapidly developing region in the People's Republic of China ("PRC"), as well as those areas or municipalities which will be or are expected by the Group to become important business centres or commercial districts in the PRC during the coming three to five years.

LAND RESERVE

The Group has seized opportunities in acquiring three additional lots of land with a respective GFA of approximately 154,000 sq.m. in Huai'an, 221,000 sq.m. in Yangzhou and 237,500 sq.m. in Xiamen, which land acquisitions have been completed before March 2010 to increase and replenish the land bank and reserve of the Group. In order to support our rapid growth, the Group also targets to acquire more land at reasonable price in Tianjin, Chengdu, Jiangsu, Zhenyang, Shanghai and Beijing to consolidate its business foundation, and will continue to adopt a prudent strategy to carry on its business and operations in future.

The following table summarized the details of the Group's land bank:

Project Name	Address	Actual/ Estimated Completion Date	Type of Properties	Status	Site Area (Sq.m.)	Approximate Leasable and Saleable GFA (Sq.m.)	Group's Interest	Attributable GFA (Sq.m.)
Completed Projects (held for Sale/Leasing) (note 1)								
Xiamen Mingfa Seascape Garden	Located at Qianpu South 2 Road, Siming district, Xiamen, Fujian Province.	Dec-2004	Residential/ Commercial/ Office	Completed	18,247	780	100%	780
Xiamen Mingfa Noble Place	Located at Jiangtou Residential, Huli district, Xiamen, Fujian Province.	Dec-2004	Residential/ Commercial/ Office	Completed	5,529	5,555	100%	5,555
Xiamen Mingfa Garden	Located at Huanhuli South, Lvling Road, Siming district, Xiamen, Fujian Province.	Apr-2005	Residential/ Commercial	Completed	18,697	18,652	100%	18,652
Xiamen Jianqun Elegant Garden	Located at Qianpu Lianqian East Road North, Huli district, Xiamen, Fujian Province.	Apr-2005	Residential/ Office	Completed	10,257	7,168	100%	7,168
Xiamen Mingfa International New Town	Located at Qianpu Lianqian Road South, Siming district, Xiamen, Fujian Province.	Feb-2002	Residential/ Commercial/ Office	Completed	26,016	23,760	100%	23,760
Xiamen Mingfa Shopping Mall	Located to the northwest of Jiahe Road and Lianqian Road, Siming district, Xiamen, Fujian Province.	Oct-2007	Commercial/ Office/Hotel	Completed	166,775	48,440	70%	33,908
Xiamen Mingfa Town	Located at Lvling Road, Siming Industrial Park, Siming district, Xiamen, Fujian Province.	Jan-2008	Residential/ Commercial	Completed	12,879	15,397	100%	15,397
Xiamen Mingli Garden	Located at Qianpu Keque Road, Siming district, Xiamen, Fujian Province.	Jan-2008	Residential	Completed	17,356	1,410	100%	1,410
Nanjing Pearl Spring Resort	Located in Pearl Spring Resort, Pukou district, Nanjing, Jiangsu Province.	Dec-2008	Residential/Hotel	Completed	112,973	30,627	100%	30,627
Nanjing Mingfa Riverside New Town	Located in Taishan village, Pukou district, Nanjing, Jiangsu Province.	Nov-2009	Residential/ Commercial	Completed	1,072,182	383,630	100%	383,630
Sub-total					1,460,911	535,419		520,887

Project Name	Address	Actual/ Estimated Completion Date	Type of Properties	Status	Site Area (Sq.m.)	Approximate Leasable and Saleable GFA (Sq.m.)	Group's Interest	Attributable GFA (Sq.m.)
Properties under Development <i>(note 2)</i>								
Nanjing Mingfa International Industrial Material Park	Located in Yuhua Economic Development Zone, Nanjing, Jiangsu Province	Jun-2010	Industrial	The buildings have been topped up and all major structural construction work has been completed	351,136	463,298	100%	463,298
Xiamen Mingfa Group Mansion	Located in Qianpu Industrial Park, Xiamen, Fujian Province.	Jun-2010	Commercial/ Office	The buildings have been topped up and all major structural construction work has been completed	13,186	36,346	100%	36,346
Nanjing Mingfa Shopping Mall	Located at the intersection of Dingqiang Road and Yulan Road in Yuhuatai district, Nanjing, Jiangsu Province	Dec-2010	Commercial/ Office/Hotel	The buildings have been topped up and all major structural construction work has been completed	182,588	326,960	100%	326,960
Wuxi Mingfa Shopping Mall	Located in Sitou Village and Tangtou Village, Yanqiao town, Huishan district, Wuxi, Jiangsu Province	Dec-2010	Residential/ Commercial/ Hotel	The buildings have been topped up and all major structural construction work has been completed	216,643	489,364	70%	342,555
Hefei Mingfa Shopping Mall	Located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang district, Hefei, Anhui Province	Dec-2010	Residential/ Commercial/ Office/Hotel	The buildings have been topped up and all major structural construction work has been completed	176,698	578,610	100%	578,610
Yangzhou Mingfa Shopping Mall	Located at the south of Yunhe Road East and west of Baolin Road, Guangling District, Yangzhou, Jiangsu Province	Apr-2011	Residential/ Commercial/ Hotel	Approximately 50% construction has been completed	145,267	399,353	100%	399,353
Sub-total					1,085,518	2,293,931		2,147,122
Properties with land use right certificate for future development								
Nanjing Mingfa City Square	Located on Dingshan Road, Pukou district, Nanjing, Jiangsu Province.	Sep-2011	Residential/ Commercial/ Office	Currently in the course of applying construction permit	128,683	299,520	100%	299,520
Nanjing Mingfa Business Park	Located in Nanjing High-Tech Development Zone, Pukou District, Nanjing, Jiangsu Province.	Dec-2012	Industrial	Currently in the course of applying construction permit	547,215	827,762	100%	827,762
Wuxi Mingfa International New Town	Located south of Yanqiao town, Huishan district, Wuxi, Jiangsu Province.	Dec-2012	Residential/ Commercial	Currently in the course of applying construction permit	258,297	549,561	100%	549,561
Zhenjiang Jinxiu Yinshan	Located in the centre of Zhenjiang City, Jiangsu Province	Dec-2012	Residential/ Commercial/ Hotel	Currently in the course of applying construction permit	296,702	404,678	100%	404,678
Xiamen Mingfa Harbor Resort	Located at south of Wu Yuan Wan Bridge, west of Huan Wan Road, and along the seaview strip of Huli district, Xiamen, Fujian Province.	Mar-2013	Hotel	Currently in the course of applying construction permit	58,952	161,705	100%	161,705
Zhangzhou Mingfa Shopping Mall	Located at Longjiang Road East, Shuixian Street North, No. 6 Road West, Xinpu Road South, Zhangzhou City, Fujian Province.	May-2013	Residential/ Commercial/ Office/Hotel	Currently in the course of applying construction permit	223,589	688,383	100%	688,383
Xiamen Yuanchang Shanzhuang	Longshan, Lianqian Road, Xiamen, Fujian Province.	Dec-2013	Residential	Currently in the course of applying construction permit	52,606	290,950	50%	145,475
Sub-total					1,566,044	3,222,559		3,077,084

Project Name	Address	Actual/ Estimated Completion Date	Type of Properties	Status	Site Area (Sq.m.)	Approximate Leasable and Saleable GFA (Sq.m.)	Group's Interest	Attributable GFA (Sq.m.)
Properties with signed land use right contract for future development								
Honglai Mingfa Commercial Center	Located at Longlai district, Nanan, Fujian Province.	Dec-2011	Residential/ Commercial	Currently in the course of applying land use rights certificate	27,065	77,153	100%	77,153
Xiamen Mingfeng Town	Located at Douling, Siming district, Xiamen, Fujian Province.	Feb-2013	Industrial	Currently in the course of applying land use rights certificate	19,909	103,921	100%	103,921
New land in Xiang'an, Fujian Province	Located at East part of Xiang'an Road, Xiang'an, Fujian Province.	Dec-2013	Residential/ Commercial	Currently in the course of applying land use rights certificate	104,380	237,500	100%	237,500
New land in Yangzhou, Jiangsu Province	Located at East of Xuzhuang Road, North of Kaifa East Road, West of Liaojiagou Road, South of Ming Cheng Road, Yangzhou, Jiangsu Province.	Dec-2013	Residential	Currently in the course of applying land use rights certificate	158,238	221,533	100%	221,533
New land in Huaian, Jiangsu Province	Located in Weihai East Road, Huaian, Jiangsu Province	Dec-2013	Residential	Currently in the course of applying land use rights certificate	51,345	154,035	100%	154,035
Sub-total					360,937	794,142		794,142
Total land bank					4,473,410	6,846,051		6,539,235

Notes:

1. Completed Properties refer to the properties in respect of which (a) the certificates of completion, (b) the permits for commencement of construction works and (c) the land use rights certificates have been obtained as at 31 December 2009.
2. Properties under development refer to the properties in respect of which (a) the permits for commencement of construction works and (b) the land use rights certificates have been obtained as at 31 December 2009.
3. The site area is in respect of the whole project (regardless of GFA that have been sold).
4. The approximate leasable and saleable GFA has excluded the GFA that have been sold/leased.

Summary of Properties held by the Group for Investment

The following table summarized the details of the Group's major properties held for investment:

Name of Property/Project	Address/Lot No.	Existing Usage	GFA for Investment (sq.m.)	Term of Leases	Percentage of Interest in the Properties attributable to the Group
Xiamen Mingfa Shopping Mall	Located at the northwest of Jiahe Road and Lianqian Road, Siming district, Xiamen City, Fujian Province	Commercial	105,768	8–20 years	70%
Nanjing Mingfa Shopping Mall	Located at the intersection of Dingqiang Road and Yulan Road in Yuhuatai district, Nanjing City, Jiangsu Province	Commercial	81,240	10–15 years	100%
Xiamen Mingfa Technology Park	Located in Kaiyuan Xing'an Industrial Park, Tong'an district, Xiamen City, Fujian Province	Industrial	62,131	18 years	100%
Nanjing Mingfa Riverside New Town	Located in Taishan village, Pukou district, Nanjing City, Jiangsu Province	Commercial	2,631	3–9 years	100%
Xiamen Mingfa Hotel	Located at No. 413 Lianqian East Road, Xiamen City, Fujian Province	Hotel	10,925	10 years	100%
Xiamen Mingfa Industrial Park	Located at No. 2 Honglian Road West, Siming District, Xiamen City, Fujian Province	Industrial	11,588	8–5 years	100%
Xiamen Lianfeng Furniture Park	Located at Honglian Road, Siming district, Xiamen City, Fujian Province	Industrial	26,120	20 years	100%
Lianfeng Building Room 401	Located at Lianqian East Road, Siming District, Xiamen City, Fujian Province	Office	2,028	8 years	100%
Total GFA:			<u>302,431</u>		

Progress of Development on Major Projects

The progress and current status of the development of the Group's shopping malls in various sites and locations are as follows:

Nanjing Mingfa International Industrial Material Park

Nanjing Mingfa International Industrial Material Park is located in the Yuhua Economic Development Zone in Nanjing City, Jiangsu Province. This project is a large-scale integrated industrial complex with a total GFA of approximately 463,298 sq.m. approved for industrial use. The property complex consists of an exhibition area of approximately 340,000 sq.m. and is complemented by offices, management and other ancillary facilities. Nanjing Mingfa International Industrial Material Park is one of the largest industrial raw materials trading centres in the Greater Yangtze River Delta and the southeastern part of China and is expected to serve as a multi-functional platform and become the future centre for the trading of industrial raw materials. In line with the regional and national trends and demands of such

market, Nanjing Mingfa International Industrial Material Park will maintain high standards in providing exhibitions, logistics and communications in order to serve various industries such as construction, metals, chemicals, leather, textiles and electronics industries.

Xiamen Mingfa Group Mansion

Xiamen Mingfa Group Mansion is located in Qianpu Industrial Park, Xiamen City, Fujian Province, which is a commercial district nearby the coastal area. It is an integrated office complex comprising offices and exhibition centres, and it offers the users and occupants of the building complex a spectacular sea-view scenery given the proximity to the seashore. Xiamen Mingfa Group Mansion will enjoy the convenience and benefits of a well-established transportation facilities network and is close to the Xiamen International Convention and Exhibition Centre. The project offers a total GFA of 36,346 sq.m. and its target customer group will be small and medium enterprises.

The project is expected to be completed in June 2010.

Nanjing Mingfa Shopping Mall

Nanjing Mingfa Shopping Mall is located at the intersection of Dingqiang Road and Yulan Road in Yuhuatai district, Nanjing City, Jiangsu Province. Nanjing Mingfa Shopping Mall is designed to be a large-scale and integrated building complex consisting of commercial, hotel and office units with a total GFA of approximately 415,779 sq.m. (as at the date of 31 December 2009, 7,579 sq.m. out of the total GFA had already been delivered to the customers). This project is designed to include retail space, office space, hotel space and ancillary facilities. The shopping mall will gain convenient access to major transportation such as trains, subway, light-rail trains and other public transportation because the shopping mall is in the vicinity of the Nanjing South Bus Terminal, subway station and Nanjing South Railway Station. The Nanjing South Railway Station, which is currently under construction, is believed to be a major railway station in the PRC upon its completion.

As of 31 December 2009, two blocks of office buildings with an aggregate GFA of 8,153 sq.m. had been completed. The remaining six blocks of office building and commercial complex are expected to be completed in phases by 31 December 2010.

As of 31 December 2009, office and commercial buildings with an aggregate GFA of 89,520 sq.m. had been pre-sold and such pre-sold units will be delivered by the Group to the customers after its completion in 2010.

Wuxi Mingfa Shopping Mall

Wuxi Mingfa Shopping Mall is located in Sitou Village and Tangtou Village, Yanqiao town, Huishan district, Wuxi City, Jiangsu Province, at the intersection of Wuxi town's Weishan Road and Beihuan Road. Wuxi Mingfa Shopping Mall will gain easy and convenient access to the surrounding transportation networks. Wuxi Mingfa Shopping Mall is designed to be a large-scale and integrated building complex consisting of commercial, residential and hotel elements, which include supermarkets, department stores, cinemas and a number of themed pedestrian-only walkways. The total GFA of Wuxi Mingfa Shopping Mall is approximately 489,364 sq.m. and we believe that this shopping mall, when completed, will become one of the largest integrated shopping malls and a new commercial landmark in Wuxi. The Group plans to introduce well-known international brands as anchor tenants to a number of stores in Wuxi Mingfa Shopping Mall.

Wuxi Mingfa Shopping Mall is expected to be completed in phases by the end of 2010.

As of 31 December 2009, an aggregate GFA of 7,870 sq.m. had been pre-sold and such pre-sold units will be delivered to the customers after its completion in 2010.

Hefei Mingfa Shopping Mall

Hefei Mingfa Shopping Mall is located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang district, Hefei City, Anhui Province. Hefei Mingfa Shopping Mall will gain easy and convenient access to the surrounding transportation networks and infrastructure facilities. Hefei Mingfa Shopping Mall is designed to be a large-scale and integrated building complex consisting of commercial, residential, hotel and office elements, which include retail stores, themed pedestrian-only walkways, restaurants, hotels, cinemas as well as residential properties. The total GFA of Hefei Mingfa Shopping Mall is approximately 578,610 sq.m. and we believe that this shopping mall, when completed, will become one of the largest integrated shopping malls in Anhui Province. The Group plans to introduce well-known brands as anchor tenants to a number of stores in Hefei Mingfa Shopping Mall.

Hefei Mingfa Shopping Mall is expected to be completed in phases by the end of 2010.

As of 31 December 2009, an aggregate GFA of 64,308 sq.m. had been pre-sold and such pre-sold units will be delivered to customers after its completion in 2010.

Yangzhou Mingfa Shopping Mall

Yangzhou Mingfa Shopping Mall is located to the south of Yunhe Road East and west of Baolin Road, Guangling District, Yangzhou City, Jiangsu Province. Yangzhou Mingfa Shopping Mall is designed to be a large-scale and integrated building complex including commercial, residential and hotel units with a total GFA of approximately 399,353 sq.m.. It is conveniently located next to the Great Canal of China, the East Yangzhou Bus Station as well as the Beijing-Shanghai Highway and Ningbo-Nantong Highway. Upon completion, Yangzhou Mingfa Shopping Mall will comprise residential properties and a hotel block consisting of shopping, entertainment, leisure and dining facilities. The design of the Yangzhou Mingfa Shopping Mall consists of streets specifically dedicated to supermarkets, furniture stores, electronics stores, cinemas and stores of well-known brands, to this end the Group plans to introduce well-known brands as anchor tenants to a number of stores. We believe that Yangzhou Mingfa Shopping Mall will become one of the largest integrated shopping malls in Yangzhou.

It is expected that an aggregate GFA of 250,000 sq.m. out of the total completion area of 399,000 sq.m. will be completed in phases by the end of 2010. The remaining portion of the Yangzhou Mingfa Shopping Mall is expected to be completed in mid 2011.

As of 31 December 2009, an aggregate GFA of 81,355 sq.m. had been pre-sold and such pre-sold units will be delivered to the customers after its completion in 2010.

Properties to be Completed in 2010

It is expected that for the projects and properties to be completed by the Group in 2010, the total GFA available for sale/leasing by the Group will be approximately 2,225,244 sq.m. Details of which are as follows:

	Expected Completion Date	GFA available for Sale/Leasing (sq.m.)	Percentage of Interest in the Project attributable to the Group	Usage	Remarks
Nanjing Mingfa Shopping Mall	Dec-2010	407,626	100%	Commercial	(a)
Yangzhou Mingfa Shopping Mall	Dec-2010	250,000	100%	Commercial & residential	(b)
Hefei Mingfa Shopping Mall	Dec-2010	578,610	100%	Commercial & residential	
Wuxi Mingfa Shopping Mall	Dec-2010	489,364	70%	Commercial & residential	
Nanjing Mingfa International Industrial Material Park	Jun-2010	463,298	100%	Industrial	
Xiamen Mingfa Group Mansion	Jun-2010	<u>36,346</u>	100%	Office	
		<u><u>2,225,244</u></u>			

Remark:

(a) GFA of 8,153 sq.m. had been completed in October 2009

(b) GFA of 250,000 sq.m. out of 399,353 sq.m. will be completed in December 2010.

Framework Agreements

As at the latest practicable date for publication of this announcement, the Group had entered into seven memoranda of understanding with various PRC governmental bodies after being approached by them in relation to urban renewal and redevelopment programs in different cities and locations. Three of the memoranda were executed before 2009, one of them was executed in 2009 and the remaining three were executed in 2010 before publication of this announcement. These memoranda of understanding are not binding and there is no assurance that we will be granted the land use right upon signing of the same. On the contrary, these memoranda only set out the parties' intention of cooperation in future development of land and the Group still has to go through the public tender, auction or listing-for-sale procedures pursuant to the relevant PRC rules and regulations in order to obtain the land use right from the PRC governmental authorities for the future land development. Notwithstanding the same, we view it as the opportunities for our Group to establish a closer strategic and working relationship with the relevant PRC governmental authorities which is in the interest and to the benefit of the Group in the long run. Summary information of these redevelopment programs to which the 7 memoranda relate are as follows:

	Location	Agreement Date	GFA (sq.m.)
Nanjing Mingfa Furniture Centre (南京明發家具中心)	Nanjing City, Jiangsu Province	01-May-05	53,408
Nanjing Mingfa Riverside New Town, District II (南京濱江新城二區)	Nanjing City, Jiangsu Province	16-Aug-07	400,000
Huai'an Mingfa International Industrial Material Park and Mingfa International Town (淮安明發國際工業原料城和明發國際城)	Huaian City, Jiangsu Province	28-Nov-07	1,180,219
Tianjin Jingjin Mingfa International Town (天津京津明發國際城)	Tianjin City	06-Dec-09	3,000,000
Shenyang Creative Park (瀋陽創意產業園)	Shenyang City, Liaoning Province	28-Jan-10	1,800,000
Shenyang residential and commercial complex (瀋陽商住項目)	Shenyang City, Liaoning Province	28-Jan-10	714,000
Shenyang residential, hotel and commercial complex (瀋陽商住及酒店項目)	Shenyang City, Liaoning Province	28-Jan-10	283,335
			<u>7,430,962</u>

Use of Proceeds of Global Offering

In November 2009, the Company issued 900,000,000 shares at HK\$2.39 per share by way of the global offering. The net proceeds after deducting the relevant expenses were approximately HK\$2,081 million.

As a result of the Ma An Shan Complex Project will not be further proceeded with by the Group in future, approximately 8% of the net proceeds amounting to HK\$166 million earmarked by the Group for the acquisition of land for the Ma An Shan Complex Project will be applied to other potential land acquisitions in China as the Board considers appropriate and in the interest of the Group. As at the date of this announcement, the Directors have not identified any specific target for its potential land acquisition. As at 31 December 2009, all the

listing proceeds not yet utilized (including the amount planned for use on the Ma An Shan Complex Project) in the amount of approximately HK\$2,081.0 million were placed in banks as short-term and saving deposits. Save as disclosed above, the Board intends that all the net proceeds will be used in accordance with the plans and purposes as set out in the Prospectus of the Company.

FINANCIAL ANALYSIS

The gross profit of the Group was recorded RMB1,531.9 million in 2009, representing an increase of 35.0% over 2008 (2008: gross profit was RMB1,135.1 million). The major reason for the recorded increase in the gross profit is attributable to the increase in the sales area in 2009 by 225.7% compared with that in 2008, notwithstanding that the extent of the increase in the gross profit of the Group has been diminished and set off by a decrease in the gross profit margin from 55.1% in 2008 to 41.6% in 2009.

The profit attributable to the equity holders of the Company was RMB987.5 million in 2009, representing an increase of RMB539.0 million or 120.2% from that of 2008. The major reasons for the increase were attributable to the increase in total GFA delivered to customers by the Group in 2009, and the increase in the fair value gain of the Group on investment properties in 2009 in the amount of RMB532.4 million, representing an increase of RMB414.6 million over 2008 (2008: RMB117.8 million).

Capital Structure

As of 31 December 2009, the Group had aggregate cash and cash equivalents of RMB2,868.8 million (31 December 2008: RMB122.2 million).

The current ratio as at 31 December 2009 was 1.67 (31 December 2008: 0.96).

As at 31 December 2009, the bank loans of the Group repayable within one year and after one year were approximately RMB371.6 million and RMB2,140.7 million respectively (As at 31 December 2008: approximately RMB1,030.0 million and RMB595.0 million respectively).

The net finance costs in 2009 amounted to RMB50.0 million (2008: RMB46.5 million) in total.

In addition, interests with an amount of RMB76.1 million (2008: RMB75.8 million) were capitalized in 2009.

Interest cover (including amount of interests capitalized) was 15.0 times (2008: 8.1 times).

As at 31 December 2009, the ratio of total liabilities to total assets of the Group was 63.6% (31 December 2008: 81.6%).

As at 31 December 2009, the ratio of bank loans and other borrowings to shareholder's funds of the Group was 54.2% (31 December 2008: 90.4%). As at 31 December 2009, the ratio of bank loans and other borrowings to total assets was 19.5% (31 December 2008: 16.0%).

As at 31 December 2008, the gearing ratio of the Group (defined as net debt divided by the sum of shareholder's funds and net debt) was 44.6%, and the gearing ratio was not available as at 31 December 2009 due to net cash position.

In conclusion, the financial performance of the Group was significantly improved from that in 2008.

Capital Commitments

As at 31 December 2009, the contracted capital commitments of the Group were RMB2,039.4 million (31 December 2008: RMB2,234.7 million), which were mainly the capital commitments for property development and acquisition of the project companies. It is expected that the Group will finance such commitments from the listing proceeds and internal generated fund and resources.

Guarantees and Contingent Liabilities

As at 31 December 2009, the contingent liabilities of the Group was approximately RMB1,954.4 million (31 December 2008: RMB1,431.6 million), which was mainly the guarantee given by the Group in favour of certain banks for the grant of mortgage loans to buyers of the Group's properties. Such guarantees will be released following completion of transfer of property title by the Group to the buyers.

Pledge of Assets

As at 31 December 2009, investment properties of the Group with net book value of approximately RMB1,603.9 million (31 December 2008: approximately RMB155.0 million), completed properties held for sale of approximately RMB98.8 million (31 December 2008: nil), properties under development of approximately RMB844.6 million (31 December 2008: approximately RMB1,209.8 million) and pledged deposits of approximately RMB100.0 million (31 December 2008: approximately RMB38.0 million) were pledged to secure the banking facilities of the Group.

Foreign Exchange Risk

As at 31 December 2009, the balance of the bank deposit maintained and recorded by the Group (including restricted bank balances) consisted of Renminbi and HK dollars in the respective proportions of 71.1% and 28.9% (As at 31 December 2008, Renminbi and HK dollars accounted for 99.4%, and 0.6% respectively of the bank balance of the Group). As the sales, purchase and bank borrowings of the Group in 2009 and 2008 were made mainly in Renminbi, and it is expected that the majority of future development and transactions carried out by the Group will be made and transacted mainly in Renminbi, the Group will convert all bank balance currently maintained in HK dollars into Renminbi as soon as possible, and convert all future deposits or receipts in US dollars (if any) and HK dollars into Renminbi to minimize any foreign exchange risk. The Group did not adopt any foreign exchange hedging instruments to hedge against foreign exchange risks in 2009 and 2008, and we believe that the foreign exchange risk exposed by the Group was relatively minimal.

Interest Rate Risks

As at 31 December 2009, the majority of the bank borrowings of the Group is floating rate borrowings and is denominated in Renminbi, whereby any upward fluctuations in interest rates will increase the interest cost of the Group in connection with such loan or any new loans obtained by the Group calculated on a floating interest rate basis. The Group currently does not use any derivative instruments to hedge against its interest rate risks.

SUBSEQUENT EVENTS

On 20 January 2010, the Group completed the acquisition of 100% equity interest in Zhenjiang Hanxiang Real Estate Company Limited.

OUTLOOK AND PROSPECTS

As a result of the economic and monetary policies launched and implemented by the PRC government during the year-end of 2008, the real estate market in the PRC has been gradually recovered and rebounded from the credit crisis which took place near the end of 2008 and continued in 2009. The selling price and transactions volume of real estate properties in the PRC were increased sharply in 2009 as compared to that in 2008, causing both property users and investors to have stronger motives and intention to sell and purchase properties and so increasing in the momentum in the real estate market in the PRC. The PRC central government therefore started to launch and implement a number of monetary policies and administrative orders from the end of 2009 such as (a) increasing banks' deposit reserve ratios, (b) tightening the mortgage ratio in relation to purchase of any additional real estate properties or units other than the first purchased property or unit, and (c) tightening the taxation concessionary measures whereby taxpayers who re-sell their properties within 5 years of purchase will be subject to business tax, to curb over-heating of the real estate market. It is anticipated that these policies, which are expected to come into effect in 2010 and thereafter in phases, might have negative impact over the real estate market and the Group's operations in the PRC.

Year 2010 is the first complete fiscal year after listing of the Group.

The Group will maintain a prudent investment and development approach by focusing on the real estate market along the Greater Yangtze River Delta, and on those rapidly developing regions in the PRC. The Group will closely monitor and adjust our investment and development strategies from time to time in response to the market pace and condition.

The Group selectively builds up its land reserve primarily through public auction of land arranged by the PRC government or through acquisition of the project companies which hold land use rights. We will also act proactively and seize opportunities to approach, discuss and enter into memoranda of understanding with the relevant PRC governmental bodies in relation to any urban renewal or redevelopment programs in different cities and locations. These memoranda of understanding are not binding and there is no assurance that we will be granted the land use right upon signing of the same. On the contrary, these memoranda only set out the parties' intention of cooperation in future development of land and the Group still has to go through the public tender, auction or listing-for-sale procedures pursuant to the relevant PRC rules and regulations in order to obtain the land use right from the PRC governmental authorities for the future land development. Notwithstanding the same, we view it as the opportunities for our Group to establish a closer strategic and working relationship with the relevant PRC governmental authorities which is in the interest and to the benefit of the Group in the long run.

In order to diversify and stabilize the sources of income, the Group will continue to allocate approximately 30% commercial properties as the investment properties to be held by the Group.

As a leading property developer in Fujian Province in terms of scale of property development, profitability and growth rate, as well as being a well-known property developer in the Jiangsu Province with numerous awards, the Group has successfully established a strong foundation and business positioning in the year of 2009, backed up by a successful listing of the Group on the Main Board of the Stock Exchange.

Looking forward, the Group is fully confident that its financial and business outlook in the challenging year 2010 will remain strong notwithstanding the monetary and administrative measures launched and implemented by the PRC government in relation to the real estate market.

AWARDS

The Group was granted various awards by the government and recognized authorities in 2009 and details of which are set out as follows:

Year	Name of Award	Award Presenter
2009	The Fifth Vice-President Group — Mingfa Group Company Limited (第五屆副會長集團 — 明發集團有限公司)	Development Commission of Fujian Real Estate Association (福建省房地產業協會開發委員會)
2009	The Most Expected Real Estate Development in Nanjing in 2010 (總評榜2010年南京最具期待價值樓盤)	Yangtse Evening News (揚子晚報)
2009	The Real Estate with the Best Reputation in 2009 — Mingfa Riverside New Town (明發濱江新城 — 2009年南京最佳口碑樓盤獎)	Sina China Real Estate Information Corporation (中國房產信息集團新浪)
2009	The Real Estate with the Best Marketability in 2009 — Mingfa Riverside New Town (明發濱江新城 — 2009年南京樓市暢銷樓盤)	Nanjing Real Estate Association/Jiangsu Real Estate Association (江蘇省房地產協會／南京房地產協會)
2009	Real Estate Flag Award — Mingfa Riverside New Town (明發濱江新城榮獲房地產旗幟大盤)	Yangtse Evening News (揚子晚報)
2009	Large Taxation Payer (納稅大戶)	Committee of CPC Nanjing Pukou District/Nanjing Pukou District People's Government (中共南京浦口區委員會／南京市浦口區人民政府)
2009	The Real Estate Most Suitable for Marriage Couples in 2009 — Hefei Mingfa Shopping Mall (2009年最佳婚房戶型 — 合肥明發商業廣場)	Anhui Market News (安徽市場報)
2009	The Best Metropolis Complex in 2009 — Hefei Mingfa Shopping Mall (2009年最佳城市綜合體 — 合肥商業廣場)	www.xafdc.net (新安房產網)

Year	Name of Award	Award Presenter
2009	Member's Certificate — Mingfa Group (Hefei) Real Estate Company Limited (會員單位證書 — 明發合肥(09.6-10.5))	Association of Real Estate Developer (中國房地產開發商協會)
2009	The Top 10 Responsible Real Estate Enterprises in Anhui — Mingfa Group (Hefei) Real Estate Company Limited (安徽十大責任地產企業 — 合肥明發)	Anhui Real Estate and Housing Investigation and Research Center (安徽房地產及住宅調查研究中心)
2009	The Real Estate Recommended the Most by the Major Economic Media and Press in Hefei — Hefei Mingfa Shopping Mall (合肥經濟圈主流媒體推薦樓盤 — 合肥商業廣場)	Hefei Evening News./Wanxi Daily/Huaihe Morning News/Chaohu Morning News (合肥晚報／皖西日報／淮河早報／巢湖晨刊)
2009	The Best Real Estate Enterprise in the PRC — Mingfa Group (Hefei) Real Estate Company Limited (全國優秀房地產企業 — 合肥明發)	China Real Estate & Housing Research Institute/China Construction Association of Supervision and Management (中國房地產及住宅研究中心／中國工程建設監督管理協會)
2009	The 2009 Year Award for the Commercial Real Estate in Anhui — Hefei Mingfa Shopping Mall (2009CIHAF中國（安徽）商業地產年度大獎 — 合肥商業廣場)	CIHAF Committee/Xinan Media Limited Corporation (中國住交會組委會／新安傳媒有限公司)
2009	The Commercial Real Estate with the Greatest Investment Value in 2009 — Hefei Mingfa Shopping Mall (2009年合肥最具投資價值商用物業 — 合肥商業廣場)	www.soufun.com (搜房網)
2009	The Greatest Potential Award 2009 — Mingfa Group Company Limited (2009年最佳潛力獎 — 明發集團)	Xinan Media/Xinan Evening News (新安傳媒／新安晚報)
2009	The Real Estate Appreciated the Most by Non-locals — Hefei Mingfa Shopping Mall (異地購房者喜愛樓盤 — 合肥商業廣場)	Real Estate Insight of Anhui Market News/www.hfhome.cn (安徽市場報《地產視界》／合肥家園網)
2009	The Investment Real Estate with the Greatest Potential of Appreciation in Value — Hefei Mingfa Shopping Mall (最具升值潛力投資樓盤 — 合肥商業廣場)	The Committee of The Second China (Hefei)Housing Industry Summit Forum (第二屆中國（合肥）國家住宅產業高峰論壇委員會)

Year	Name of Award	Award Presenter
2009	The Most Valuable Shopping Unit for Investment — Hefei Mingfa Shopping Mall (最具投資價值商鋪 — 合肥商業廣場)	Anhui Market News/www.hfhome.cn (安徽市場報／合肥家園網)

Material Litigation and Arbitration

Dispute relating to Xiamen Mingfa Shopping Mall

Mingfa Group Co. Ltd. is the developer and project company of Xiamen Mingfa Shopping Mall and was named the defendant in relation to a number of contractual claims by the owners of the Xiamen Mingfa Shopping Mall in relation to late delivery of properties to these owners not in accordance with the delivery schedule set out in the property purchase agreements, whereby the delivery date set out in the agreements and the actual delivery date varied from property to property.

As at 31 December 2009, our Group have made provisions of RMB33.5 million in our accounts for the settlement of the total liabilities of Mingfa Group Co. Ltd. in relation to the late delivery of units in Xiamen Mingfa Shopping Mall.

Full details of the dispute relating to Xiamen Mingfa Shopping Mall described above have been set out in the Prospectus of the Company.

Dispute relating to Yangcheng Lake Project

A share transfer agreement was entered into on 11 October 2005 (“STA”), pursuant to which Suzhou Yitong Real Estate Development and Beijing Chengxin Mechanics and Electricity Company Limited (together referred to as the “Transferors”) transferred all their shareholding interest in Suzhou Yangcheng Lake Hua Qing Real Estate Development Company Limited (“Yangcheng Lake Hua Qing”) in the respective proportions of 80% and 20%, cumulating 100% shareholding interest, in Yangcheng Lake Hua Qing to Hong Kong Mingfa Hua Qing Investment Holdings Limited (“HKMF Hua Qing Investment”).

HKMF Hua Qing Investment intended to acquire Yangcheng Lake Hua Qing which is a project company holding the land use rights certificate of a piece of land with a site area of approximately 605,336 sq.m. (“Yangcheng Lake Project”) for the future development of the Yangcheng Lake Project, for a total consideration of approximately RMB560 million, out of which HKMF Hua Qing Investment have already paid a total of RMB100 million (“Deposits”) to the Transferors within 7 days after entering into the STA. However, the transfer of the entire shareholding interest of Yangcheng Lake Hua Qing by the Transferors to HKMF Hua Qing Investment has not been completed because the local government has not yet finalized the overall development planning and urbanization program for the Yangcheng Lake area.

During the year under review, our Group launched legal proceedings against the Transferors and Yangcheng Lake Hua Qing in May 2009 requesting for (i) termination of the STA, (ii) return of the Deposits, (iii) payment of RMB30 million as penalty for breaching the STA and (iv) payment of approximately RMB34 million as interest payable on the Deposits. On 15

December 2009, our Group filed an application to the Senior People's Court of Jiangsu Province to withdraw this legal proceedings against the Transferors and Yangcheng Lake Huq Qing and was ordered by the court to pay deposit and court fee in the amount of RMB435,140.

Notwithstanding withdrawal of the legal proceedings as described above, on 21 December 2009, our Group again initiated another separate legal action and filed our claims to the Senior People's Court of Jiangsu Province requesting the Transferors and Yangcheng Lake Hua Qing (i) to effect transfer all their shareholding interest of Yangcheng Lake Hua Qing to HKMF Hua Qing Investment, and in the event that the Transferors and Yangcheng Lake Hua Qing refused in so doing, HKMF Hua Qing Investment shall be entitled to make applications and effect such share transfer on its own, (ii) to pay compensation in the amount of RMB40,000,000 and (iii) to bear and pay all cost and expenses arising out of the proceedings. As at the date of publication of this announcement, the relevant PRC court has not made a ruling on this case.

Details of the dispute relating to Yangcheng Lake Project have been set out in the Prospectus of the Company.

Dispute relating to Powerlong Group Development Co. Ltd.

Mingfa Group Co. Ltd. and Powerlong Group Development Co. Ltd. ("Baolong") jointly developed Xiamen Mingfa Shopping Mall and they entered into a cooperation agreement dated 8 November 2002 ("Master Agreement") to govern and set out their interests and benefits in the proportion of 70% to 30% in the project, and entered into a supplemental agreement dated 4 December 2008 ("Supplemental Agreement") to provide for and record the results in relation to the random allocation of certain investment properties in Xiamen Mingfa Shopping Mall between the parties, which allocation represents an initial step towards sharing the final profit and loss between the parties pursuant to the terms of the Master Agreement.

The Master Agreement and the Supplemental Agreement have not provided for a timing as to when the allocation of properties and assets is to be effected, but Baolong has, since the signing of the Supplemental Agreement, requested Mingfa Group Co. Ltd. to implement the allocation of certain investment properties on an expedited basis which is not agreeable to Mingfa Group Co. Ltd. because, among other reasons, (1) the profit derived from or losses and expenses incurred by the project have yet to be determined, agreed and settled by the parties, (2) there is no specific timeline agreed upon between the parties as to when the allocation of properties and assets should be implemented, and (3) the Supplemental Agreement has provided that Baolong will not proceed to effect any title registration of its allocated investment properties for the time being.

On 25 November 2009, Baolong initiated and filed an arbitration claim to the Xiamen Arbitration Commission (廈門仲裁委員會) against Mingfa Group Co. Ltd. requesting Mingfa Group Co. Ltd., among others, to (1) effect title registration of certain properties of Xiamen Mingfa Shopping Mall ("Subject Properties") in favour of Baolong, (2) pay over the rental income of the Subject Properties and the associated interest to Baolong, (3) effect title registration of 30% of the remaining unsold properties (other than the Subject Properties) in Xiamen Mingfa Shopping Mall in favour of Baolong, (4) pay 30% of the distributable profit in the amount of RMB193,581,660 and the associated interest (as at 25 November 2009, calculated associated interest amounting to RMB75,002,050) to Baolong, (5) (a) compensate Baolong for losses as a result of delay in the development and delivery of Xiamen Mingfa Shopping Mall, (b) be solely responsible to bear the social contribution in the amount of

RMB3,760,000, and deduct amounts mentioned in (a) and (b) from the project cost and expenses of Xiamen Mingfa Shopping Mall, and (6) bear and pay all arbitration costs and legal fees of Baolong in relation to the arbitration claim.

On 16 March 2010, a second arbitration hearing was conducted by the Xiamen Arbitration Commission (廈門仲裁委員會) mainly for the purposes of verifying evidence previously submitted by both parties, clarifying certain issues and asking both parties to provide supplemental evidence or materials. A third arbitration hearing was scheduled in April 2010 for both parties to make submissions and arguments, and our Group will continue to contest the arbitration proceedings.

Details of the dispute relating to Xiamen Mingfa Shopping Mall have been set out in the Prospectus of the Company.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at 2:00 p.m. on Monday, 31 May 2010 at Unit 2308, Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Tsimshatsui, Hong Kong.

FINAL DIVIDEND

The Board has recommended payment of a final dividend of HK5 cents per share for the year ended 31 December 2009 to be paid on around 4 June 2010 to shareholders whose names appear on the register of members of the Company on 31 May 2010 subject to shareholders' approval.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 26 May 2010 to Monday to 31 May 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be logged with the Company's Hong Kong share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 25 May 2010.

CORPORATE GOVERNANCE PRACTICES

The Company and the Board have applied the principles in the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules on the Stock Exchange by adopting the code provisions of the Code.

During the period from 13 November 2009 (the date of the listing of the Company's shares on the Stock Exchange) to 31 December 2009 (the "Period"), the Board has adopted and complied with the code provisions of the Code in so far they are applicable.

The Board will review the management structure of the Group from time to time and will adopt appropriate measures as may be desirable for future development of the operating activities or business of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiries of all directors by the Company, all directors have confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2009.

PURCHASE, REDEMPTION OR SALE OF LISTED SHARES OF THE COMPANY

Save for the offering of 900,000,000 shares pursuant to the global offering in November 2009, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2009.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2009, the Group employed a total of 1,128 staff (31 December 2008: 920 staff). The staff cost includes basic salary and welfare expenses, whereby employees’ welfare includes medical insurance plan, pension plan, unemployment insurance plan, and pregnancy insurance plan. The Group normally conducts review over the remuneration packages and performance appraisal once every year for its employees, the results of which will be applied in annual salary review for considering a grant of annual bonus or not and in promotion assessment.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of all independent non-executive directors, Mr. Wong Po Yan, Mr. Dai Yiyi and Mr. Lin Yong. The duties of the Audit Committee include making recommendations to the Board in relation to the independency and engagement of external auditor, monitoring the integrity, accuracy and fairness of financial statements and reviewing the system of financial control, internal control and risk management. The Audit Committee had reviewed the annual results of the Group for the year ended 31 December 2009.

PUBLICATION OF ANNUAL REPORT

The 2009 annual report of the Company will be dispatched to the shareholders of the Company and published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (<http://ming-fa.com>) before 30 April 2010.

By order of the Board of
MINGFA GROUP (INTERNATIONAL) COMPANY LIMITED
WONG WUN MING
Chairman

Hong Kong, 20 April 2010

As at the date of this announcement, the board of Directors comprises seven Directors, of which Mr. Wong Wun Ming, Mr. Huang Qingzhu, Mr. Huang Lianchun are Executive Directors, Mr. Huang Li Shui is Non-Executive Director, Mr. Wong Po Yan, Mr. Dai Yiyi and Mr. Lin Yong are Independent Non-Executive Directors.