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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: 846)

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Reference is made to the announcement of Mingfa Group (International) Company Limited (the “**Company**”) dated 18 April 2011 and the circular of the Company dated 29 April 2011 in respect of the proposed issue of the Convertible Bonds (the “**Circular**”). Unless otherwise defined, all terms used herein shall have the same meanings as those defined in the Circular.

The Board is pleased to announce that all the conditions precedent under the Subscription Agreement have been fulfilled and the issue of the Convertible Bonds was completed on 23 May 2011.

Please refer to the attached offering circular in relation to the Convertible Bonds (the “**Offering Circular**”), which has been published on the website of the Singapore Stock Exchange on 24 May 2011. The Singapore Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained therein.

The posting of the Offering Circular on the website of the Stock Exchange is only for the purpose of facilitating equal dissemination of information to investors in Hong Kong and compliance with Rule 13.09(2) of the Listing Rules, and not for any other purposes.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities of the Company, and no such inducement is intended. No investment decision should be based on the information contained in the Offering Circular.

By Order of the Board
Poon Wing Chuen
Company Secretary

Hong Kong, 24 May 2011

As at the date of this announcement, the board of directors of the Company comprises eight directors, of which Mr. Wong Wun Ming, Mr. Huang Qingzhu, Mr. Huang Lianchun and Mr. Huang Li Shui are executive directors, Mr. Chi Miao is non-executive director, Mr. Wong Po Yan, Mr. Dai Yiyi and Mr. Qu Wenzhou are independent non-executive directors.

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IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the “**Offering Circular**”), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

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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)

HK\$1,560,000,000

5.25 per cent. Convertible Bonds due 2016

**Issue Price: 100 per cent.
(Stock Code: 846)**

The 5.25 per cent. convertible bonds due 2016 in the aggregate principal amount of HK\$1,560,000,000 (the “**Bonds**”) will be issued by Mingfa Group (International) Company Limited (the “**Company**”, the “**Issuer**” or “**Mingfa**”). Each Bond will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 3 July 2011 up to close of business on the seventh day prior to the Maturity Date (as provided in the Terms and Conditions) into fully paid ordinary shares of the Issuer with a par value of HK\$0.10 each (the “**Shares**”) at an initial conversion price of HK\$3.168 per Share. The Issuer may, at any time on or after 23 June 2013 up to 6:00 pm (Hong Kong time) on the seventh day prior to the Maturity Date (as provided in the Terms and Conditions) give notice (the “**Mandatory Conversion Notice**”) to the Bondholders and require all (but not some only) of the Bonds to be converted into Shares, upon the occurrence of a Conversion Trigger Event (as defined in the Terms and Conditions). The conversion price is subject to adjustment in the circumstances described under “*Terms and Conditions of the Bonds — Conversion*”. The closing price of the Shares on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**” or “**HKSE**”) on 17 May 2011 was HK\$2.51 per Share.

The Bonds bear interest from (and including) the Issue Date (as defined in the Terms and Conditions) at the rate of 5.25 per cent. per annum payable semi-annually in arrear on 23 May and 23 November in each year, commencing with the first interest payment date falling on 23 November 2011. Unless previously redeemed, converted or purchased and cancelled, each Bond will be redeemed at 126.42 per cent. of its principal amount together with accrued and unpaid interest thereon on 23 May 2016 (the “**Maturity Date**”). The Issuer may, on giving not less than 30 nor more than 90 days’ notice to the Bondholders and the Trustee, at any time prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at their Early Redemption Amount (as defined in the Terms and Conditions) together with interest accrued to the date fixed for redemption **provided that** prior to the date of such notice at least 90 per cent. in principal amount of the Bonds originally issued (including any further bonds issued in accordance with the Terms and Conditions) has already been converted, redeemed or purchased and cancelled. The Issuer will, at the option of the holder of any Bond redeem all and not some only of such holder’s Bonds on 23 June 2013 at 109.97 per cent. of its principal amount together with interest accrued to the date fixed for redemption. The Bonds may also be redeemed at the option of the holders following the occurrence of a Relevant Event (as defined in the Terms and Conditions). All but not some only of the Bonds may be redeemed at the option of the Issuer at any time at their Early Redemption Amount together with interest accrued to such date in the event of certain changes relating to Hong Kong, PRC or Cayman Islands taxation, with the result that the Issuer has or will become obliged to pay additional amounts, subject to limited exceptions. Upon receipt of such notice, a holder may elect not to have its Bonds redeemed by the Issuer, in which case such holder will not be entitled to receive payment of such additional amount. See “*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation*”.

Approval in-principle for the listing of the Bonds has been received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular. Admission of the Bonds to the Official List of the SGX-ST is not to be taken as an indication of the merits of us, the Bonds or the Shares. The Shares are currently listed on the Hong Kong Stock Exchange. Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares issuable upon conversion of the Bonds.

Investing in the Bonds and the Shares involves certain risks. See “*Risk Factors*” beginning on page 18 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) and, subject to certain exceptions, may not be offered or sold within the United States.

For a description of these and certain further restrictions on offers and sales of the Bonds and the Shares to be issued upon conversion of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.

The Bonds will be represented by beneficial interests in a global certificate (the “**Global Certificate**”) in registered form, without interest coupons attached, which will be registered in the name of a nominee of, and shall be deposited on or about 23 May 2011 (the “**Closing Date**”), with a common depository for, Euroclear Bank S.A./N.V. (“**Euroclear**”), and Clearstream Banking, *société anonyme* (“**Clearstream**”).

Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Joint Lead Managers

HSBC

Morgan Stanley

The date of this Offering Circular is 18 May 2011

We, having made all reasonable enquiries, confirm that: (i) this Offering Circular contains all information with respect to us and our subsidiaries, jointly-controlled entities and associates and the issue of the Bonds and the Shares, which is material in the context of the issue and offering of the Bonds; (ii) the statements contained in it relating to us and our subsidiaries, jointly-controlled entities and associates are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this document with regard to us and our subsidiaries, jointly-controlled entities and associates are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to us and our subsidiaries, jointly-controlled entities and associates, the Bonds or the Shares the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by us to ascertain such facts and to verify the accuracy of all such information and statements. In addition, we accept full responsibility for the accuracy of the information contained in this Offering Circular.

This Offering Circular has been prepared by us solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Joint Lead Managers and by us to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the Shares deliverable upon conversion of the Bonds or the distribution of this document in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the Shares deliverable on conversion or redemption of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the European Economic Area, Hong Kong, the People's Republic of China, Singapore, Japan and the Cayman Islands, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see "*Subscription and Sale*".

No person has been or is authorised to give any information or to make any representation concerning us, our subsidiaries, jointly-controlled entities and associates, the Bonds or the Shares other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by us, the Joint Lead Managers, The Bank of New York Mellon, acting through its London Branch (the "**Trustee**") or the Agents (as defined in the Terms and Conditions). Neither the delivery of this document nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs or the affairs of our subsidiaries, jointly-controlled entities or associates since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Joint Lead Managers or ourselves, the Trustee or the Agents to subscribe for or purchase any of the Bonds or Shares and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. This Offering Circular is not intended to invite offers to subscribe for or purchase Shares.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee or the Agents as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by us, the Joint Lead Managers, the Trustee or the Agents that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

In making an investment decision, investors must rely on their own examination of us and the Group and the terms of the offering, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers or any person affiliated with any of the Joint Lead Managers in connection with its investigation of the accuracy of such information or its investment decision.

We have prepared this Offering Circular using a number of conventions, which you should consider when reading the information contained herein. When we use the terms “**we**”, “**us**”, “**our**” and words of similar import, we are referring to Mingfa Group (International) Company Limited and its subsidiaries, as the context requires. When we use the term the “**Issuer**”, we are referring to Mingfa Group (International) Company Limited respectively and when we use the term the “**Group**”, we are referring to Mingfa Group (International) Company Limited and its subsidiaries.

References to “**the PRC**” and “**China**” are to the People’s Republic of China and, for the purposes of this Offering Circular, except where the context requires, do not include the Hong Kong Special Administrative Region of the PRC (“**Hong Kong**”), the Macau Special Administrative Region of the PRC (“**Macau**”), or Taiwan. “**PRC Government**” or the “**State**” means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and organisations of such government thereof, or, where the context requires, any of them.

Unless otherwise specified or the context requires, references herein to “**Hong Kong dollars**”, “**HK dollars**”, “**HK\$**” and “**HK¢**” are to the lawful currency of Hong Kong, references herein to “**US dollars**”, “**USD**” or “**US\$**” are to the lawful currency of the United States of America and references herein to “**Renminbi**” or “**RMB**” are to the lawful currency of the PRC. For convenience only, all translations in this Offering Circular from RMB to HK\$ were made at the rate of RMB1.00 to HK\$1.1765, which is the daily average bid and ask price set out in the Bloomberg Page CNYHKD CURRENCY on 31 December 2010. No representation is made that the RMB amounts referred to in this Offering Circular could have been or could be converted into Hong Kong dollars at any particular rate or at all.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only.

Unless expressly stated or the context requires otherwise, all data in this Offering Circular is as of the date of this Offering Circular.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this Offering Circular. The forward-looking statements contain information regarding, among other things, our financial condition, future expansion plans and business strategy. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- the intensely competitive industries in which we operate;
- industry risks;
- general economic, political and social conditions and developments in the PRC and other jurisdictions in which we operate our business;
- our ability to meet financial and other covenants provided under our loan agreements;
- market acceptance of our products;
- risks associated with the introduction of new products;
- legal proceedings and anti-trust investigations; and
- other risks identified in the “*Risk Factors*” section of this Offering Circular.

The words “**believe**”, “**expect**”, “**anticipate**”, “**estimate**”, “**intend**”, “**plan**”, “**seek**” and similar words identify forward-looking statements. In addition, all statements other than statements of historical fact included in this Offering Circular are forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give no assurance that such expectations will prove correct. We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of the foregoing and the risks, uncertainties and assumptions in “*Risk Factors*” and elsewhere in this Offering Circular, the forward-looking events in this Offering Circular are not guarantees of future performance and might not occur and our actual results could differ materially from those anticipated in those forward-looking statements.

INCORPORATION BY REFERENCE OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Issuer which are contained in the annual report of the Issuer for the year ended 31 December 2010 are incorporated by reference in this Offering Circular. Copies of the financial statements are available and may be: (i) obtained free of charge at the specified office of the Issuer at Unit 6–8, 23/F, Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong; or (ii) downloaded free of charge from the website of the Hong Kong Stock Exchange on the internet at www.hkex.com.hk. These financial statements were prepared in conformity with HKFRS issued by the Hong Kong Institute of Certified Public Accountants.

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SUMMARY

This summary aims to give you an overview of the information contained in this Offering Circular. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Bonds. There are risks associated with any investment. Some of the particular risks in investing in the Bonds are set out in the section headed “Risk Factors”. You should read this section carefully before you decide to invest in the Bonds.

OVERVIEW

We are one of the leading developers of large-scale mixed use commercial properties and integrated residential properties in China. We also engage in the development of other properties including logistics centres, R&D centres and hotels. For our continuous successful operation in the real estate industry, we have been awarded a number of honourable titles such as “China Top 500 Enterprise” by China Enterprise Confederation and China Enterprise Directors Association in 2007, “China Top 50 City Operator” by Propaganda Association China Mainstream Media Bureau in 2004, “China Top 100 Real Estate Enterprise” by China Real Estate Top 10 Research Group in 2008 and “China’s Outstanding Real Estate Enterprises” by Organising Committee of China Property Fair Alliance and Propaganda Association of China Property Fair Alliance in 2004. See “*Business — Our Competitive Strengths — Strong brand recognition*”. “Mingfa” is formally accredited as a well known trademark in China and we obtained a “Class One Qualification for Real Estate Development Enterprises in the PRC” certificate awarded by the Ministry of Housing and Urban-Rural Development of PRC in 2009.

We began our real estate development business in Xiamen, Fujian province in 1994, focusing on industrial and residential property development and quickly established ourselves as one of the leading developers in Fujian province. We developed and implemented a “selected regional focus” growth strategy, by which we focused on the development of a broad range of properties in cities where we have an established presence, before selectively penetrating neighbouring cities experiencing strong economic growth. Leveraging on our well-recognised brand and management capabilities, we expanded our business to Jiangsu province, one of the most affluent provinces in the Greater Yangtze River Delta, in 2002, and Anhui province, one of the most populous provinces in central China, in the second half of 2005. Having established our market leadership in Fujian and Jiangsu provinces, we have expanded in Tianjin and Liaoning provinces. Going forward, we plan to continue to implement our “selected regional focus” growth strategy and expand our operations into other selected high-growth areas across China.

We initially focused on the development of industrial and residential properties. From 2004, we gradually expanded our product range to include more large-scale, mixed use commercial complexes and other types of properties, such as logistics centres, R&D centres and hotels, in an effort to diversify our sources of income, improve our financial stability and manage our business exposure to market risks associated with any single category of properties.

Our principal business activities are as follows:

Commercial complexes

Our large-scale, mixed use commercial complexes are generally situated in strategic locations and form the landmarks of new city centres in high-growth areas in second and third tier cities, with easy access to existing city centres and neighbouring cities. We believe that our focus on such locations allows us to acquire sizeable sites that are suitable for the development of our large-scale commercial complexes at competitive costs.

Our large scale, mixed use commercial complexes typically have a total gross floor area (“GFA”) ranging from approximately 400,000 sq.m. to 688,000 sq.m., and comprise a combination of retail stores, offices, hotels, entertainment centres, residential properties and other ancillary facilities. We sell part of these commercial complexes and retain the remaining units to generate rental income and

long-term capital appreciation, depending on local market conditions and cash flow requirements. We seek to establish long term relationships with leading international and domestic brands for our commercial complexes. To this end, we have entered into arrangements with international and domestic brands such as B&Q (“**B&Q**”), Carrefour (“**Carrefour**”) and New World Department Store (“**New World Development Store**”) between 2004 and 2006 for leases with a fixed term of 20 years in Xiamen Mingfa Shopping Mall. We have also entered into arrangements with domestic brands between 2004 and 2007 for leases with a fixed term of less than 20 years. We believe that securing such long term anchor tenants enables us to enhance the profile, reputation and attractiveness of our commercial complexes, which in turn will increase their overall commercial value.

We believe that our commercial complexes are viewed as landmark properties in their cities, and help to stimulate the growth and development of the surrounding neighbourhoods. As at 31 December 2010, we had five other similar large scale, mixed use commercial complex projects under development in Nanjing, Wuxi and Yangzhou, Jiangsu province, Zhangzhou, Fujian province and Hefei, Anhui province. Going forward, we plan to increase the number of such commercial complexes in our property portfolio.

Residential properties

Our residential property development projects cover a wide range of products, including high-rise apartment buildings and townhouses that meet the housing needs of broad customer segments, from middle-income customers seeking improved living conditions at a reasonable cost to more affluent customers.

Our large-scale, integrated residential projects have a total GFA ranging from approximately 200,000 sq.m. to 2,200,000 sq.m. Situated in areas surrounding our large-scale, mixed use commercial complexes, or developed as part of such commercial complexes, our residential properties typically include ancillary facilities and services, such as clubhouses, retail spaces, schools and hospitals. We usually develop these projects in phases over a period of two to six years.

Logistics centres and R&D centres

Our logistics centres and R&D centres are located in new economic zones of high-growth second and third tier cities. Our logistics centres meet the needs of customers in industries such as construction materials, metals, chemicals, leather, textiles and electronics. These centres consist of multiple types of facilities and services, including exhibition halls, warehouses, data centres and research facilities. We lease these properties to generate rental income and also engage third party property management companies to manage the daily operations.

Hotels

We currently own three completed hotels, comprising a hotel in Nanjing, Jiangsu province, and one each in Xiamen and Quanzhou, Fujian province. In addition, we have six hotels that are under development and another three for future development in various cities in Fujian, Jiangsu and Anhui provinces. Furthermore, we plan to change the usage of Xiamen Mingfa Group Mansion, which is under development, from offices to a hotel after we obtain the approvals from relevant governmental authorities. We have entered into partnerships with various domestic and international hotel management groups to manage the daily operations of our hotels and we intend to enter into similar arrangements for our future hotels.

As at 31 December 2010, we had a total of 32 projects at various stages of development. The completed property developments had an aggregate attributable GFA of approximately 0.57 million sq.m., the properties under development had an aggregate attributable GFA of approximately 3.54 million sq.m., and the properties held for future development had an aggregate attributable GFA of approximately 3.29 million sq.m. In addition, as at 31 December 2010, the total planned GFA for the

properties that we obtained pursuant to memoranda of understanding (“**MOUs**”) with governmental bodies and acquisitions of project companies was approximately 13.4 million sq.m. See “*Business — Memoranda of Understanding with Government Bodies*”.

For the years ended 31 December 2009 and 31 December 2010, our revenues were RMB3,681.0 million and RMB3,007.9 million, respectively. Our profits attributable to equity holders of the Company for the corresponding periods were RMB987.5 million and RMB1,167.8 million, respectively.

COMPETITIVE STRENGTHS

We believe we have the following competitive strengths:

- Extensive experience and strong execution capabilities in developing and managing large-scale, mixed use commercial complexes and integrated residential properties
- Sizeable high quality landbank acquired at competitive costs
- Leading position in Fujian and Jiangsu provinces
- Efficient management structure, experienced management team and professional workforce
- Strong brand recognition

Please refer to the section headed “*Business — Our Competitive Strengths*” of this Offering Circular for a detailed description of these strengths.

BUSINESS STRATEGIES

Our key business strategies are to:

- Penetrate new areas through our “selected regional focus” growth strategy
- Continue to focus on the development of large-scale, mixed use commercial complexes and integrated residential properties
- Expand our landbank by acquiring new high quality sites at strategic locations at competitive costs
- Further grow our investment property portfolio to increase the stability of our income
- Continue to maintain strict financial discipline

Please refer to the section headed “*Business — Our Strategies*” of this Offering Circular for a detailed description of these strategies.

THE ISSUE

Phrases used in this summary and not otherwise defined shall have the meanings given to them in the section titled “*Terms and Conditions of the Bonds*”.

Issuer	Mingfa Group (International) Company Limited.
Issue	HK\$1,560,000,000 in aggregate principal amount of 5.25 per cent. convertible bonds due 2016 convertible into fully paid Shares with a par value of HK\$0.10 each in the share capital of the Issuer.
Issue Price	100 per cent.
Form and Denomination	The Bonds will be issued in registered form in the denomination of HK\$1,000,000 each.
Subscription Price	The subscription amount payable in respect of each Bond on the Closing Date is HK\$1,000,000.
Interest	The Bonds bear interest from and including the Issue Date at the rate of 5.25 per cent. per annum payable semi annually in arrear on 23 May and 23 November in each year (each an “ Interest Payment Date ”).
Closing Date	23 May 2011.
Maturity Date	23 May 2016.
Negative Pledge	So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will (other than PRC Subsidiaries and only in respect of Indebtedness incurred in the PRC), create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Indebtedness or Guarantee of Indebtedness without: (a) at the same time or prior thereto securing the Bonds equally and rateably therewith to the satisfaction of the Trustee or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders; or (b) providing such other security for the Bonds as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Bondholders or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.
Optional Conversion	Each Bond shall be convertible into Shares at the option of the Bondholder during the Conversion Period at the Initial Conversion Price.

Conversion Period	At any time on or after 3 July 2011 up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the seventh day prior to the Maturity Date (both days inclusive) (but, except as provided in Condition 6(A)(vi) (<i>Conversion — Conversion Right — Revival and/or Survival after Default</i>) and Condition 10 (<i>Events of Default</i>), in no event thereafter) or, if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than seven days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Bond pursuant Condition 8(D) (<i>Redemption, Purchase and Cancellation — Redemption at the Option of Bondholders</i>) or Condition 8(E) (<i>Redemption, Purchase and Cancellation — Redemption for Delisting, Suspension of Trading or Change of Control</i>) then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice.
Initial Conversion Price	HK\$3.168 per Share which will be subject to adjustment as provided in the “ <i>Terms and Conditions of the Bonds — Conversion</i> ”.
Mandatory Conversion	The Issuer may, at any time on or after 23 June 2013 up to 6:00 pm (Hong Kong time) on the seventh day prior to the Maturity Date (as provided in the Conditions) give notice (the “ Mandatory Conversion Notice ”) to the Bondholders and require all (but not some only) of the Bonds to be converted into Shares, upon the occurrence of a Conversion Trigger Event.
Final Redemption	Unless previously redeemed, converted or purchased and cancelled, the Issuer will redeem each Bond at 126.42 per cent. of its principal amount together with accrued and unpaid interest thereon on 23 May 2016.
Redemption at the Option of the Issuer	The Issuer may, on giving not less than 30 nor more than 90 days’ notice to the Bondholders and the Trustee (which notice will be irrevocable) at any time prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at their Early Redemption Amount together with interest accrued to the date fixed for redemption provided that prior to the date of such notice at least 90 per cent. in principal amount of the Bonds originally issued (including any further bonds issued in accordance with Condition 16 (<i>Further Issues</i>) and consolidated and forming a single series with the Bonds) has already been converted, redeemed or purchased and cancelled. If there shall occur an event giving rise to a change in the Conversion Price during any such notice period, appropriate adjustments for the relevant days shall be made, as determined by two Independent Investment Banks, for the purpose of calculating the Closing Price for such days.
Tax Redemption and Non Redemption Right.	The Issuer may redeem all but not some only of the Bonds at their Early Redemption Amount, together with interest accrued but unpaid to the tax redemption date, in the event of certain changes relating to Hong Kong, PRC or Cayman Islands taxation.

If the Issuer exercises its tax redemption right, each holder of the Bonds shall have the right to elect that all of his or her Bonds shall not be redeemed. Upon the exercise of the non-redemption right with respect to such Bonds, no additional amounts referred to in the Terms and Conditions shall be payable on the payments due after the relevant date in respect of such Bonds and, subject to the Terms and Conditions, such payments shall be made subject to any deduction or withholding of any relevant amount relating to Hong Kong, PRC or Cayman Islands taxation required to be deducted or withheld.

Redemption at the Option of the Bondholders.

The Issuer will, at the option of the holder of any Bond redeem all and not some only of such holder's Bonds on 23 June 2013 at 109.97 per cent. of its principal amount together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit at the specified office of any Paying Agent a duly completed and signed put notice in the form for the time being current, obtainable from the specified office of any Paying Agent, together with the Certificate evidencing the Bonds to be redeemed not more than 60 days and not less than 30 days prior to the relevant Put Option Date.

A put notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent unless the Issuer fails to pay the required amount on the relevant Put Option Date. No fewer than 30 nor more than 45 days' notice of the commencement of the period in which the put option can be exercised shall be given to the Bondholders.

Redemption upon Delisting or Change of Control

Following the occurrence of a Relevant Event (as defined in the "*Terms and Conditions of the Bonds*"), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Redemption Date at their Early Redemption Amount together with interest accrued to the Relevant Event Redemption Date.

Clearing Systems.

The Bonds will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Closing Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through records maintained by, Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

Governing Law

English law.

Trustee

The Bank of New York Mellon, acting through its London Branch.

Registrar

The Bank of New York Mellon (Luxembourg) S.A.

Principal Agent.

The Bank of New York Mellon, acting through its London Branch.

Listing	Approval in principle for the listing of the Bonds has been received from the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Bonds to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Bonds, the Shares, the Issuer and/or its Subsidiaries. The Bonds will be traded on the SGX-ST in a trading board lot size of HK\$200,000 with a minimum of 10 lots to be traded per transaction, for so long as the Bonds are listed on the SGX-ST. The Shares are currently, and those Shares to be issued upon conversion of the Bonds will be, listed on the Hong Kong Stock Exchange.
Selling Restrictions	There are certain restrictions on the offer, sale and transfer of the Bonds and the Shares to be issued upon conversion of the Bonds in certain jurisdictions including the United States, the United Kingdom, the European Economic Area, Hong Kong, the People's Republic of China, Singapore, Japan and the Cayman Islands. For a description of the restrictions on the distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds and the Shares to be issued upon conversion of the Bonds, see " <i>Subscription and Sale</i> ".
Use of Proceeds	We estimate that the net proceeds from this offering, after deduction of commission and expenses will be approximately HK\$1,532,700,000. We intend to use the net proceeds in the manner set out in the section entitled " <i>Use of Proceeds</i> ".

SUMMARY FINANCIAL INFORMATION

The following tables set forth our summary consolidated financial information as at and for the periods indicated.

The summary consolidated financial information as at and for the years ended 31 December 2009 and 31 December 2010 set forth below is derived from our audited consolidated financial statements for the year ended 31 December 2010 (which have been audited by PricewaterhouseCoopers, Certified Public Accountants) and should be read in conjunction with our audited consolidated financial statements for the year ended 31 December 2010, including the notes thereto, which are incorporated by reference into this Offering Circular.

Our consolidated financial statements are prepared and presented in accordance with HKFRS.

Consolidated Balance Sheet

	As at 31 December	
	2009	2010
	(RMB'000)	(HK\$'000)
ASSETS		
Non-current assets		
Property, plant and equipment	178,718	266,325
Investment properties	2,694,840	4,004,372
Land use rights	23,673	23,147
Intangible Assets	14,723	14,723
Jointly controlled entities	144,851	446,318
Deferred income tax assets	141,139	328,585
Other receivables	23,390	19,209
Other non-current assets	385,908	1,176,631
Total non-current assets	3,607,242	6,279,310
Current assets		
Land use rights	1,987,095	2,709,973
Properties under development	2,511,772	4,045,167
Completed properties held for sale	1,362,583	2,352,272
Inventories	9,554	10,512
Trade and other receivables and prepayments	253,216	509,880
Prepaid income taxes	77,554	111,427
Amounts due from related parties	3,940	120,442
Amounts due from non-controlling interests	53,981	18
Held-to-maturity investments	60,156	—
Restricted cash	100,000	148,599
Cash and cash equivalents	2,868,761	1,922,617
Total current assets	9,288,612	11,930,907
Total assets	12,895,854	18,210,217
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	528,540	528,540
Reserves	4,104,065	5,008,933
Non-controlling interests in equity	63,272	89,867
Total equity	4,695,877	5,627,340
LIABILITIES		
Non-current liabilities		
Deferred government grants	127,706	107,060
Borrowings	2,140,700	3,607,587
Deferred income tax liabilities	401,585	768,435
Total non-current liabilities	2,669,991	4,483,082
Current liabilities		
Trade and other payables	1,599,485	3,124,424
Advanced proceeds received from customers	1,838,292	2,005,759
Amounts due to related parties	51,280	90,106
Amounts due to non-controlling interests	77,021	23,625
Income tax payable	1,558,783	1,717,964
Borrowings	371,585	916,253
Derivative financial instruments	—	217,834
Provision for other liabilities and charges	33,540	3,830
Total current liabilities	5,529,986	8,099,795
Total liabilities	8,199,977	12,582,877
Net current assets	3,758,626	4,507,305
Total assets less current liabilities	7,365,868	11,894,912

Consolidated Income Statement

	As at 31 December		
	2009	2010	
	(RMB'000)	(HK\$'000)	
Revenues	3,681,027	3,007,872	3,538,761
Cost of Sales	(2,149,153)	(1,779,804)	(2,093,939)
Gross profit	1,531,874	1,228,068	1,444,822
Fair value gains on investment properties	532,357	812,050	955,377
Other gains — net	118,190	45,281	53,273
Selling and marketing costs	(69,565)	(96,835)	(113,926)
Administrative expenses	(183,741)	(183,247)	(215,590)
Other operating expenses	(13,874)	(13,974)	(16,440)
Operating profit	1,915,241	1,791,343	2,107,516
Finance income	2,308	11,156	13,125
Finance costs	(51,900)	(87,148)	(102,530)
Finance costs — net	(49,592)	(75,992)	(89,405)
Share of results of jointly controlled entities	(37)	(2,092)	(2,461)
Profit before income tax	1,865,612	1,713,259	2,015,650
Income tax expense	(881,346)	(548,834)	(645,703)
Profit for the year	984,266	1,164,425	1,369,947
Attributable to:			
Equity holders of the Company	987,461	1,167,848	1,373,973
Non-controlling interests	(3,195)	(3,423)	(4,026)
Basic and diluted earnings per share for profit attributable to equity holders of the Company (RMB cents)	18.9	19.5	22.9
Dividends	264,144	382,905	450,000

DEFINITIONS

In this Offering Circular, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Add High International”	Add High International Limited, a company incorporated on 30 October 2007 with limited liability under the laws of BVI and our wholly-owned subsidiary, and an offshore intermediary holding company
“Articles” or “Articles of Association”	the articles of association of our Company, adopted on 9 October 2009 and as amended from time to time
“associate”	has the meaning ascribed thereto under the Listing Rules
“Baolong”	Powerlong Group Development Co. Ltd., an independent third party which co-invested in the Xiamen Mingfa Shopping Mall joint development with us
“Better Luck Group”	Better Luck Group Limited, a company incorporated on 25 October 2007 with limited liability under the laws of BVI and wholly owned by Mr. Huang Li Shui as an offshore special purpose vehicle for the purpose of investing in the Company
“Board of Directors” or “Board”	the board of directors of our Company
“business day”	any day (other than a Saturday or Sunday) on which banks in Hong Kong are open generally for normal banking business
“BVI”	the British Virgin Islands
“Chunhe Electronic (NJ)”	Nanjing Chunhe Electronic Company Limited, a company incorporated on 11 April 2007 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is development of business centres
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company”, “Issuer” and “our Company”	Mingfa Group (International) Company Limited, a company incorporated under the laws of Cayman Islands on 27 November 2007 with limited liability
“Controlling Shareholders”	Mr. Wong Wun Ming, Mr. Huang Li Shui, Mr. Huang Qingzhu and Mr. Huang Lianchun
“Creative Industrial Estate (SY)”	Creative Industrial Estate (Shenyang) Real Estate Company Limited, a Company incorporated on 24 March 2010, with limited liability under the laws of PRC and 80 per cent. owned by our Group whose major business is property development
“Director(s)”	the director(s) of our Company

“Executive Directors”	the executive director(s) of our Company
“Fit Top Group”	Fit Top Group Limited, a company incorporated on 30 October 2007 with limited liability under the laws of BVI and our wholly-owned subsidiary, and an offshore intermediary holding company
“Gainday Holdings”	Gainday Holdings Limited, a company incorporated on 23 October 2007 with limited liability under the laws of BVI and wholly owned by Mr. Huang Qingzhu as an offshore special purpose vehicle for the purpose of investing in the Company
“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries and, in respect of the period before our Company became the holding company of such subsidiaries, the entities which carried on the business of the present Group at the relevant time
“Growing Group”	Growing Group Limited, a company incorporated on 25 October 2007 with limited liability under the laws of BVI and wholly owned by Mr. Wong Wun Ming as an offshore special purpose vehicle for the purpose of investing in the Company
“Hanxiang Real Estate (ZJ)”	Zhenjiang Hanxiang Real Estate Company Limited, a company incorporated on 16 March 2005 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major businesses are property development and hotel operation
“Hengxin Real Estate (NA)”	Nan’an Hengxin Real Estate Development Company Limited, a company incorporated on 28 November 2006 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property development
“HK Full Bright Holdings”	Hongkong Full Bright Holdings Limited, a company incorporated on 4 December 2007 with limited liability under the laws of Hong Kong and our wholly-owned subsidiary, and an intermediary holding company
“HK\$” or “HK dollars” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards promulgated by the Hong Kong Institute of Certified Public Accountants
“HKMF Hua Qing Investment”	Hong Kong Mingfa Hua Qing Investment Holdings Limited, a company incorporated on 23 August 2005 with limited liability under the laws of Hong Kong and was beneficially owned by our Group as to 70 per cent. for investment holding purposes
“HKMF Shui Fung Electronics Technology”	Hong Kong Ming Fat Electronics Technology Company Limited, formerly known as Hong Kong Ming Fat Shui Fung Electronics Technology Company Limited, a company incorporated on 28 September 2004 with limited liability under the laws of Hong Kong and our wholly-owned subsidiary, and an intermediary holding company
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “HKSE”	The Stock Exchange of Hong Kong Limited

“Honglai Town Construction (NA)”	Nan’an Honglai Town Construction Company Limited, a company incorporated on 18 October 1999 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property development
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited whose registered office is at 1 Queen’s Road Central, Hong Kong
“independent third party”	a party which, to the best knowledge, information and belief of the Directors having made due and careful enquiry, is independent of and not connected with our Directors, substantial shareholders (within the meaning under the Listing Rules) or chief executive of our Company or any of their respective associates
“Jianqin Real Estate (XM)”	Xiamen Jianqin Real Estate Development Company Limited, a company incorporated on 16 May 2002 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property development
“Joint Lead Managers”	Morgan Stanley and HSBC
“Leun Fung Furniture City (XM)”	Leun Fung (Xiamen) Furniture City Company Limited, a company incorporated on 15 September 1993 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property investment
“Lianchang Engineering (NJ)”	Nanjing Lianchang Engineering Company Limited, a company incorporated on 13 April 2007 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is development of business centre
“Lichang Light and Electronic Technology (NJ)”	Nanjing Lichang Light and Electronic Technology Company Limited, a company incorporated on 10 April 2007 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is development of business centre
“Longxiang Real Estate (XM)”	Xiamen Longxiang Real Estate Development Company Limited, a company incorporated on 29 June 2001 with limited liability under the laws of PRC and 50 per cent. beneficially owned by our Group and 50 per cent. by two other independent third parties; the major business of Longxiang Real Estate (XM) is property development
“Memorandum of Association”	the memorandum of association of our Company adopted on 9 October 2009 and as amended from time to time
“Ming Fat Hong Kong”	Ming Fat Holdings (Hong Kong) Limited, a company incorporated on 25 October 2000 with limited liability under the laws of Hong Kong and our wholly-owned subsidiary, and an intermediary holding company
“Mingfa Chemical Warehousing (NJ)”	Nanjing Mingfa Chemical Warehousing Company Limited, a company incorporated on 7 September 2005 with limited liability under the laws of PRC and 50 per cent. beneficially owned by our Group and 50 per cent. by another independent third party; Mingfa Chemical Warehousing (NJ) has been in the process of being de-registered by our Group

“Mingfa Furniture (XM)”	Xiamen Mingfa Furniture Company Limited, a company incorporated on 5 September 1994 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is furniture manufacturing
“Mingfa Furniture Manufacturing (NJ)”	Nanjing Mingfa Furniture Manufacturing Company Limited, a company incorporated on 27 October 2005 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is furniture manufacturing
“Mingfa Group”	Mingfa Group Co., Ltd. a company incorporated on 6 November 2001 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property development and investment holding
“Mingfa Group Real Estate (HA)”	Mingfa Group (Huai’an) Real Estate Company Limited, a company incorporated on 28 January 2008 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property development
“Mingfa Group Real Estate (HF)”	Mingfa Group (Hefei) Real Estate Company Limited, a company incorporated on 1 November 2005 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property development
“Mingfa Group Real Estate (NJ)”	Mingfa Group Nanjing Real Estate Company Limited, a company incorporated on 12 July 2002 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property development
“Mingfa Group Real Estate Exploiture (WX)”	Mingfa Group Wuxi Real Estate Exploiture Company Limited, a company incorporated on 12 December 2003 with limited liability under the laws of PRC that is 70 per cent. beneficially owned by our Group and 30 per cent. beneficially owned by another independent third party; the major business of Mingfa Group Real Estate Exploiture (WX) is property development
“Mingfa Group Real Estate (YZ)”	Mingfa Group Yangzhou Real Estate Company Limited, a company incorporated on 18 October 2006 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property development
“Mingfa Group Real Estate (ZZ)”	Mingfa Group (Zhangzhou) Real Estate Company Limited, a company incorporated on 13 February 2007 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property development
“Mingfa Group Shanghai Industry”	Mingfa Group Shanghai Industry Company Limited, a company incorporated on 10 January 2007 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property development
“Mingfa Hotel (QZ)”	Quanzhou Mingfa Hotel Company Limited, a company incorporated on 25 August 1998 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is hotel operation

“Mingfa Hotel (XM)”	Xiamen Mingfa Hotel Company Limited, a company incorporated on 14 December 1999 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property investment
“Mingfa Huachang (QZ)”	Quanzhou Mingfa Huachang Development and Construction Company Limited, a company incorporated on 12 March 2010, with limited liability under the laws of PRC and 50 percent beneficially owned by our Group and 50 percent by an independent third party; the major business of Mingfa Huachang (QZ) is property development
“Mingfa Industrial Raw Material (JS)”	Jiangsu Mingfa Industrial Raw Material Company Limited, a company incorporated on 21 June 2005 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is development of a logistics centre
“Mingfa Real Estate (BJ)”	Mingfa Group Beijing Real Estate Company Limited, a company incorporated on 22 October 2010, with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property management
“Mingfa Real Estate (CD)”	Mingfa Group Chengdu Real Estate Company Limited, a company incorporated on 2 July 2010, with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property management
“Mingfa Real Estate (SY)”	Mingfa Group (Shengyang) Real Estate Company Limited, a company incorporated on 24 March 2010, with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property development
“Mingfa Real Estate (TJ)”	Mingfa Group Tianjin Real Estate Company Limited, a company incorporated on 10 February 2010, with limited liability under the laws of PRC and 70 per cent. owned by our Group whose major business is property management
“Mingfa Real Estate (XM)”	Xiamen Mingfa Real Estate Development Company Limited, a company incorporated on 21 October 1994 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property development
“Mingfa Seafood Logistics (NA)”	Nan'an Mingfa Seafood Logistics Base Construction Company Limited, a company incorporated on 12 June 2008 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property development
“Mingfa Technological and Commercial Town Construction (NJ)”	Nanjing Mingfa Technological and Commercial Town Construction Development Company Limited, a company incorporated on 9 September 2005 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is development of business centres
“Mingfa Technological Light and Electronic Industry (NJ)”	Nanjing Mingfa Technological Light and Electronic Industry Development Company Limited, a company incorporated on 19 May 2006 with limited liability under the laws of PRC and our wholly-owned subsidiary; Mingfa Technological Light and Electronic Industry (NJ) has been in the process of being de-registered by our Group

“Mingfa Xinhewan Hotel (NJ)”	Nanjing Mingfa Xinhewan Hotel Company Limited, a company incorporated on 17 December 2007 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is hotel operation
“Mingsheng (HF)”	Ming Sheng (Hefei) Property Management Company Limited, a company incorporated on 2 June 2010, with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property management
“Mingsheng (NJ)”	Ming Sheng (Nanjing) Business Management Company Limited, a company incorporated on 27 December 2010, with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property management and business consultancy
“Mingsheng (WX)”	Ming Sheng (Wuxi) Property Management Company Limited, a company incorporated on 15 July 2010, with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property management
“Mingsheng (YZ)”	Ming Sheng (Yangzhou) Business Management Company Limited, a company incorporated on 26 April 2010, with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property management and business consultancy
“Mingsheng (ZZ)”	Ming Sheng (Zhangzhou) Property Management Company Limited, a company incorporated on 21 May 2010, with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property management
“Mingwah Property Development (WX)”	Wuxi Mingwah Property Development Company Limited, a company incorporated on 12 December 2006 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property development
“Ming Wah Hong Kong”	Hong Kong Ming Wah Investment Development Company, a trade name registered by Ms. Chen Bihua with the Inland Revenue Department of Hong Kong since 11 May 2002 under which initially Ms. Chen Bihua carried on the business as a sole proprietor for the interests and benefits of the Controlling Shareholders and our Group, and subsequently on 25 January 2008, Ms. Chen Bihua transferred the trade name to HKMF Shui Fung Electronics Technology and HK Full Bright Holdings for a consideration of HK\$8,463,950 to continue the business under the trade name as a partnership
“Ministry of Commerce” or “MOC”	the Ministry of Commerce of the PRC
“Ministry of Housing & Urban Rural Development”	the Ministry of Housing & Urban Rural Development of the PRC
“Ministry of Land and Resources”	the Ministry of Land and Resources of the PRC
“Morgan Stanley”	Morgan Stanley & Co. International plc, whose registered office is at 25 Cabot Square, Canary Wharf, London, United Kingdom E14 4QA

“Pearl Spring Hotel (NJ)”	Nanjing Pearl Spring Mingfa Holiday Village Hotel Company Limited, a company incorporated on 15 September 2004 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is hotel operation
“PRC Government” or “State”	the central government of the PRC including all political subdivisions (including provincial, municipal and other local or regional government entities) and organisations of such government or, as the context requires, any of them
“PRC” or “China”	the People’s Republic of China and, except where the context requires and only for the purposes of this Offering Circular, references in this Offering Circular to the PRC or China do not apply to Taiwan or the Hong Kong and Macau Special Administrative Regions
“Profit Surplus Investments”	Profit Surplus Investments Limited, a company incorporated on 21 November 2007 with limited liability under the laws of BVI and our wholly-owned subsidiary and an offshore intermediary holding company
“R&D”	research and development
“Riverview Mansion Hotel (NJ)”	Nanjing Mingfa Riverview Mansion Hotel Company Limited, a company incorporated on 16 September 2004 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is hotel operation
“Rui Feng Electronics Technology (XM)”	Xiamen Rui Feng Electronics Technology Company Limited, a company incorporated on 16 December 2004 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property development
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“State Council”	the State Council of the PRC
“Tin Sun Holdings”	Tin Sun Holdings Limited, a company incorporated on 25 October 2007 with limited liability under the laws of BVI and wholly owned by Mr. Huang Lianchun as an offshore special purpose vehicle for the purpose of investing in the Company
“Xiamen Bai Shi Da Property Management”	Xiamen Bai Shi Da Property Management Co., Ltd. established in 1999, is a leading property management company with level 2 qualifications under the Ministry of Construction of the PRC
“Xiamen Mingfa”	Xiamen Mingfa Group Company Limited, a company incorporated on 7 January 1998 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property development

“Xiamen Mingsheng Investment Management (XM)”	Xiamen Mingsheng Investment Management Co., Ltd. formerly known as Xiamen Kiu Lok Mingfa Property Management Co., Ltd., a company incorporated on 18 April 2006 with limited liability under the laws of PRC and our wholly-owned subsidiary whose major business is property management
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If there is any inconsistency between the Chinese names of the PRC entities mentioned in this Offering Circular and their English translations, the Chinese version shall prevail.

Unless expressly stated or the content requires otherwise:

- all other percentages and figures, including share ownership and operating data, have been rounded and accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items; and
- where information is presented in thousands or millions of units, amounts may have been rounded up or down.

RISK FACTORS

Prospective investors should carefully consider the risk factors described below, as well as the other information contained elsewhere in this Offering Circular. The risks described below are not the only ones relevant to us, or the Bonds. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the possible events described below occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, we may not be able to satisfy our obligations under the Bonds, and investors could lose all or part of their investment.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular.

RISKS RELATING TO OUR BUSINESS

We are heavily dependent on the performance of the PRC property market, particularly in Fujian and Jiangsu provinces

Our business and prospects are subject to the conditions of the PRC property market, particularly in Fujian and Jiangsu provinces. Growth in demand for commercial and residential properties in the PRC is often coupled with volatility in market conditions and fluctuations in property prices. The PRC property market is affected by many factors, including changes in the PRC's political, economic and legal environment, and the lack of a mature and active secondary market for commercial and residential properties. As the majority of our projects and property developments are located in Fujian and Jiangsu provinces, we expect that our business and prospects will be heavily affected by the state of the property market in these regions. Any over-development, market downturn, or fluctuations in property prices in China in general and in particular Fujian and Jiangsu provinces would have a material adverse impact on our business, financial condition, results of operations and prospects. Furthermore, the PRC Government from time to time adjusts its fiscal and monetary policies to adjust the rate of growth of the PRC national economy and local economies, and such adjustments may affect the property market in the regions where we have, and will have, property developments.

The global economic slowdown and financial crisis have negatively impacted, and may continue to negatively impact, our business

The global economic slowdown and turmoil in the global financial markets have had a negative impact on the PRC economy, and together with the credit tightening policies and measures launched by the PRC Government, have affected the PRC property market. For example:

- the economic slowdown and credit tightening measures have decreased the demand for residential and commercial properties and resulted in the reduction of property prices;
- the economic slowdown has adversely impacted home owners and potential property purchasers, which may further depress the general demand for property products and a further erosion of their selling prices; and
- the tightening of credit has negatively impacted the ability of property developers and potential property purchasers to obtain financing.

We cannot predict how long the recent economic slowdown may last and to what extent it may impact us. If it continues for a prolonged period, the demand for our products and our ability to obtain necessary financing for our operations could be materially and adversely affected, which in turn would negatively impact our business, financial condition, results of operations and prospects.

We may not be able to successfully manage our growth

We have been rapidly expanding our operations in recent years. As we continue to grow, we must continue to improve our managerial, technical and operational knowledge and allocation of resources, and to implement an effective management information system. To manage effectively our expanded operations, we need to continue to recruit and train managerial, accounting, internal audit, engineering, technical, sales and other staff to satisfy our development requirements. In order to fund our ongoing operations and future growth, we need to have sufficient internal resources of liquidity or access to additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. Accordingly, we will need to further strengthen our internal control and compliance functions to ensure that we are able to comply with our legal and contractual obligations and reduce our operational and compliance risks. We cannot assure you that we will not experience issues such as capital constraints, construction delays, operational difficulties at new operational locations or difficulties in expanding our existing business and operations and training an increasing number of personnel to manage and operate the expanded business. Neither can we assure you that our expansion plans will not adversely affect our existing operations and thereby have a material adverse effect on our business, financial condition, results of operations and future prospects.

We may not be able to locate or acquire suitable sites for our future projects at a reasonable cost, or at all

Major PRC cities, including Nanjing and Xiamen have experienced an increase in land cost in recent years and there is a limited supply of suitable land available for development in such cities. As a result, we may not be able to acquire suitable land at a reasonable cost. We may also face strong competition from other property developers for the sites we target to acquire and cannot assure you that we will be able to acquire these sites at reasonable costs, or at all.

Furthermore, our ability to acquire land is regulated by the PRC Government and the relevant local authorities who control the supply of substantially all land and their approved usage which in turn affects the price at which land can be acquired. Specific regulations are in place to control the way through which land is acquired and developed. Further changes in government policy with regard to land supply and development may lead to increases in our costs of acquiring land and limit our ability to successfully acquire land at reasonable cost, which would have a material adverse impact on our business, financial condition, results of operations and prospects.

We require substantial capital resources to acquire land and develop our existing and additional projects, which may not be available on commercially available terms, or at all, and are subject to market demand and policy changes

Real estate development is capital intensive. The availability of adequate financing is crucial to our ability to acquire land and to complete our projects. We finance our real estate development activities primarily through a combination of funding from bank borrowings as well as pre-sale and sale proceeds from our developed projects. Historically, we also relied on interest-free loans from our Controlling Shareholders to fund our operations. There is no assurance that such loans from our Controlling Shareholders will continue to be available to us in the future.

Our ability to arrange adequate financing for land acquisitions or real estate developments on terms commercially acceptable to us depends on a number of factors, many of which are beyond our control. The PRC Government has in recent years introduced numerous policy initiatives in the financial sector to further tighten the requirements for lending to property developers. As a result, we may not be able to obtain bank borrowings or funding from other sources in the future on favourable terms, or at all, which could have a material adverse impact on our business, financial condition, results of operations and prospects.

In addition to bank borrowings, we utilise proceeds from pre-sales and funds generated from our operations as an important source of financing for our real estate developments. There can be no assurance that we can achieve sufficient pre-sales to finance a particular development. Any restriction on our ability to pre-sell or sell our properties, including any increase in the amount of upfront expenditures we must incur prior to obtaining a pre-sale permit, or any restriction on our ability to utilise the pre-sale proceeds, including as a result of changes to PRC laws and regulations governing the use of pre-sale proceeds, would extend the time required to recover our capital outlay and could require us to seek alternative means to finance the various stages of our real estate developments. Our ability to generate cash depends on the demand for and prices of our properties and our ability to continually develop and sell or lease our properties. Furthermore, purchasers who pay the purchase price in instalments under sales or pre-sales contracts may not make timely payments and this may have a material adverse impact on our liquidity. Any restriction on our ability to pre-sell or sell, any change in our ability to generate profits from our operations or our ability to collect instalments from the purchasers could have a material adverse impact on our business, financial condition, results of operations and prospects.

We may not be able to meet project development schedules and complete our projects on time, or at all

Real estate development requires substantial capital expenditures and management resources prior to, and during, the construction period. Construction of a particular project may take several years before it can generate positive cash flows through pre-sales, leases and sales, and the timing and costs involved in completing a particular project could be materially and adversely affected by many factors, including, among others:

- misjudgement on the selection and acquisition criteria for potential sites, especially with respect to new business segments and cities;
- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities including, but not limited to, delays in assisting our customers to obtain the necessary individual property ownership certificates;
- delays in construction due to various factors including, but not limited to, the relocation of existing site occupants and demolishment of existing structures;
- shortages of materials, equipment, contractors and skilled labour;
- labour disputes;
- changes in market conditions;
- construction accidents; and
- natural catastrophes and adverse weather conditions.

Property developers are typically required to deliver to purchasers the relevant individual property ownership certificates within 90 days after delivery of the property or within a time frame set out in the relevant sale and purchase agreement. Property developers, including us, generally elect to specify the deadline for the delivery of the individual property ownership certificates in the sale and purchase agreements to allow sufficient time for the application and approval processes. Under current regulations, we are required to submit requisite governmental approvals in connection with our property developments, including land use rights documents and planning and construction permits, to the local bureau of land resources and housing administration within three months after receipt of the completion and acceptance certificate for the relevant properties and apply for the general property ownership certificate in respect of these properties. We are then required to submit within regulated periods after delivery of the properties, the relevant property sale and purchase agreements, identification documents of the purchasers, proof of payment of deed tax, together with

the general property ownership certificate, for the relevant local authority's review and the issuance of the individual property ownership certificates in respect of the properties purchased by the respective purchasers.

Delays in, or the failure to complete, the construction of a particular project according to its planned specifications, schedule or budget may damage our reputation as a property developer, and lead to a loss of revenues, potential penalties arising from late delivery of our properties, as well as result in an increase in construction costs. If we do not complete our projects on time, or at all, our business, financial condition, results of operations and prospects may be materially and adversely affected. In the past, we experienced certain delays in the delivery of properties in our Xiamen Mingfa Shopping Mall. As a result, we were required to make certain late delivery payments to our customers and may experience further potential claims in relation to such delays. For more details, please refer to the section under heading “*Business — Material Litigation and Arbitration — Dispute relating to Xiamen Mingfa Shopping Mall*”.

We face risks relating to fluctuations in our results of operation from period to period

As we derive our revenues principally from the sale of properties, our results of operations may vary significantly from period to period. At present, we derive a significant portion of our revenues from the sale of properties that we have developed. Our results of operations may fluctuate in the future due to a combination of factors which includes the overall delivery schedules of our projects, the market demand for our properties by prospective customers, the timing of the sale of properties that we have developed and any fluctuation in expenses such as land costs and construction costs.

A deterioration of our cash flow may affect our ability to service our borrowings and our business, financial condition and results of operations

Our ability to repay the principal and interest on our borrowings depends substantially on our cash flow position and results of operations of our operating subsidiaries, which are dependent not only on market conditions and customer demands, but also on a number of political, economic, legal and other factors, some of which are beyond our control. We cannot assure you that we will have sufficient cash flow to service our borrowings or repay our indebtedness. If we are unable to service our borrowings due to a deterioration of our cash flow position, our business, financial condition, results of operation and prospects, as well as our ability to obtain future borrowings on favourable terms may be materially and adversely affected.

The illiquidity of property investments and the lack of alternative uses for investment properties could limit our ability to respond to materially adverse changes in the performance of our properties

As at 31 December 2010, we had investment properties with an aggregate GFA of approximately 467,185 sq.m. and expect to increase our investment property portfolio as part of our future strategy. Investment properties are illiquid and, as a result, our ability to sell our investment properties in response to changing economic, financial and investment conditions is limited. We cannot predict whether we will be able to sell any of our investment properties for the price or on the terms set by us, or whether any price or other terms offered by prospective purchasers would be acceptable to us. We also cannot predict the length of time needed to find customers and to complete sales. In addition, we may be required to expend funds to maintain properties, to correct defects, or to make improvements before a property can be sold, and we cannot assure you that we would have such funds available.

In addition, investment properties may not be readily convertible to alternative uses if they become unprofitable due to competition, age, decreased demand, increased supply or other factors. The conversion of investment properties to alternative uses would generally require substantial capital expenditures and we cannot assure you that we will have such funds available. These factors and any other factors that would impede our ability to respond to material adverse changes in the performance of our investment properties may have a material adverse impact on our business, financial condition, results of operations and prospects.

We may not be able to obtain land use rights certificates for certain existing properties or properties we may acquire in the future

In order to develop and sell real estate in the PRC, property developers are required to obtain land use certificates from the relevant government authorities. The land use rights certificate in respect of a piece of land will not be issued until the developer has executed the land use rights grant contract with the relevant authorities, made full payments of the land premium and complied with the use rights and any other land grant conditions. We cannot assure you that the Ministry of Land and Resources or its local branches will grant us the appropriate land use rights and issue the relevant land use rights certificates in respect of other land we acquire in the future in a timely manner, or at all. If we cannot obtain land use rights certificates in respect of the land we acquire in the future, we may not be able to lease or sell the project which could have a material adverse impact on our business, financial condition and results of operations.

We have entered into MOUs with various government authorities with an intention to facilitate potential acquisition of several land use rights to certain parcels of land located in several cities in China. These MOUs are not land use rights grant contracts or project company acquisition agreements pursuant to which land use rights can be secured with reasonable certainty. We are required to go through the public tender, auction, or listing-for-sale procedures under the PRC rules or obtain relevant government approvals before we can obtain the land use rights with respect to the land parcels under these MOUs. We cannot assure you that the relevant PRC Government authorities will grant us the land use rights or issue the relevant land use rights certificates in respect of these parcels of land, or that these MOUs will eventually result in our acquisition of any land use rights or our entry into any land use rights grant contract with the relevant PRC Government authorities. If we fail to obtain or experience material delay in obtaining the land use rights with respect to these parcels of land, or at all, our business, financial condition and results of operations may be materially and adversely affected. See “*Business — Description of Our Projects — Memoranda of Understanding with Government Bodies*”.

The PRC Government has implemented restrictions on the payment terms for land use rights

On 28 September 2007, the Ministry of Land and Resources issued revised “Rules regarding the Grant of State-owned Land Use Rights for Construction by Way of Tender, Auction and Listing-for Sale” (招標拍賣掛牌出讓國有建設用地使用權規定), which provides that property developers must fully pay the land premium for the entire parcel under the land grant contract before they can receive a land use rights certificate and commence development on the land. This regulation became effective on 1 November 2007. As a result, property developers are not allowed to bid for a large piece of land, make partial payment, and then apply for a land use rights certificate for the corresponding portion of land in order to commence development, which had been the practice in many Chinese cities. On 8 March 2010, the Ministry of Land and Resources issued the Circular on Strengthening Real Estate Land Supply and Supervision (關於加強房地產用地供應和監管有關問題的通知), under which a land grant contract is required to be entered into within 10 working days after the land grant deal is closed, and property developers are required to pay 50 per cent. of the land premium as a down payment within one month of signing a land grant contract, and the total amount of the land premium is to be paid in full within one year of the date of the land grant contract, subject to limited exceptions. The implementation of the regulation requires property developers to maintain a higher level of working capital. This may have a material adverse effect on our cash flow position, financial condition and business plans.

We may be materially and adversely affected if the resettlement costs or similar costs associated with certain property developments increase

Land parcels acquired by property developers for future development may have existing buildings or other structures or may be occupied by third parties. Where land is obtained from the PRC Government, resettlement or similar costs are usually included in the land premium payable. Government authorities are required to enter into written agreements with the owners of properties subject to demolition and to provide compensation for their relocation and resettlement costs. The

compensation payable by government authorities cannot be lower than the market value of similar properties at the time of expropriation. If the compensation paid by government authorities increases significantly due to increases in property market prices, the land premiums payable by us may be subject to substantial increases, which could adversely affect our business, results of operations and financial condition. In addition, any delay or difficulty in the resettlement process may cause a delay in the delivery of land to us, in whole or in part, and may require and increase in the fees payable in connection with the resettlement process.

In addition, if a local government fails to reach an agreement over compensation with the owners or residents of the buildings subject to demolition, it may unilaterally decide on a compensation plan for such owners or residents, but the owners or residents have right to file for administrative review with relevant government authorities or initiate lawsuits, which may delay a project's timetable. Such delays may lead to an increase in cost and a delay in the expected cash inflow resulting from pre-sales of the relevant projects. If we experience an increase in resettlement costs or experience delay due to our inability to reach a resettlement agreement, our business, financial condition and results of operations may be materially and adversely affected.

We rely on independent third parties to provide various facilities and services and cannot assure you that the services rendered by such third parties will always match our requirements for quality or be available

We depend on a number of independent third parties for a variety of services. For example, we engage independent contractors to assist us in various stages of our project development process, where applicable. We cannot assure you that the services rendered by any of these third parties will always be satisfactory or match our requirements for quality. If the completion of our property project is delayed due to any independent contractor's financial or other difficulties or if the quality of the service provided is not satisfactory, we may be required to incur additional costs to compensate our customers or to cover additional expenses. Any of these factors could have a material adverse impact on our business, financial condition, results of operations and prospects.

Our results of operations may be materially and adversely affected if we fail to obtain, or if there are material delays in obtaining requisite government approvals for our property developments

The property industry in the PRC is heavily regulated by the PRC Government. Property developers in the PRC must comply with various requirements mandated by national and local laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In order to develop and complete a property development, a property developer must obtain various permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of the property development, including land use rights certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval depends on the satisfaction of certain conditions. We cannot assure you that we will not encounter material delays or other impediments in fulfilling the conditions precedent to the approvals, or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the property industry in general or the particular processes with respect to regulatory approvals. There may also be delays on the part of the relevant regulatory bodies in reviewing our applications and granting approvals. If we fail to obtain, or encounter material delays in obtaining, the requisite government approvals, the schedule of the completion and sale of our developments could be substantially disrupted and any such disruption would materially and adversely affect our business, financial condition, results of operations and prospects.

We may be subject to legal and business risks if we fail to obtain or renew formal qualification certificates

As a precondition to engage in real property development in China, a company must obtain a qualification certificate and renew it on an annual basis. According to the PRC regulation on qualification of property developers issued in 2000, a newly established property developer must first

apply for a provisional qualification certificate with a one-year validity, which can be extended for not more than two years under renewal. If, however, a newly established property developer fails to commence a property development project within the one-year period when the provisional qualification certificate is in effect, it will not be allowed to extend its provisional qualification certificate. Furthermore, established developers must also apply for renewal of their qualification certificates on an annual basis. Government regulations mandate that developers must fulfil all statutory requirements before they may obtain or renew their qualification certificates.

We develop all of our properties through project companies. These project companies must also hold valid qualification certificates to be able to conduct their businesses. As of the date of this Offering Circular, seven of our PRC property development subsidiaries did not hold qualification certificates because they are not engaged in any property development activities and two of our PRC property development subsidiaries are in the process of renewing their qualification certificates. We cannot assure you that we and our project companies will continue to be able to extend or renew the qualification certificates. If we or our project companies do not possess valid qualification certificates, the government will refuse to issue pre-sale and other permits necessary for the conduct of our property development business. In addition, the government may impose a penalty on us and our project companies for failure to comply with the relevant licensing requirements. Any of the above could have a material adverse effect on our business, results of operations and financial position.

Pursuant to the Measures for the Administration of Qualifications of Property Service Enterprises (物業服務企業資質管理辦法), entities engaged in property management are required to obtain qualification certificates before they commence their business operations. If any property management companies are unable to meet the relevant requirements and therefore unable to obtain or maintain the qualification certificates, our business and financial condition could be materially and adversely affected. As of the date of this Offering Circular, three of our PRC property management subsidiaries did not hold qualification certificates because they are not engaged in any property management activities and one of our PRC property management subsidiaries are in the process of renewing their qualification certificates.

We may be involved in legal and other disputes from time to time arising out of our operations and may face significant liabilities as a result

We may be involved in disputes with various parties involved in the development and sale of our properties, including contractors, suppliers, construction workers, local partners and customers. These disputes may lead to protests and legal, administrative or other proceedings and may result in damage to our reputation, additional operational costs and a diversion of resources and management's attention from our core business activities. In the past, third party claims against us primarily consisted of disputes relating to delayed deliveries of properties to our clients. For example, from September 2007 to June 2009, as the developer and project company of Xiamen Mingfa Shopping Mall, Mingfa Group was named as the defendant in a number of contract dispute claims, filed by owners comprising a total of 415 units of Xiamen Mingfa Shopping Mall (representing approximately 12 per cent. of the total number of units), who entered into property purchase agreements with Mingfa Group. The property purchase agreements contained terms and conditions which entitled the property owners to compensation in the event of delays in our delivery of properties to them. Due to a number of factors, including a change of design, Mingfa Group was unable to deliver the properties in Xiamen Mingfa Shopping Mall in accordance with the delivery schedule set out in such agreements, and became liable for certain penalties as compensation to the purchasers of those 415 units in Xiamen Mingfa Shopping Mall in accordance with the terms of these agreements. The delivery date set out in the agreements and the actual delivery date varied from property to property. The claims brought against Mingfa Group related to, among other things, the proposed commencement date for calculating the compensation payable for delays in delivering the completed property to the purchasers.

As at 31 December 2010, the People's Court of Xiamen Siming District and Xiamen Intermediate People's Court had ruled in favour of the property owners in some of the cases. According to the proceedings concluded so far, it was determined that Mingfa Group was liable for damages of approximately RMB16.5 million due to the delayed deliveries of the properties. As at 28 October 2009, pursuant to the terms of the property purchase agreements, Mingfa Group has paid compensation in the aggregate of approximately RMB16.1 million in relation to the claims, and approximately RMB400,000 remains payable. We intend to settle this amount in full once we are able to contact the relevant property owners. We cannot assure you that we will not be involved in any other such proceedings again or that such proceedings will not involve material amounts in the future or that the outcome of these proceedings will not materially and adversely affect our business, financial condition and results of operations.

Our internal control systems and compliance procedures may have deficiencies and weaknesses such that we may not be able to maintain effective internal control

Our internal control systems and compliance procedures are essential to the operations and results of our business. While we have taken steps to improve these systems and procedures, we cannot assure you that in the future any deficiencies and weaknesses therein will not have a material adverse effect on our reputation, business and results of operations.

Our failure to meet all requirements for issuance of property ownership certificates may lead to payment of compensation to our customers

According to PRC law, property developers must meet various requirements which include, among others, passing various governmental clearances, formalities and procedures, within 90 days after delivery of properties, or such time period as provided in the sales contracts, in order to allow the customers to apply for property ownership certificates. We cannot assure you that there will not be delays in fulfilling those requirements, that we will be able to timely deliver all property ownership certificates in the future or that we will not be subject to any liabilities as a result of any late deliveries of property ownership certificates. There may also be factors beyond our control that cause delay to the delivery of property ownership certificates, such as time-consuming examination and approval processes by various PRC government agencies. Under our sales contracts, we are required to compensate our customers for any delays in the delivery of our properties. In the case of serious delays in one or more of our property development projects, our business and reputation could be materially and adversely impacted.

Our business, financial condition and results of operations may be materially and adversely affected if interest rates increase in the future

Mortgages are the primary means of financing property purchases in the PRC. Most of the prospective customers of our residential properties are expected to finance a substantial portion of the purchase price with mortgages. Due to the need for mortgages, demand for commercial and residential properties is likely to be materially and adversely affected by increases in interest rates, which would make commercial and residential properties less affordable for prospective customers.

Changes in interest rates have also affected and will continue to affect our financing costs. From 2010, the PRC Government introduced a new round of austerity measures to control the growth of the economy, including increasing the one-year benchmark lending rate and the reserve requirement ratio for commercial banks. The current benchmark one-year lending rate is 6.31 per cent. and the reserve requirement ratio for commercial banks is ranging from 17.5 per cent. to 21 per cent. effective from 18 May 2011. There is no assurance that interest rates will not increase in the future. Our cost of borrowing will increase as a result of any interest rate increases which would, in turn, materially and adversely affect our business, financial condition and results of operations.

The non-compliant GFA of some of our completed property developments may be subject to governmental approval and additional payments

The local government authorities inspect our property developments after completion and issue completion certificates if the developments are in compliance with the relevant laws and regulations. If the total constructed GFA of a property development exceeds the amount of GFA authorised in the relevant land grant contracts or construction permit, or if the completed property contains built-up areas that are not in conformity with the plan authorised by the construction permit, we may be required to make additional payments or take corrective actions with respect to such non-compliant GFA before the property development may obtain a completion certificate. If we fail to obtain the completion certificate due to such non-compliance, we will not be allowed to deliver the relevant properties or recognise any revenue from the relevant pre-sold properties and may also be subject to liabilities under the pre-sale contracts. Any of the above could have a material adverse effect on our business, financial condition and results of operations.

Our sales and pre-sales will be affected if mortgage financing for our purchasers becomes more costly or otherwise less attractive or available

Most of our purchasers rely on mortgages to fund their purchases. An increase in interest rates may significantly increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely affecting the affordability of residential properties. In addition, the PRC Government and commercial banks may also increase the down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. Under PRC law, monthly mortgage payments are limited to 50 per cent. of an individual borrower's monthly income.

To curtail the overheating of the PRC property market, the General Office of the State Council on 7 January 2010 issued the "Circular on Facilitating the Stable and Healthy Development of Property Market" (關於促進房地產市場平穩健康發展的通知), which provides that the down payment for the second property bought with mortgage loans shall not be less than 40 per cent. of the total purchase price. On 17 April 2010, the State Council issued the "Notice on Resolutely Curbing the Rapid Rising of the House Price in Certain Cities" (國務院關於堅決遏制部分城市房價過快上漲的通知) which stipulated that down payment for the first property that is larger than 90 sq.m. shall not be less than 30 per cent. of the purchase price; down payment for the second property bought with mortgage loans shall be not less than 50 per cent. of the purchase price and the loan interest rate shall be not less than 1.1 times the benchmark lending rate published by the PBOC. In addition, the down payment and interest rate shall significantly increase for the third or further properties bought with mortgage loans. In certain areas where commodity residential property is in short supply and prices rise too quickly, the banks may suspend granting mortgage loans for the third or further properties bought with mortgage loans or to non-residents who cannot provide any proof of tax or social insurance payment more than one year.

On 29 September 2010, PBOC and the China Banking Regulatory Commission jointly issued the "Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies" (關於完善差別化住房信貸政策有關問題的通知), under which, the minimum down payment for all first home purchases is increased to 30 per cent. of the purchase price. On 26 January 2011, the State Council issued the Notice Concerning Further Strengthening the Macro economic Control of Real Property Market (關於進一步做好房地產市場調控工作有關問題的通知), according to which, the minimum down payment is raised to 60 per cent. of the purchase price for second-house purchases with the minimum loan interest rate at 110 per cent. of the benchmark rate. If the availability or attractiveness of mortgage financing is reduced or limited, many of our prospective customers may not be able to purchase our properties and, as a result, our business, liquidity and results of operations could be adversely affected.

We provide guarantees for mortgages taken out by our customers and if a significant number of these guarantees are called upon, our business, financial condition and results of operations could be materially and adversely affected

We pre-sell our properties before construction is completed. In accordance with industry practice, we are required to provide guarantees to banks in respect of mortgages offered to our customers until completion of construction and the relevant property ownership certificates and certificates of other interests in the property are submitted to the relevant banks. If a customer defaults on a mortgage and the bank calls upon the guarantee, we are required to repay the full portion of the mortgage owed by the customer to the mortgagee bank. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage. Consistent with industry practice, we rely on the results of customer credit checks conducted by the mortgagee banks relating to these guarantees and do not conduct any independent credit checks.

As at 31 December 2009 and 31 December 2010 our outstanding guarantees on mortgage loans of our customers amounted to RMB1,954.4 million and RMB1,861.2 million respectively. As at 31 December 2010 there had been no material defaults on mortgages guaranteed by us. However, there can be no guarantee that defaults will not occur in the future or that we will not suffer any loss as a result of such defaults. In addition, if a significant number of customers default on their mortgages and our guarantees are called upon, our business, financial conditions and results of operations could be materially and adversely affected to the extent that there is a material depreciation in the value of the relevant properties from the price paid by the customer or that we cannot sell such properties due to unfavourable market conditions or other reasons.

Furthermore, if there are changes in laws, regulations, policies and practices that would prohibit property developers from providing guarantees to banks in respect of mortgages offered to property purchasers and these banks would not accept any alternative guarantees by other third parties, or if no third party is available in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks. Such difficulties in financing could result in a substantially lower rate of pre-sales of our properties, which could materially and adversely affect our business, financial conditions, results of operations and prospects.

We may not be able to control the individual or collective decisions of certain tenants and property owners of our commercial complexes, logistics centres, R&D centres and other properties

To realise better cash flow and to free up capital to invest in additional property development projects, we have sold or leased in the past and may continue to sell or lease strata-titled units of our commercial complexes, logistics centres, R&D centres and other properties. There can be no assurance that we will be able to control any individual or collective decisions of any tenants and property owners in the way they operate or lease such units or outlets or that any conflict in the usage of such units or outlets will not arise. If we are unable to control the manner of operation of such units or outlets, we may fail to carry on the original purpose of developing such units or outlets, and such failure may have a material adverse impact on the reputation, business, operations and value of the related commercial complexes, logistics centres, R&D centres and other properties.

Any failure to protect our brand, trademarks and other intellectual property rights could have a material and adverse impact on our business, financial condition and results of operations

We believe our brand, trademarks and other intellectual property are integral to our success. Mingfa is a highly recognised brand in the PRC and we have been the recipient of several awards. We believe the success of our business depends in part on our continued ability to use and promote our brand and trademarks. We rely on the intellectual property laws in the PRC to protect our intellectual property. Any unauthorised use of such intellectual property could materially and adversely affect our business and reputation.

Monitoring and preventing any unauthorised use of our intellectual property is difficult and costly. The measures we have taken to protect our brand, trademarks and other intellectual property rights may not be adequate to prevent their unauthorised use by third parties. Furthermore, enforcement of PRC intellectual property-related laws has historically been difficult, primarily because of ambiguities in the PRC laws. In addition, we cannot assure you that any brand, trademarks or other intellectual property owned by us will be enforceable or will not be invalidated, circumvented or otherwise challenged in the PRC. If we are unable to adequately protect our brand, trademarks and other intellectual property, we may lose these rights which could have a material adverse effect on our business and reputation.

Potential liability for environmental problems could result in substantial costs

We are subject to a variety of laws and regulations concerning the protection of health and the environment. The particular environmental laws and regulations that apply to any given project development site vary greatly according to the site's location, environmental condition, its present and former uses, as well as adjoining properties. Compliance with environmental laws and conditions may result in delays, may cause us to incur substantial compliance and other costs and can severely restrict project development activities in environmentally sensitive regions or areas.

As required by PRC law, independent environmental consultants have conducted environmental impact assessments at all of our construction projects and no environmental liability that we believe would have a material adverse impact on our business, financial condition and results of operations has been revealed. However, it is possible that these investigations did not reveal all environmental liabilities or their extent, and there may be material environmental liabilities of which we are unaware.

We have limited insurance to cover all potential losses and claims

In general, we do not take out insurance coverage against potential losses or damages with respect to our properties developed for sale before their delivery to customers. Neither do we maintain insurance coverage against liability from tortious acts or other personal injuries on our project sites. Under relevant PRC laws, construction companies are responsible for bearing the primary civil liability for personal injuries arising out of their construction work. In addition, there are certain types of losses for which insurance is not available on commercially practicable terms in the PRC, such as losses suffered due to earthquakes, typhoons, flooding, war and civil disorder. Therefore, while our Directors believe that our practice is in line with the general practice in the PRC property development industry, there may be instances when we will have to internalise losses, damage and liabilities because of our lack of insurance coverage, which may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

The relevant PRC tax authorities may challenge the basis on which we calculate our land appreciation tax ("LAT") obligations

Under PRC tax laws and regulations, our PRC subsidiaries that are in the property development business are subject to LAT which is collected by the local tax authorities. All income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30 per cent. to 60 per cent. of the appreciation value as defined by the relevant tax laws, with certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20 per cent. of the total deductible items as defined in the relevant tax laws. Sales of commercial properties are not eligible for such exemption.

The State Administration of Tax Bureau clarified the settlement of LAT to some extent in its Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises (關於房地產開發企業土地增值稅清算管理有關問題的通知) effective from 1 February 2007. The notice clarifies that provincial and local tax authorities may formulate their own implementation rules and determine how LAT will be settled in their jurisdictions. The State Administration of Taxation issued the Circular on Relevant Issues on Land Appreciation Tax

Settlement (關於土地增值稅清算有關問題的通知) on 19 May 2010, and the Circular on Strengthening the Administration Work in relation to the Collection of Land Appreciation Tax (關於加強土地增值稅徵管工作的通知) on 25 May 2010 respectively. The circulars detailed certain items that could be deducted for calculation of the amount of tax due, and idle land fees cannot be deducted from tax. According to the circulars, local governments should adjust the current prepaid LAT rates, and except for indemnificatory housing, the prepaid LAT rate shall not be lower than 2 per cent. in eastern provinces, 1.5 per cent. in central and northeastern provinces, and 1 per cent. in western provinces respectively. If the LAT is calculated based on the authorised taxation method (核定徵收), the minimum taxation rate shall be 5 per cent. in principle.

We have made provision of LAT based on our management's best estimates according to the understanding of the requirements as discussed above. However, the actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects and the PRC tax authorities may not agree with the basis on which we calculate our LAT obligations. We have not finalised our LAT calculation and payments with the tax authorities for our property development projects. There can be no assurance that the current provision of LAT is accurate and the final outcome could be different from the amounts that were initially recorded. In the event that our Group is required to settle any or all unpaid LAT, our cash flow and results of operations during the related period may be materially and adversely affected.

We have made certain payments in connection with MOUs and other arrangements in relation to land acquisition and we may suffer as a result of default by any counterparty in its obligation to refund our payments if the land acquisition fails to materialise

We made certain payment in connection with MOUs and other arrangements in relation to land acquisition. As at 31 December 2010, we have not made any payment in connection with MOUs and other arrangements in relation to land acquisition. These payments are unsecured and paid directly to the counterparty or to the project company instead of an escrow account. Although the recoverability of these payments, if in the form of down payment or deposit, is specified in the contracts, the timeframe and method for the refund are not specified and there is no mechanism in place to prevent any potential misuse of these funds by the counterparty or to ensure funds will be available when refund is due. We believe that entering into such MOUs with various governmental bodies is a common method of obtaining land use rights in the areas that we operate.

Although our right to refund may be specified in the relevant contracts, the collection process may be time consuming and would divert our management and financial resources especially if we have to protect our claims through litigation in the event of default. If our counterparties default in their obligations to refund our down payments or deposits, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We have experienced periods of net cash outflow from operating activities in the past and we cannot assure you that we will not experience periods of net cash outflow from operating activities in the future

We have experienced periods of net cash outflow from operating activities in the past. For the year ended 2009 and 2010, we had net cash generated from operating activities in the amounts of RMB944.9 million and net cash outflow from operating activities in the amounts of RMB2,432.4 million, respectively. These were primarily due to cash expenditures on construction costs we have incurred prior to commencement of pre-sales as we significantly grew our portfolio of developments and reduced pre-sales related to project development schedules.

We cannot assure you that we will not experience periods of net cash outflow from operating activities in the future. If we continue to have net cash outflow from operating activities in the future, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We have experienced periods in which our current liabilities exceeded our current assets in the past and we cannot assure you that we will not experience periods of net current liabilities in the future

We had net current assets of RMB3,758.6 million and RMB3,831.1 million as at 31 December 2009 and 31 December 2010 respectively.

Our net current liabilities have been significantly affected by our rapid growth. Land use rights, properties under development and completed properties held for sale are recorded at cost while advance proceeds from customers are recorded at the realised price of pre-sold properties. In the event that such figures represent the same project, the liabilities will generally be greater than the assets as recorded on the balance sheet. We expect to continue to develop more properties than are available for pre-sale in future periods. As such, we expect to maintain liabilities related to trade and other payables and advance proceeds from customers, which will continue to result in net current liabilities going forward.

We cannot assure you that we will not experience periods of net current liabilities in the future. If we have net current liabilities in the future, our working capital for purposes of our operations may be subject to constraints and it could have a material adverse effect on our business, financial condition, results of operations and prospects.

We depend on our key management and other personnel in the conduct of our business

The success of our business depends significantly upon the expertise and experience of our Executive Directors and other key management personnel. The loss of the services of any of our key management personnel may adversely affect our strategic direction, operations, profitability and financial results.

In addition, our continued success will depend on our ability to attract and retain qualified merchandising, customer services, supervisory and management personnel to manage our existing operations and future growth. Qualified and talented individuals are scarce and in high demand in the PRC real estate industry, and competition for these individuals in China is intense. We may not be able to successfully attract, assimilate or retain the personnel that we need. In addition, we may need to offer higher compensation and other benefits in order to attract and retain key personnel in the future. Our failure to attract and retain qualified personnel may have a negative impact on our business, financial condition and results of operations as well as our ability to pay interest, premium, principal and other amounts due under the Bonds.

We may be deemed a PRC resident enterprise under the new PRC Enterprise Income Tax Law and be subject to PRC taxation on our worldwide income

We are a Cayman Islands holding company with substantially all of our operations conducted through our operating subsidiaries in China. Under the new PRC Enterprise Income Tax Law that took effect on 1 January 2008, enterprises established outside China whose “de facto management bodies” are located in China are considered “resident enterprises” and will generally be subject to the uniform 25 per cent. enterprise income tax rate as to their global income. Under the implementation regulations issued by the State Council relating to the new PRC Enterprise Income Tax Law, “de facto management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. In April 2009, the PRC State Administration of Taxation promulgated a circular to clarify the definition of “de facto management bodies” for enterprises incorporated overseas with controlling shareholders being PRC enterprises. It, however, remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by PRC individual residents as is in our case.

Although we are currently not treated as a PRC resident enterprise by the relevant tax authorities, substantially all of our management is currently based in China and will remain in China in the future. As a result, we may be treated as a PRC resident enterprise for PRC enterprise income tax purposes and subject to the uniform 25 per cent. enterprise income tax as to our global income.

Furthermore, we would be obligated to withhold PRC income tax of up to 7 per cent. on payments of interest and certain other amounts on the Bonds to investors that are non-resident enterprises located in Hong Kong or 10 per cent. on payments of interest and other amounts on the Bonds to investors that are non-resident enterprises located outside Hong Kong, because the interest and other amounts would be regarded as being derived from sources within the PRC. Similarly, any gain realised by such non-resident enterprise investors from the transfer of the Bonds would be regarded as being derived from sources within the PRC and would accordingly be subject to a 10 per cent. PRC withholding tax. If we are treated as such a PRC resident enterprise under PRC tax laws, we could face adverse tax consequences.

We rely principally on dividends paid by our subsidiaries to fund our cash and financing requirements, and any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business

We are a holding company and rely principally on dividends paid by our subsidiaries for cash requirements, including the funds necessary to service any debt we incur and to pay any dividend we declare. If any of our subsidiaries incurs debt in its own name in the future, the instruments governing the debt may restrict dividends or other distributions on its equity interest to us. Furthermore, applicable PRC laws, rules and regulations permit payment of dividends by our PRC entities on a combined basis only out of their retained earnings, if any, determined in accordance with PRC accounting standards. Our PRC entities are required to set aside a certain percentage of their after-tax profit based on PRC accounting standards each year for their reserve fund in accordance with the requirements of relevant laws and provisions in their respective articles of associations. As a result, our PRC entities combined may be restricted in their ability to transfer any portion of their net income to us whether in the form of dividends, loans or advances. Any limitation on the ability of our subsidiaries to pay dividends to us could materially adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends, service our debts or otherwise fund and conduct our business.

Under the new PRC Enterprise Income Tax Law and implementation regulations issued by the State Council, PRC income tax at the rate of 10 per cent. is applicable to dividends paid by PRC enterprises from their earnings derived since 1 January 2008 to “non-resident enterprises” (enterprises that do not have an establishment or place of business in China, or that have such establishment or place of business but the relevant income is not effectively connected with such establishment or place of business) subject to any lower withholding tax rate as may be contained in any income tax treaty or agreement that China has entered into with the government of the jurisdiction where such “non-resident enterprises” were incorporated.

According to the Mainland and Hong Kong Special Administrative Region Arrangement on Avoiding Double Taxation or Evasion of Taxation on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) agreed between the PRC and Hong Kong in August 2006, dividends paid by a foreign-invested enterprise in the PRC to its shareholders in Hong Kong will be subject to a withholding tax at a rate of 5 per cent. if such Hong Kong shareholder directly holds a 25 per cent. or more interest in the PRC enterprise. If our Hong Kong subsidiaries are considered “non-resident enterprises” under the PRC tax law, any dividend that such Hong Kong subsidiaries receive from our PRC subsidiaries may be subject to PRC taxation at the 5 per cent. rate. However, according to a Circular of the PRC State Administration of Taxation dated 27 October 2009, tax treaty benefits will be denied to “conduit” or shell companies without business substance. Therefore, it is unclear whether dividend payments made by our PRC subsidiaries to our Hong Kong subsidiaries, which holds the equity interests in our PRC subsidiaries, will continue to enjoy the 5 per cent. PRC tax rate.

Under PRC regulations, we may not be able to transfer to our PRC subsidiaries proceeds from this offering in the form of a loan, which could impair our ability to make timely payments of interest and principal under the Bonds

Under PRC rules and regulations relating to supervision of foreign debt, including policies of the State Administration of Foreign Exchange (“SAFE”), restrictions on the incurrence of foreign debt (including intercompany debt that would be owed to us by our PRC subsidiaries) will require that the proceeds of this offering and other funding we provide to our PRC subsidiaries that will be used for land acquisitions and developments in China may only be transferred to our PRC subsidiaries as equity investments and not as loans. We will therefore have to rely on dividend payments from our PRC subsidiaries, and we cannot assure you that dividend payments will be available on each interest payment date to pay the interest due and payable under the Bonds, on the maturity date to pay the principal of the outstanding Bonds, or at the time of the occurrence of any change of control to make purchases of outstanding Bonds.

In addition, equity contributions by us and our non-PRC subsidiaries to our PRC subsidiaries will require approvals from the commerce department of the local government and filing with MOFCOM and the local branch of SAFE, which may take considerable time and delay the actual contribution to the PRC subsidiaries. This may adversely affect the financial condition of the PRC subsidiaries and may cause delays to the development undertaken by such PRC subsidiaries. We cannot assure you that we have obtained or will obtain in a timely manner or at all relevant necessary approval certificates or filings for all our operating subsidiaries in the PRC to comply with this regulation.

Further, we cannot assure you that the PRC Government will not introduce new policies that further restrict our ability to deploy in the PRC, or that prevent us from deploying in the PRC, the funds raised outside China. Therefore, we may not be able to use all or any of the capital that we may raise outside China to finance our projects in a timely manner or at all.

RISKS RELATING TO OUR INDUSTRY

The PRC property market has been cyclical and our property development activities are susceptible to significant fluctuations

Historically, the PRC property market has been cyclical. The rapid expansion of the property market in certain major provinces and cities in China in the early 1990s culminated in an over-supply in the mid-1990s and a corresponding fall in property values and rentals in the second half of the decade. Since the late 1990s, private residential property prices and the number of residential property development projects have gradually increased in major cities as a result of an increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC provinces and cities therein have experienced rapid and significant growth. In recent years, however, risk of property over-supply is increasing in parts of China, where property investment, trading and speculation have become overly active. In the event of actual or perceived over-supply, together with the effect of PRC Government policies to curtail the overheating of the property market, property prices may fall significantly and our revenue and results of operations will be adversely affected. We cannot assure you that the problems of over-supply and falling property prices that occurred in the mid-1990s will not reoccur in the PRC property market and the recurrence of such problems could adversely affect our business and financial condition. The PRC property market is also susceptible to the volatility of the global economic conditions as explained in “*Risk Factors — Risks Relating to our Business — The global economic slowdown and financial crisis have negatively impacted, and may continue to negatively impact, our business.*”

The cyclical nature of the property market in the PRC affects the optimal timing for the acquisition of sites, pace of development and well as the sale of properties. This cyclicity, combined with the lead time required for completion of projects and the sale of properties, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from year to year.

We are subject to regulations imposed by the PRC Government, which may adopt further measures intended to curtail the overheating of the property market in the PRC

Our business is subject to extensive governmental regulation. As with other PRC property developers, we must comply with various requirements mandated by PRC laws and regulations, including the policies and procedures established by local authorities designed to implement such laws and regulations. In particular, the PRC Government exerts considerable direct and indirect influence on the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, foreign exchange, property financing, taxation and foreign investment.

In January 2011, the PRC Government adopted certain new policies to cool down the real estate property market, including increasing the minimum down payment to at least 60 per cent. of the total purchase price for second-house purchases with a minimum lending interest rate of at least 110 per cent. of the benchmark rate, in certain targeted cities restricting purchasers from acquiring second (or further) residential properties and restricting non-residents that cannot provide any proof of local tax or social security payments for more than a specified time period from purchasing any residential properties, launching new property tax schemes in certain cities on a trial basis, and levying business tax on the full amount of transfer price in an individual owner transfers a residential property within five years of purchase.

We cannot assure you that the PRC Government will not adopt more stringent policies, regulations and measures in the future. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes disrupt our business or cause us to incur additional costs, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Property development in the PRC is still at an early stage and lacks adequate infrastructural support

Private ownership of property in the PRC is still in a relatively early stage of development. Although demand for private residential property in the PRC has been growing rapidly in recent years, such growth is often coupled with volatility in market conditions and fluctuations in property prices. We cannot predict how much and when demand will develop, as many social, political, economic and legal and other factors may affect the development of the market. The level of uncertainty is increased by limited availability of accurate financial and market information as well as the overall low level of transparency in the PRC.

The lack of an effective liquid secondary market for residential property may discourage investors from acquiring new properties because resale is not only difficult, but can also be a long and costly process. The limited amount of property mortgage financing available to PRC individuals compounded by the lack of security of legal title and enforceability of property rights may further inhibit demand for residential developments.

In addition, risk of property over-supply is increasing in parts of China, where property investment, trading and speculation have become overly active. In the event of actual or perceived over-supply, property prices may fall significantly and our revenue and results of operations will be adversely affected.

The property market in the PRC is highly competitive and intense competition may materially and adversely affect our business, financial condition and results of operations

The property market in the PRC has been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development market and begun to undertake development and investment projects in Fujian and Jiangsu provinces and other regions of China that we may expand into. We will have to compete with these property developers, as well as with our existing and potential competitors, including state and private property developers in the PRC, as well as property developers from Hong Kong and overseas. Some of our competitors may have

greater marketing, financial and technical resources than are available to us, as well as greater economies of scale, broader name recognition, longer track records and more established relationships in certain regions. For further information on our competitive position, please refer to the section headed “*Business — Competition*” of this Offering Circular.

Our properties face competition from similar properties in the same region. Increasing competition in these regions may lead to an increase in competition for choice sites, increased costs for the acquisition of land for development, an increase in supply of developed properties, decreased sale prices and a slowdown in the rate at which new real estate developments will be reviewed and approved by the relevant government authorities, all of which would materially and adversely affect our profitability. This competition may also affect our ability to attract and retain tenants and customers and may reduce the rents or prices we are able to charge. Competing properties may have vacancy rates higher than our properties, which may result in those competitors being willing to lease or sell available space at lower prices than the space in our properties. If we are unable to compete effectively, our business, financial condition, results of operations, operation and prospects could be materially and adversely affected.

RISKS RELATING TO THE PRC

Changes in PRC political, economic and social conditions, laws, regulations and policies may have an adverse effect on our business

Substantially all of our assets are located in the PRC and substantially all of our revenue is sourced from the PRC. Accordingly, to a significant degree, our results of operations, financial position and prospects are subject to the economic, political and legal developments of the PRC.

The economy of the PRC differs from the economies of most developed countries in many respects, including:

- structure;
- level of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has grown significantly in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC Government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may negatively affect our operations. For example, our financial condition and results of operations may be adversely affected by the PRC Government’s control over capital investment or any changes in tax regulations or foreign exchange controls that are applicable to us.

The PRC has been transitioning from a planned economy to a market oriented economy. For the past three decades, the PRC Government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy. However, since early 2004, the PRC Government has implemented certain measures in order to prevent the PRC economy, including the property market, from overheating. These measures may cause a decrease in the level of economic activity, including demand for residential and commercial properties and may have an adverse impact on economic growth in the PRC. If China’s economic growth decreases or if the PRC economy experiences a recession, the growth in demand for our products may also decrease and our business, financial condition and results of operations will be adversely affected. See “*Risk Factors — Risks Relating to Our Business — The global economic slowdown and financial crisis have negatively impacted, and may continue to negatively impact, our business.*”

In addition, demand for our products and our business, financial condition and results of operations may be adversely affected by:

- political instability or changes in social conditions in the PRC;
- changes in laws and regulations or the interpretation of laws and regulations;
- measures which may be introduced to control inflation or deflation;
- changes in the rates or method of taxation; and
- imposition of additional restrictions on currency conversion and remittances abroad.

Governmental control of currency conversion may affect the value of your investment

The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all our revenues in Renminbi. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations, if any. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of the SAFE by complying with certain procedural requirements. However, approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of indebtedness denominated in foreign currencies, including the Bonds. The restrictions on foreign exchange transactions under capital accounts could also affect our subsidiaries' ability to obtain foreign exchange through debt or equity financing, including by means of loans or capital contribution from us. The PRC Government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

Fluctuation in the value of the Renminbi may have a material adverse effect on our business

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of Renminbi into foreign currencies, including U.S. dollars, has been based on rates set by the People's Bank of China ("PBOC"). On 21 July 2005, the PRC Government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. Further on 18 May 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate, effective on 21 May 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 24 per cent. from 21 July 2005 to 30 November 2010. Any significant revaluation of the Renminbi may materially and adversely affect our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable to us by our PRC subsidiaries. For example, an appreciation of the Renminbi against the U.S. dollar would make any new Renminbi denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars into Renminbi for such purposes.

Uncertainty with respect to the PRC legal system could affect us

As all of our business is conducted, and substantially all of our assets are located, in the PRC, our operations are generally affected by and subject to the PRC legal system and PRC laws and regulations.

Since 1979, the PRC Government has promulgated laws and regulations in relation to general economic matters, such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. In particular, legislation over the past 30 years has significantly enhanced the protections afforded to various forms of foreign investment in China. The legal system in China is continuing to evolve. Even where adequate laws exist in China, the enforcement of existing laws or contracts based on existing laws may be uncertain and sporadic, and it may be difficult to obtain swift and equitable enforcement or to obtain enforcement of a judgment by a court of another jurisdiction. In addition, the PRC legal system is based on written statutes and their interpretation, and prior court decisions may be cited as reference but have limited weight as precedents. Our primary operating subsidiaries were incorporated in China as “wholly foreign-owned enterprises.” Although we or our wholly owned subsidiaries are the sole shareholder of, and therefore have full control over, these PRC entities, the exercise of our shareholder rights are subject to their respective articles of association and PRC laws applicable to foreign-invested enterprises in China, which may be different from the laws of other developed jurisdictions. China has not developed a fully integrated legal system and recently-enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. The relative inexperience of China’s judiciary in many cases also creates additional uncertainty as to the outcome of any litigation. In addition, interpretation of statutes and regulations may be subject to government policies reflecting domestic political changes. Furthermore, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation, implementation and enforcement of these laws and regulations involve uncertainties due to the lack of established practice available for reference. We cannot predict the effect of future legal development in China, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or inconsistencies between local rules and regulations and national law. As a result, there is substantial uncertainty as to the legal protection available to us and investors in the Bonds. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation has occurred. This may also limit the remedies available to you as an investor and to us in the event of any claims or disputes with third parties. Any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

The PRC national economy and economies in different regions of the PRC may be adversely affected by natural disasters, acts of God, and occurrence of epidemics

Our business is subject to general economic and social conditions in the PRC, in particular, in regions where our property development projects are located. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. Some regions in China, including certain cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome (“SARS”), H5N1 avian flu or the human swine flu, also known as Influenza A (H1N1). For instance, a serious earthquake and its successive aftershocks hit Sichuan province in May 2008 and subsequently, resulting in tremendous loss of lives and injury and destruction of assets in the region. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. A recurrence of SARS or an outbreak of any other epidemics in China, such as the H5N1 avian flu or the human swine flu, especially in the cities where we have operations, may result in material disruptions to our property development and our sales, which in turn may adversely affect our business, financial condition and results of operations.

It may be difficult to effect service of process upon us or our Directors who live in the PRC or to enforce against us or them judgments obtained from non-PRC courts

We are a holding company incorporated in the Cayman Islands. All of our assets and our subsidiaries are located in the PRC. In addition, most of our Directors and officers reside in the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of

our Directors and officers, including matters arising under applicable securities laws. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. The PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with the United States and most other western countries.

RISKS RELATING TO THE BONDS

There may not be a liquid market for the Bonds, and Bondholders may not be able to sell their Bonds at an attractive price or at all

We cannot assure investors as to the liquidity of the Bonds or that an active trading market will develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial price depending on many factors, including prevailing interest rates, our operating and financial results and the market for similar securities. The Joint Lead Managers are not obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the Bonds. Even if an active trading market were to develop, the Bonds could trade at prices that may be lower than the initial offering price. Future trading prices of the Bonds will depend on many factors, including, but not limited to:

- prevailing interest rates and interest rate volatility;
- the market for similar securities;
- our operating and financial results;
- the publication of earnings estimates or other research reports and speculation in the press or the investment community;
- the market price of the Shares;
- changes in our industry and competition; and
- general market and economic conditions.

Claims by holders of the Bonds are structurally subordinated to creditors of our subsidiaries and associated companies

Our ability to make payments in respect of the Bonds depends largely upon the receipt of dividends, distributions, interest or advances from our subsidiaries. The ability of our subsidiaries to pay dividends and other amounts to us may be subject to their profitability and applicable laws. Payments under the Bonds are structurally subordinated to all existing and future liabilities and obligations of each of our subsidiaries. Claims of creditors of such companies will have priority as to the assets of such companies over us and our creditors, including holders of the Bonds.

We may not have the ability to redeem the Bonds

Bondholders may require us, subject to certain conditions, to redeem for cash some or all of their Bonds on 23 June 2013 or upon a transaction or event constituting a change of control or delisting as described under the headings “*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption at the Option of the Bondholders*” and “*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption for Delisting, Suspension of Trading or Change of Control*”. We may not have sufficient funds or other financial resources to make the required redemption in cash at such time or the ability to arrange necessary financing on acceptable

terms, or at all. Our ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by us would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness held by us.

Bondholders will bear the risk of fluctuations in the price of Shares

The market price of the Bonds at any time will be affected by fluctuations in the price of the Shares. The Shares are currently listed on the Hong Kong Stock Exchange. There can be no certainty as to the effect, if any, that future issues or sales of Shares, or the availability of such Shares for future issue or sale, will have on the market price of the Shares prevailing from time to time and therefore on the market price of the Bonds.

Sales of substantial numbers of Shares in the public market, or a perception in the market that such sales could occur, could adversely affect the prevailing market price of the Shares and the Bonds. Our financial condition, results of operation, future prospects and business strategy could also affect the value of the Shares. The market price of the Shares will be influenced by our operational results (which in turn are subject to the various risks to which our businesses and operations are subject) and by other factors such as changes in the regulatory environment that may affect the markets in which we operate and the capital markets in general. Corporate events such as share sales, reorganisations, takeovers or share buy-backs may also adversely affect the market price of the Shares. Any decline in the market price of the Shares could adversely affect the market price of the Bonds.

Holder has limited anti-dilution protection

The Conversion Price will be adjusted in the event that there is a consolidation, sub-division or reclassification, capitalisation of profit or reserves, rights issue, bonus issue, reorganisation, capital distribution or other corporate or other event including an offer or scheme which affects the Shares, or change of control but only in the situations and only to the extent provided in the “*Terms and Conditions of the Bonds — Conversion — Adjustments to Conversion Price*”. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Shares. Events in respect of which no adjustment is made may adversely affect the market price of the Shares and, therefore, adversely affect the market price of the Bonds.

Bondholders will have no rights as holders of the Shares prior to conversion of the Bonds

Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, they will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. Upon conversion of the Bonds, these holders will be entitled to exercise the rights of holders of the Shares only as to actions for which the applicable record date occurs after the date of conversion.

Potential dilution of the ownership interest of existing Shareholders

The Conversion Price will be adjusted in the event that there is a sub-division, consolidation or reclassification, capitalization of profit or reserves, rights issue, bonus issue, reorganisation, capital distribution or other corporate or other event including an offer or scheme which affects the Shares, but only in the situations and only to the extent provided in the “*Terms and Conditions of the Bonds — Conversion — Adjustments to Conversion Price*”. There is no requirement that there should be adjustment for every corporate or other event that may affect the value of the Shares. Events in respect of which no adjustment is made may adversely affect the market price of the Shares and, therefore, adversely affect the market price of the Bonds.

The insolvency laws of the Cayman Islands and other local insolvency laws may differ from bankruptcy law in jurisdictions with which the holders of the Bonds are familiar

As we are incorporated under the laws of the Cayman Islands and insolvency proceedings relating to us may involve Cayman Islands insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of jurisdictions with which the holders of the Bonds are familiar, such as United States federal bankruptcy law or English law. As a result, Bondholders may not enjoy the same level of protection as may be available under the laws of other jurisdictions.

USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deduction of commission and expenses, will be approximately HK\$1,532.7 million. We intend to use the net proceeds for land acquisitions, general working capital and general corporate purposes.

CAPITALISATION

As at 31 December 2010, our authorised share capital was HK\$1,200,000,000 divided into 12,000,000,000 Shares of HK\$0.10 par value each and our issued share capital was HK\$600,000,000 consisting of 6,000,000,000 Shares of HK\$0.10 par value each.

The following table sets forth on an actual basis our consolidated capitalisation and indebtedness as 31 December 2010 and as adjusted to give effect to the issue of Bonds. This table should be read in conjunction with the Issuer's audited consolidated financial statements for the year ended 31 December 2010, and the notes thereto, incorporated by reference in the Offering Circular. Except as otherwise disclosed herein, there has been no material change in our capitalisation since 31 December 2010.

	As at 31 December 2010			
	Actual		As Adjusted	
	RMB'000	HK\$'000	RMB'000	HK\$'000
Total borrowings — included in current liabilities				
Total borrowings — within 1 year	916,253	1,077,972	916,253	1,077,972
Total borrowings — included in non-current liabilities				
Long-term bank borrowings, net of current portion	2,478,393	2,915,829	2,478,393	2,915,829
Convertible bonds, net of current portion ⁽¹⁾	1,129,194	1,328,497	1,129,194	1,328,497
The Bonds to be issued ⁽²⁾	—	—	1,325,967	1,560,000
Total borrowings — included in non-current liabilities	3,607,587	4,244,326	4,933,554	5,804,326
Capital and reserves attributable to equity holders of the Company				
Issued capital	528,540	621,827	528,540	621,827
Reserves	5,008,933	5,893,010	5,008,933	5,893,010
Non-controlling interests in equity	89,867	105,729	89,867	105,729
Total equity	5,627,340	6,620,566	5,627,340	6,620,566
Total Capitalisation ⁽³⁾	<u>10,151,180</u>	<u>11,942,864</u>	<u>11,477,147</u>	<u>13,502,864</u>

Notes:

- (1) The convertible bonds were issued by the Company on 10 December 2010 to Gain Max Enterprises Limited, an investment vehicle of Warburg Pincus.
- (2) For illustrative purposes only, the aggregate principal amount of the convertible bonds to be issued has been presented as a liability in "As adjusted" column of the table above, which has not taken into account transaction costs and expenses and the financial effect of HKAS 32 accounting treatment for conversion rights and other options attached to the convertible bonds.
- (3) Total capitalisation represents the sum of total equity and total borrowings included in current liabilities and total borrowings included in non-current liabilities.

As at 13 May 2011, our total borrowings have increased by approximately RMB546.8 million since 31 December 2010 because we were granted new construction loans of RMB565 million for our new projects in Wuxi, Zhenjiang and Xiamen.

As at 31 March 2011, our total cash decreased by approximately RMB862.3 million since 31 December 2010 because we have paid the land premium for the land we acquired in Beijing and Shanghai.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of the HK\$1,560,000,000 aggregate principal amount of 5.25 per cent. convertible bonds due 2016 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 16 and consolidated and forming a single series therewith) of Mingfa Group (International) Company Limited (the “**Issuer**”) and the right of conversion into Shares (as defined in Condition 6(A)(vii)) was authorised by a resolution of the board of directors of the Issuer on 18 April 2011. The Bonds are constituted by a trust deed ((as amended or supplemented from time to time) the “**Trust Deed**”) dated 23 May 2011 (the “**Issue Date**”) made between the Issuer and The Bank of New York Mellon, acting through its London Branch (the “**Trustee**”, which expression shall include all persons for the time acting as trustee or trustees under the Trust Deed) as trustee for the holders (as defined in Condition 2(B)) of the Bonds. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bondholders (as defined in Condition 2(B)) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all of the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the paying, conversion and transfer agency agreement dated 23 May 2011 (the “**Agency Agreement**”) relating to the Bonds between the Issuer, the Trustee, The Bank of New York Mellon, acting through its London Branch as principal paying, conversion and transfer agent (the “**Principal Agent**”), The Bank of New York Mellon (Luxembourg) S.A. as registrar (the “**Registrar**”) and the other paying, conversion and transfer agents appointed under it (each a “**Paying Agent**”, “**Conversion Agent**”, “**Transfer Agent**” and together with the Registrar and the Principal Agent, the “**Agents**”) relating to the Bonds. References to the “**Principal Agent**”, “**Registrar**” and “**Agents**” below are references to the principal agent, registrar and agents for the time being for the Bonds. These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. Unless otherwise defined, terms used in these Conditions have the meaning specified in the Trust Deed.

Copies of the Trust Deed and of the Agency Agreement are available for inspection during usual business hours at the principal office for the time being of the Trustee (presently at One Canada Square, 40th Floor, London E14 5AL, United Kingdom) and at the specified offices for the time being of each of the Agents. The Bondholders are entitled to the benefit of and are bound by all the provisions of the Trust Deed and the Agency Agreement, and are deemed to have notice of all the provisions of the Agency Agreement applicable to them.

1. Status

(A) Status

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4, at all times rank at least equally with all of the Issuer’s other present and future unsecured and unsubordinated obligations.

2. Form, Denomination and Title

(A) Form and Denomination

The Bonds are issued in registered form in the denomination of HK\$1,000,000 each. A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

Upon issue, the Bonds will be represented by the Global Certificate deposited with a common depositary for, and representing Bonds registered in the name of a nominee of, Euroclear and Clearstream. The Conditions are modified by certain provisions contained in the Global Certificate. See “The Global Certificate”.

(B) Title

Title to the Bonds passes only by transfer and registration in the Register as described in Condition 3. The holder of any Bond will (except as otherwise required by law or ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions “**Bondholder**” and (in relation to a Bond) “**holder**” means the person in whose name a Bond is registered.

3. Transfers of Bonds; Issue of Certificates

(A) Register

The Issuer will cause the Register to be kept at the specified office of the Registrar outside Hong Kong and the United Kingdom and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(B) Transfer

Subject to Conditions 3(E) and 3(F) and the terms of the Agency Agreement, a Bond may be transferred by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar. No transfer of a Bond will be valid unless and until entered on the Register.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(C) Delivery of New Certificates

Each new Certificate to be issued upon a transfer of Bonds will, within five business days of receipt by the Registrar of the original certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer’s expense) to the address specified in the form of transfer.

Except in the limited circumstances described herein (see “The Global Certificate”), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred or converted, a new Certificate in respect of the Bonds not so transferred or converted will, within five business days of delivery of the original Certificate to the Registrar, be made available for collection at the specified office of the Registrar or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred or converted (but free of charge to the holder and at the Issuer’s expense) to the address of such holder appearing on the Register.

For the purposes of Condition 3, Condition 6 and Condition 10, “**business day**” shall mean a day other than a Saturday or Sunday on which banks are open for business in the city in which the specified office of the Registrar is located.

(D) Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but (i) upon payment by the relevant holder (or the giving of such indemnity as the Issuer and/or any of the Agents may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer and (ii) subject to Condition 3(F).

(E) Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the dates for payment of any principal pursuant to these Conditions; (ii) after a Conversion Notice (as defined in Condition 6(B)) has been delivered by such Bondholder with respect to a Bond; (iii) after a Relevant Event Redemption Notice (as defined in Condition 8(E)) has been deposited by such Bondholder in respect of such Bond pursuant to Condition 8(E) or after a put notice has been deposited delivered by such Bondholder in respect of such Bond pursuant to Condition 8(D); (iv) during the period of seven days ending on (and including) any date of redemption pursuant to Condition 8(B) and 8(C); and (v) during the period of seven days ending on (and including) any Interest Record Date (as defined in Condition 7(A)). Each such period is a “**Closed Period**”.

(F) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Bondholder upon request.

4. Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will (other than PRC Subsidiaries and only in respect of Indebtedness incurred in the PRC), create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Indebtedness or Guarantee of Indebtedness without (a) at the same time or prior thereto securing the Bonds equally and rateably therewith to the satisfaction of the Trustee or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders or (b) providing

such other security for the Bonds as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Bondholders or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

For the purposes of these Conditions:

“Guarantee” means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

“Indebtedness” means any present or future indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility or any bill discounting facility (or dematerialised equivalent);
- (ii) amounts raised under any note purchase facility, the issue of redeemable shares which are redeemable (other than at the option of the Issuer) before the Maturity Date or the issue of bonds (other than performance bonds issued by the Issuer or any of its Subsidiaries), notes, debentures, loan stock or any similar instrument or any finance or capital lease; and
- (iii) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing, excluding trade payables to suppliers incurred in the ordinary and usual course of business;

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“Permitted Security Interest” means any Security Interest granted by a PRC Subsidiary of the Issuer:

- (i) to secure Indebtedness incurred within the PRC; or
- (ii) to secure Indebtedness incurred by a Subsidiary of the Issuer other than a PRC Subsidiary (each, a **“Non-PRC Subsidiary”**) for the sole purpose of paying dividends or other distributions on shares to a Non-PRC Subsidiary or a shareholder of the Issuer;

“PRC” means the People’s Republic of China, excluding for the purposes of these Conditions, The Hong Kong Special Administrative Region of the PRC, The Macau Special Administrative Region of the PRC and Taiwan;

“PRC Subsidiaries” means a Subsidiary which is organised under the laws of the PRC;

“Security Interest” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any relevant jurisdiction; and

“**Subsidiary**” means, in relation to any Person (the “**first Person**”), any other Person (the “**second Person**”) of which the first Person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other second Person which at any time has its accounts consolidated with those of the first Person or which, under the laws of Hong Kong or the Cayman Islands or any other applicable jurisdiction, regulations or generally accepted accounting principles from time to time, should have its accounts consolidated with those of the first Person.

5. Interest

The Bonds bear interest from and including the Issue Date at the rate of 5.25 per cent. per annum payable semi annually in arrear on 23 May and 23 November in each year (each an “**Interest Payment Date**”). If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined in Condition 7(F)) it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day. Each Bond will cease to bear interest (a) (subject to Condition 6(B)(iv)) where the Conversion Right attached to it shall have been exercised by a Bondholder, from and including the Interest Payment Date immediately preceding the relevant Conversion Date (as defined below), or if none, the Issue Date (subject in any case as provided in Condition 6(B)(iv)), or (b) where such Bond is redeemed or repaid pursuant to Condition 8 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, it will continue to bear interest at 12.50 per cent. per annum (both before and after judgment) until whichever is the earlier of (x) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (y) the day seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions). If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per HK\$1,000,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of 5.25 per cent., the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6. Conversion

(A) Conversion Right

- (i) *Mandatory Conversion*: Subject as hereinafter provided, unless previously redeemed or purchased and cancelled, at any time on or after 23 June 2013 up to 6:00pm (Hong Kong time) on the seventh day prior to the Maturity Date (as defined in Condition 8(A) (both days inclusive) (but, except as provided in Condition 6(A)(vi)) and Condition 10, in no event thereafter), the Issuer may give notice (the “**Mandatory Conversion Notice**”) to the Bondholders in accordance with Condition 17 (which notice shall be irrevocable) to require all (but not some only) of the Bonds to be converted into Shares, upon the occurrence of a Conversion Trigger Event.

For the purposes of these Conditions, a “**Conversion Trigger Event**” occurs when the arithmetic average of the Volume Weighted Average Price (as defined in Condition 6(C)) for one Share (being a Share carrying full entitlement to dividends) for each of the 30 consecutive Trading Days ending on and including a date which is not earlier than five business days prior to that upon which the Mandatory Conversion Notice is given is not less than 142 per cent. of the Initial Conversion Price (as defined in Condition 6(A)(iv)).

If there shall occur an event giving rise to a change in the Conversion Price during any such 30 consecutive Trading Days period, appropriate adjustments for the relevant days shall be made, as determined by the Independent Investment Bank, for the purpose of calculating the Volume Weighted Average Price for such days.

The Mandatory Conversion Notice must be sent to the Trustee, each Agent and Bondholders no later than 14 nor more than 30 days before the relevant Conversion Date (the “**Mandatory Conversion Notice Period**”) and shall state the following:

- (1) the Conversion Date;
- (2) evidence of the Conversion Trigger Event;
- (3) the date by which the Conversion Notice, together with the relevant Certificates, must be given to the Issuer (which date must be no later than seven business days before the relevant Conversion Date);
- (4) the form of the settlement notice (the “**Settlement Notice**”) to be delivered by Bondholders;
- (5) the Conversion Price and the Conversion Ratio in effect; and
- (6) the procedures that the Bondholders must follow and the requirements that Bondholders must satisfy in order to receive the Shares upon conversion.

If on the expiry of the Mandatory Conversion Notice Period, Settlement Notices have not been received by a Conversion Agent in respect of any Bonds outstanding (“**Relevant Bonds**”), the Relevant Bonds shall be converted into Shares in accordance with these Conditions at the applicable Conversion Price and such Shares together with any other cash required to be delivered upon conversion and other documents (if any) as may be required by law to effect the transfer thereof shall be delivered to a person (the “**Relevant Person**”) selected by the Issuer and approved by the Trustee. The Issuer shall procure that all of the Shares delivered, or to be delivered, on such conversion shall be sold by, or on behalf of, the Relevant Person as soon as practicable in accordance with the advice of and at the times deemed appropriate by the Independent Investment Bank selected by the Issuer and approved by the Trustee, and (subject to any necessary consents being obtained, and to the deduction by the Relevant Person of any amount payable in respect of its liability to taxation and the payment of any capital, stamp, transfer, issue or registration taxes and duties (if any) and any fees or costs incurred by or on behalf of the Relevant Person in connection with the issue, allotment, transfer, delivery and sale thereof) the net proceeds of sale together with accrued interest, and any cash in lieu of fractions and any other amount payable by the Issuer in respect of the relevant exercise in respect of the Relevant Bonds shall be paid to the Bondholders in accordance with Condition 7 within 10 days of the date of the last sale of such Shares (and shall immediately notify the Trustee of such payment), upon which such net proceeds shall be distributed rateably to the holders of such Relevant Bonds.

The Trustee and the Issuer shall have no responsibility to any person for the price, timing or manner in which such sale is effected or if the aggregate sale proceeds fall short of the principal amount of the Relevant Bonds. Neither the Trustee nor the Issuer shall have any liability in respect of the approval of any person holding the Shares or any person conducting such sale, or the inability to sell any such Shares or otherwise.

- (ii) *Optional Conversion*: Subject as hereinafter provided, Bondholders have the right to convert their Bonds into Shares (as defined in Condition 6(A)(vii)) at any time during the Conversion Period referred to below.

The right of a Bondholder to convert any Bond into Shares is called the “**Bondholder Conversion Right**” and the right of the Issuer to require the conversion of the Bonds into Shares pursuant to Condition 6(A)(i) is called the “**Mandatory Conversion Right**”, together the “**Conversion Rights**” and each a “**Conversion Right**”.

Subject to and upon compliance with, the provisions of this Condition, the Bondholder Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on or after 3 July 2011 up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the seventh day prior to the Maturity Date (both days inclusive) (but, except as provided in Condition 6(A)(vi)) and Condition 10, in no event thereafter) or, if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than seven days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Bond pursuant Condition 8(D) or Condition 8(E) then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice (the “**Conversion Period**”).

The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted by the Conversion Price in effect on the Conversion Date (both as hereinafter defined). A Bondholder Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder or at the option of the Issuer pursuant to the Mandatory Conversion Right, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

- (iii) *Fractions of Shares*: Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. However, if a Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after 18 April 2011 which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay in cash (in the Hong Kong dollars by means of a Hong Kong dollar cheque drawn on a bank in Hong Kong) a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6(A)(ii), as corresponds to any fraction of a Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds HK\$100.00. Any such sum shall be paid not later than five Stock Exchange Business Days (as defined in Condition 6(B)(i)) after the relevant Conversion Date.

- (iv) *Conversion Price*: The price at which Shares will be issued upon conversion (the “**Initial Conversion Price**”) will initially be HK\$3.168 per Share, but will be subject to reset in the manner provided in Condition 6(A)(v) or adjustment in the manner provided in Condition 6(C). For the purposes of these Conditions, “**Conversion Ratio**” means the principal amount of each Bond divided by the then Conversion Price.
- (v) *Conversion Price Reset*: If the arithmetic average of the Volume Weighted Average Price for one Share (being a Share carrying full entitlement to dividends) for each of the 30 consecutive Trading Days (as defined below) ending on the 10th day prior to the Reset Date (the “**Reset Period**”) is less than 83.33 per cent. of the Conversion Price (as may be adjusted in accordance with Condition 6(C) on or prior to the Reset Date), the Conversion Price shall (subject to Condition 6(C), be reset with effect from (and including) the relevant Reset Date in accordance with the following formula:

$$\text{adjusted Conversion Price} = \text{Reset Price}$$

Any adjustment to the Conversion Price pursuant to this Condition 6(A)(v) shall be limited so that the Conversion Price adjusted in accordance with this Condition 6(A)(v) shall not be less than the higher of (a) the applicable Reset Price Floor and (b) the par value of the Shares (currently HK\$0.10 per Share).

For the purposes of these Conditions:

“**Reset Date**” means 10 March 2012.

“**Reset Price**” means the arithmetic average of the Volume Weighted Average Price for one Share (being a Share carrying full entitlement to dividends) on each Trading Day during the Reset Period.

“**Reset Price Floor**” means an amount equal to 62.5 per cent. of the Conversion Price provided that if any adjustment to the Conversion Price is made or is to be made in accordance with Condition 6(C) on or prior to the relevant Reset Date, the Reset Price Floor shall be adjusted by applying the provisions of Condition 6(C) in a corresponding manner to the Reset Price Floor.

- (vi) *Revival and/or Survival after Default*: Notwithstanding the provisions of Condition 6(A)(ii), if (a) the Issuer shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof, (b) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 10, or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8(A) or the applicable date for redemption in accordance with Condition 8(D) or 8(E), the Conversion Rights attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders and notwithstanding the provisions of Condition 6(A)(ii), any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined below) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

- (vii) *Meaning of “Shares”*: As used in these Conditions, the expression “**Shares**” means ordinary shares of par value HK\$0.10 each of the Issuer or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

(B) Conversion Procedure

- (i) *Conversion Notice*: Upon the exercise of any Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense between 9:00 a.m. and 3:00 p.m. on any business day at least one business day prior to the Conversion Date (as defined below) at the specified office of any Conversion Agent a notice of conversion (a “**Conversion Notice**”) in the form (for the time being current) obtainable from the specified office of each Agent, together with the relevant Certificate and confirmation that any amounts required to be paid by the Bondholder under Condition 6(B)(ii) have been so paid or if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(D) or Condition 8(E) then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

The conversion date in respect of a Bond (the “**Conversion Date**”) must fall at a time when a Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6(A)(vi) and Condition 10) and will be deemed to be the Stock Exchange Business Day (as defined below) immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal or the Issuer fails to deliver Shares in accordance with these Conditions. “**Stock Exchange Business Day**” means any day (other than a Saturday or Sunday) on which The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) or the Alternative Stock Exchange (as defined in Condition 6(C) below), as the case may be, is open for the business of dealing in securities.

- (ii) *Stamp Duty etc.*: A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant authorities any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital or stamp duties payable in the Cayman Islands and Hong Kong and, if relevant, in the place of the Alternative Stock Exchange, by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Hong Kong Stock Exchange or the Alternative Stock Exchange on conversion) and such Bondholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion. The Issuer will pay all other expenses arising on the issue of Shares on conversion of Bonds. The Bondholder must declare in the relevant Conversion Notice that any taxes payable to the relevant tax authorities pursuant to this Condition 6(B)(ii) have been paid. Neither the Trustee nor any Agent is under any obligation to determine whether a Bondholder is liable to pay or has paid any taxes including capital, stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this Condition 6(B)(ii).

- (iii) *Registration*: As soon as practicable, and in any event not later than five Stock Exchange Business Days after the Conversion Date, the Issuer will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant Certificate and amounts payable by the relevant Bondholder as required by sub-paragraphs (i) and (ii) have been paid, register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Issuer's share register and will, if the Bondholder has also requested in the Conversion Notice and to the extent permitted under the rules and procedures of the Central Clearing and Settlement System of Hong Kong (the "CCASS") effective from time to time, take all necessary action to procure that Shares are delivered through the CCASS for so long as the Shares are listed on the Hong Kong Stock Exchange; or will make such certificate or certificates available for collection at the office of the Issuer's share registrar in Hong Kong (currently Computershare Hong Kong Investor Services Limited) notified to Bondholders in accordance with Condition 17 or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.

If the Conversion Date in relation to any Bond shall be on or after the record date for any issue, distribution, grant, offer or other event that gives rise to the adjustment of the Conversion Price pursuant to Condition 6(C) but before the relevant adjustment becomes effective under the relevant Condition, upon the relevant adjustment becoming effective the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares as is, together with Shares to be issued on conversion of the Bonds, equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective on or immediately after the relevant record date.

The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Issuer's register of members (the "**Registration Date**"). The Shares issued upon conversion of the Bonds will be fully-paid and in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on conversion of the Bonds shall not be entitled to any rights the record date for which precedes the relevant Registration Date.

If the record date for the payment of any dividend or other distribution in respect of the Shares is on or after the Conversion Date in respect of any Bond, but before the Registration Date (disregarding any retroactive adjustment of the Conversion Price referred to in this sub-paragraph (iii) prior to the time such retroactive adjustment shall have become effective), the Issuer will calculate and pay to the converting Bondholder or his designee an amount in Hong Kong dollars (the "**Equivalent Amount**") equal to the Fair Market Value (as defined below) of such dividend or other distribution to which he would have been entitled had he on that record date

been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid by means of a Hong Kong dollar cheque drawn on a bank in Hong Kong and sent to the address specified in the relevant Conversion Notice.

- (iv) *Interest Accrual*: If any notice requiring the redemption of any Bonds is given pursuant to Condition 8(B) or Condition 8(C) on or after the fifteenth Hong Kong business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Issue Date) in respect of any dividend or distribution payable in respect of the Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall (subject as hereinafter provided) accrue on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from, and including, the Issue Date) to, but excluding, such Conversion Date; **provided that** no such interest shall accrue on any Bond in the event that the Shares issued on conversion thereof shall carry an entitlement to receive such dividend or distribution or in the event the Bond carries an entitlement to receive an Equivalent Amount. Any such interest shall be paid not later than 14 days after the relevant Conversion Date by a Hong Kong dollar cheque drawn on, or by transfer to a Hong Kong dollar account maintained by the payee with, a bank in Hong Kong, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.
- (v) *No issue of Shares if in breach of Listing Rules*: The Issuer is not obliged to issue Shares in satisfaction of the Conversion Rights in breach of its obligations under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”). If the Issuer is at any time otherwise (for any reason whatsoever) unable to issue Shares in satisfaction of the Conversion Rights in respect of each Bond, the Issuer undertakes to exercise the Cash Settlement Option in full, or to the extent required, to satisfy the Conversion Right in respect of each Bond.
- (vi) *Cash Settlement*: Notwithstanding the Conversion Rights in respect of each Bond, at any time when the delivery of Shares deliverable upon conversion of the Bonds is required to satisfy the Conversion Right in respect of a Conversion Notice, the Issuer shall have the option to pay to the relevant Bondholder an amount of cash in Hong Kong dollars equal to the Cash Settlement Amount (as defined below) in order to satisfy such Conversion Right in full or in part (in which case the other part shall be satisfied by the delivery of Shares) (the “**Cash Settlement Option**”). In order to exercise the Cash Settlement Option, the Issuer shall provide notice of the exercise of the Cash Settlement Option (the “**Cash Settlement Notice**”) to the relevant Bondholder, the Trustee and each Agent as soon as practicable but no later than the next Stock Exchange Business Day following the date of delivery of the Conversion Notice (the “**Cash Settlement Notice Date**”). The Cash Settlement Notice must specify the number of Shares in respect of which the Issuer will make a cash payment in the manner described in this Condition. The Issuer shall pay the Cash Settlement Amount no later than the fifth Stock Exchange Business Day following the Cash Settlement Notice Date. If the Issuer exercises its Cash Settlement Option in respect of Bonds held by more than one Bondholder which are to be converted on the same Conversion Date, the Issuer shall make the same proportion of cash and Shares available to such converting Bondholders.

For the purposes of these Conditions:

“**Cash Settlement Amount**” means the product of (a) the number of Shares otherwise deliverable upon exercise of the Conversion Right in respect of the Bond(s) to which the Conversion Notice applies, and in respect of which the Issuer has exercised the Cash Settlement Option and (b) the Market Price of the Shares.

“**Market Price**” means the arithmetic average of the Volume Weighted Average Price of the Shares for each day during the ten consecutive Stock Exchange Business Days immediately following the Cash Settlement Notice Date.

(C) Adjustments to Conversion Price

Upon the occurrence of any of the following events described below, the Conversion Price (as the same may have been reset in accordance with Condition 6(A)(v)) will be adjusted as follows:

- (i) *Consolidation, Subdivision or Reclassification:* If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (ii) *Capitalisation of Profits or Reserves:*

- (A) If and whenever the Issuer shall issue any Shares credited as fully paid to the holders of the Shares (the “**Shareholders**”) by way of capitalisation of profits or reserves including Shares paid up out of distributable profits or reserves and/or share premium account issued, save where Shares are issued in lieu of the whole or any part of a specifically declared cash dividend (the “**Relevant Cash Dividend**”), being a dividend which the Shareholders concerned would or could otherwise have received (a “**Scrip Dividend**”) and which would not have constituted a Distribution (as defined in this Condition 6(C)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (B) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price of such Shares exceeds 105 per cent. of the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A+B}{A+C}$$

where:

- A is the aggregate nominal amount of the issued Shares immediately before such issue;
- B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is such Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and
- C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend;

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

(iii) *Distributions:*

- (A) Subject to Condition 6(C)(iii)(B), if and whenever the Issuer shall pay or make any Distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(C)(ii) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Distribution by the following fraction:

$$\frac{A-B}{A}$$

where:

- A is the Current Market Price of one Share on the date on which the Distribution is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Distribution is actually made or, if later, the first date upon which the Fair Market Value of the Distribution is capable of being determined as provided in these Conditions.

- (B) If and whenever the Issuer shall pay or make any Distribution in cash only to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Distribution by the following fraction:

$$\frac{A-B}{A}$$

where:

A is the Current Market Price on the date on which the Distribution in cash is publicly announced; and

B is the amount of cash so distributed attributable to one Share.

Such adjustment shall become effective on the date on which such Distribution in cash is actually made or if a record date is fixed therefore, immediately after such record date. For the avoidance of doubt, only such portion of the Distribution in cash that exceeds the percentage referred to in the proviso of the definition of Distribution (the “**excess portion**”) shall be regarded as Distribution in cash and only the excess portion shall be taken into account in computing the amount of cash so distributed attributable to one Share.

- (iv) *Rights Issues of Shares or Options over Shares*: If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class, by way of rights, of options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 95 per cent. of the Current Market Price per Share on the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A+B}{A+C}$$

where:

A is the number of Shares in issue immediately before such announcement;

B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would subscribe, purchase or otherwise acquire at such Current Market Price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

- (v) *Rights Issues of Other Securities:* and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares) to all or substantially all Shareholders as a class, by way of rights, or the grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A-B}{A}$$

where:

- A is the Current Market Price on the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

- (vi) *Issues at less than Current Market Price:* If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6(C)(iv) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant (otherwise than as mentioned in Condition 6(C)(iv) above) options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at a price per Share which is less than 95 per cent. of the Current Market Price on the date of announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A+B}{C}$$

where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe, purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such Current Market Price; and
- C is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Issuer of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or other rights.

- (vii) *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(C)(vii), the issue wholly for cash by the Issuer in Condition 6(C)(iv), 6(C)(v) or 6(C)(vi) of any securities (other than the Bonds excluding for this purpose any further bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Issuer upon conversion, exchange or subscription at a consideration per Share which is less than 95 per cent. of the Current Market Price on the date of announcement of the terms of issue of such securities.

In such an event, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

- (viii) *Modification of Rights of Conversion etc.:* If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(C)(vii) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95 per cent. of the Current Market Price on the date of announcement of the proposals for such modification.

In such an event, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A-B}{A}$$

where:

- A is the Current Market Price of a Share on the date on which such modification is announced; and
- B is the difference between the Fair Market Value of the modification on a per Share basis on the date of such announcement and the consideration received for the modification on a per Share basis of such modification.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (ix) *Other Offers to Shareholders:* If and whenever the Issuer or any of its Subsidiaries issues, sells or distributes any securities in connection with which an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 6(C)(iv), Condition 6(C)(v), Condition 6(C)(vi) or Condition 6(C)(vii)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A-B}{A}$$

where:

- A is the Current Market Price of one Share on the date on which such issue, sale or distribution is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or delivery of the securities.

- (x) If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances (whether or not referred to in paragraphs (i) to (ix) above) (even if the relevant event or circumstance is specifically excluded in these Conditions from the operation of paragraphs (i) to (ix) above), or that an adjustment should not be made (even if the relevant event or circumstance is specifically provided for in paragraphs (i) to (ix) above), or that the effective date for the relevant adjustment should be a date other than that mentioned in paragraphs (i) to (ix) above, the Issuer may, at its own expense, request an Independent Investment Bank, acting as expert, to determine as soon as practicable (i) what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereto and is appropriate to give the result which the Independent Investment Bank considers in good faith to reflect the intentions of the provisions of this Condition 6(C); and (ii) the date on which such adjustment should take effect; and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination; **provided that** where the events or circumstances giving rise to any adjustment pursuant to this Condition 6(C) have already resulted or will result in an

adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6(C) as may be advised by the Independent Investment Bank to be in its opinion appropriate to give the intended result, **provided that** an adjustment shall only be made pursuant to this Condition 6(C) if it would result in a reduction to the Conversion Price.

For the purposes of these Conditions:

“Alternative Stock Exchange” means at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.

“Closing Price” for the Shares for any Trading Day shall be the price published in the daily quotation sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day.

“Current Market Price” means, in respect of a Share at a particular time on a particular date, the average of the Volume Weighted Average Price for one Share (being a Share carrying full entitlement to dividend) for each of the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date; **provided that** if at any time during the said 20 Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (i) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the Volume Weighted Average Price thereof reduced by an amount equal to the amount of that dividend per Share; or
- (ii) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the Volume Weighted Average Price thereof increased by such similar amount;

and **provided further that** if the Shares on each of the said 20 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share.

“Distribution” means any dividend or distribution, whether of cash or assets in specie or other property by the Issuer for any financial period, and whenever paid or made and however described or declared after the Issue Date, (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Condition 6(C)(ii)(A) by way of capitalisation of reserves and including any Scrip Dividend to the extent of the Relevant Cash Dividend)) **provided that** in the case of a Relevant Cash Dividend, **“Distribution”** shall be deemed to refer to (and only to the extent that) the aggregate amount of such Relevant Cash Dividend together with any other cash dividend previously declared or paid by the Issuer to its Shareholders in respect of a Share during the same financial period that exceeds 3 per cent. of the Current Market Price of a Share (as at the date such Relevant Cash Dividend is publicly announced).

“Fair Market Value” means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank; **provided that** (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; and (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five Trading Days on the relevant market commencing on the first such Trading Day such options, warrants or other rights are publicly traded.

“Independent Investment Bank” means an independent investment bank of international repute (other than any investment bank which acted as a lead manager, underwriter or bookrunner in relation to the initial offering of the Bonds, and any of its affiliates), acting as an expert, selected by the Issuer.

“Trading Day” means a day when the Hong Kong Stock Exchange or, as the case may be, an Alternative Stock Exchange is open for dealing business, **provided that** if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

“Volume Weighted Average Price” means, in respect of a Share on any Trading Day, or series of Trading Days, the order book volume-weighted average price of a Share appearing on or derived from Bloomberg (or any successor service) page “848 HK Equity VWAP” (or any successor to or replacement of such page) or such other source as shall be determined to be appropriate by an Independent Investment Bank on such Trading Day, or series of Trading Days, **provided that** on any Trading Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

On any adjustment, the relevant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Bondholders in accordance with Condition 17 as soon as practicable after the determination thereof.

The Conversion Price may not be reduced so that, on conversion of Bonds, Shares would fall to be issued at a discount to their par value or Shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in Hong Kong.

Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in its opinion appropriate in order to give such intended result.

No adjustment will be made to the Conversion Price in the following circumstances:

- (i) where in the case of a Relevant Cash Dividend, the aggregate amount of such Relevant Cash Dividend together with any other cash dividend previously declared or paid by the Issuer to its Shareholders in respect of a Share during the same financial period is less than 3 per cent. of the Current Market Price of a Share (as at the date the Relevant Cash Dividend is declared) (the “**Dividend Threshold**”);
- (ii) when Shares or other securities (including rights or options) are issued, offered or granted to employees or former employees (including directors or former directors) of the Issuer or any Subsidiary of the Issuer pursuant to any Employee Share Scheme (as defined in the Trust Deed) (and which Employee Share Scheme is in compliance with the Listing Rules or, if applicable, the listing rules of an Alternative Stock Exchange) **provided that** such issues do not amount to, relate to, or entitle such persons to receive, Shares in excess of 1 per cent. of the issued and outstanding Shares as of 18 April 2011; and
- (iii) no adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 6(C)(i) above or where there has been a proven manifest error in the calculation of the Conversion Price.

Neither the Trustee nor the Agents shall be under any duty to monitor whether any event or circumstance has happened or exists which may require (i) an adjustment to be made to the Conversion Price (or any reset thereof) (ii) constitute a Conversion Trigger Event or (iii) constitute any other event specified in these Conditions or make any calculation (or verification thereof) in connection with (X) the Conversion Price (including any reset thereof) (Y) the Volume Weighted Average Price (Z) the Early Redemption Amount (AA) the Cash Settlement Amount (BB) the Default Cure Amount or (CC) any other amount specified in these Conditions and will not be responsible or liable to Bondholders in any way for not so monitoring, calculating or verifying. All adjustments to the Conversion Price under Condition 6(C) shall be determined by the Issuer, and neither the Trustee nor the Agents shall be responsible for verifying such determinations.

(D) Undertakings

The Issuer has undertaken in the Trust Deed, inter alia, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders:

- (i) it will use its best endeavours (a) to maintain a listing for all the issued Shares on the Hong Kong Stock Exchange, and (b) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange, and if the Issuer is unable to obtain or maintain such listing, to use its best endeavours to obtain and maintain a listing for all the issued Shares on an Alternative Stock Exchange as the Issuer may from time to time determine with the approval of the Trustee and will forthwith give notice to the Bondholders in accordance with Condition 17 below of the listing or delisting of the Shares (as a class) by any of such stock exchanges;
- (ii) it will not make any redemption or reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the redemption or reduction is permitted by applicable law and results in (or would, but for the provision of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made);

- (iii) it will not make any issue, grant or distribution pursuant to Condition 6(C) unless the relevant Independent Investment Bank has agreed to make the determination required by that paragraph;
- (iv) it will not declare any cash dividend that would result in exceeding the Dividend Threshold unless otherwise approved by the Bondholders by way of an Extraordinary Resolution;
- (v) it will procure that no securities (whether issued by the Issuer or any other company) in issue at the Issue Date shall be converted into, or exchanged for, Shares except in accordance with the terms of issue thereof, nor will any securities be issued by the Issuer or any of its Subsidiaries which carry rights of conversion or exchange into or subscription for Shares at rates or prices which are subject to adjustments which are not substantially the same as or which are more favourable to the holders of such securities than, the provisions set out in Condition 6;
- (vi) it will not issue or pay up any securities by way of capitalisation of profits or reserves other than by the issue of fully-paid Shares to the Shareholders unless such corporate action results in an adjustment to the Conversion Price; and
- (vii) it will not in any way modify the rights attaching to the Shares or create or issue or permit to be in issue any other class of Shares comprising the issued share capital of the Issuer for the time being, carrying any right to income or capital which is more favourable than the corresponding right attaching to the Shares or attach any special rights or privileges to any such other class of Shares **provided that** nothing in this Condition 6(D) shall prevent any consolidation or sub-division of the Shares.
- (viii) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds from time to time remaining outstanding and shall ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid;
- (ix) if an offer is made to all Shareholders (or all Shareholders other than the offeror and/or any offeror controlled by the Issuer and/or persons acting in concert with the offeror) to acquire all or a proportion of the Shares, forthwith give notice of such offer to the Bondholders and comply with the Hong Kong Code on Takeovers and Mergers (publication of a scheme of arrangement under the laws of Cayman Islands or a voluntary arrangement under any applicable law providing for the acquisition by any person of the whole or any part of the Shares shall be deemed to be the making of an offer);
- (x) it will pay the expenses of the issue of, and all expenses of obtaining a listing on the Stock Exchange for, Shares arising on conversion of the Bonds (save for any taxes specified in Condition 6(B)(ii)) and comply with all applicable requirements of the Listing Rules with respect to the Shares;
- (xi) it will comply with any law, rule, regulation, judgment, order, authorisation or decree of any government, governmental or regulatory body or court, domestic or foreign having jurisdiction over the Issuer or any Subsidiary or any of their respective assets and properties;
- (xii) it, directly or through its Subsidiaries, will continue to be primarily engaged in the business of development of real estate projects in the PRC;

(xiii) it will use reasonable endeavours to procure that its free-float of Shares is increased to 25 per cent. of its issued share capital by 17 December 2013 by way of (a) issue of new Shares, (b) issue of rights, options, warrants or other rights to subscribe for, exchange or purchase any Shares, whereby the Shares issued upon the exercise of such rights, options, warrants or other rights shall contribute to not more than 50 per cent. of such increase in free-float of Shares from 17 December 2010 and/or (c) sale of existing Shares by the Controlling Shareholder; and

(xiv) it will not make any offer, issue or distribute or take any action which would result in an adjustment of the Conversion Price if, after giving effect thereto, the Conversion Price would be reduced to such an extent that the Shares to be issued on the conversion of any Bond would be issued below the par value of the Shares of the Issuer,

provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

(E) Notice of Change in Conversion Price

The Issuer shall give notice to the Bondholders in accordance with Condition 17 of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

7. Payments

(A) Principal, interest and premium

Payment of principal, premium and interest due other than on an Interest Payment Date will be made by transfer to the registered account of the Bondholder or by Hong Kong dollar cheque drawn on a bank in Hong Kong mailed to the registered address of the Bondholder if it does not have a registered account. Such payment will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifteenth day before the due date for the payment of interest (the “**Interest Record Date**”). Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder or by Hong Kong dollar cheque drawn on a bank in Hong Kong mailed to the registered address of the Bondholder if it does not have a registered account.

References in these Conditions, the Trust Deed and the Agency Agreement to principal in respect of any Bond shall, where the context so permits, be deemed to include a reference to any premium payable thereon.

(B) Registered Accounts

For the purposes of this Condition, a Bondholder’s registered account means the Hong Kong dollar account maintained by or on behalf of it with a bank in Hong Kong, details of which appear on the Register at the close of business on the second business day (as defined below) before the due date for payment, and a Bondholder’s registered address means its address appearing on the Register at that time.

(C) Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(D) Payment Initiation

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day (as defined below), for value on the first following day which is a business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

(E) Delay In Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

(F) Business Day

In this Condition, “**business day**” means a day other than a Saturday or Sunday on which commercial banks are open for business in Hong Kong and the city in which the specified office of the Principal Agent is located, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered. If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

8. Redemption, Purchase and Cancellation

(A) Maturity

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 126.42 per cent. of its principal amount together with accrued and unpaid interest thereon on 23 May 2016 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8(B) or 8(C) below (but without prejudice to Condition 10).

(B) Redemption for Taxation Reasons

- (i) The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time prior to the Maturity Date, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 17 (which notice shall be irrevocable) at their Early Redemption Amount, together with interest accrued to the tax redemption date, if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of Hong Kong, the PRC or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 18 April 2011, and (ii) such obligation

cannot be avoided by the Issuer taking reasonable measures available to it, **provided that** no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any Tax Redemption Notice pursuant to this paragraph, the Issuer shall deliver to the Trustee (a) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective). The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof in which event it shall be conclusive and binding on the Bondholders and the Trustee shall have no liability to any Bondholder for such acceptance. Upon the expiry of the Tax Redemption Notice, the Issuer will be bound to redeem the Bonds at their Early Redemption Amount, together with interest accrued to the tax redemption date, **provided that** redemption under this Condition 8(B)(i) may not occur within seven days of the end of a Closed Period, but otherwise may occur when the Conversion Right is expressed in these Conditions to be exercisable.

- (ii) If the Issuer gives a Tax Redemption Notice pursuant to Condition 8(B)(i), each Bondholder will have the right to elect that its Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment of principal or premium to be made in respect of such Bond(s) whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction or withholding of any tax required to be deducted or withheld. To exercise a right pursuant to this Condition 8(B)(ii), the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of exercise, in the form for the time being current, obtainable from the specified office of any Paying Agent (the “**Tax Option Exercise Notice**”) together with the Certificate evidencing the Bonds on or before the day falling 10 days prior to the date fixed by the Issuer for the redemption of the Bonds pursuant to this Condition 8(B). A Tax Option Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent.

(C) Redemption at the Option of the Issuer

On giving not less than 30 nor more than 90 days’ notice to the Bondholders and the Trustee (which notice will be irrevocable), the Issuer may at any time prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at their Early Redemption Amount together with interest accrued to the date fixed for redemption **provided that** prior to the date of such notice at least 90 per cent. in principal amount of the Bonds originally issued (including any further bonds issued in accordance with Condition 16 and consolidated and forming a single series with the Bonds) has already been converted, redeemed or purchased and cancelled.

If there shall occur an event giving rise to a change in the Conversion Price during any such notice period, appropriate adjustments for the relevant days shall be made, as determined by two Independent Investment Banks, for the purpose of calculating the Closing Price for such days.

Redemption under this Condition 8(C) may not occur within seven days of the end of a Closed Period but otherwise may occur when the Conversion Right is expressed in these Conditions to be exercisable.

(D) Redemption at the Option of the Bondholders

The Issuer will, at the option of the holder of any Bond redeem all and not some only of such holder's Bonds on 23 June 2013 (the "**Put Option Date**") at 109.97 per cent. of its principal amount together with interest accrued to the respective dates fixed for redemption. To exercise such option, the holder must deposit at the specified office of any Paying Agent a duly completed and signed put notice in the form for the time being current, obtainable from the specified office of any Paying Agent, together with the Certificate evidencing the Bonds to be redeemed not more than 60 days and not less than 30 days prior to the relevant Put Option Date.

A put notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent unless the Issuer fails to pay the required amount on the relevant Put Option Date. No fewer than 30 nor more than 45 days' notice of the commencement of the period in which the put option can be exercised pursuant to this Condition 8(D) shall be given to the Bondholders.

(E) Redemption for Delisting, Suspension of Trading or Change of Control

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Redemption Date at their Early Redemption Amount together with interest accrued to the Relevant Event Redemption Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent, specifying the number of Bonds to be redeemed and the Relevant Event that has occurred ("**Relevant Event Redemption Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 17. The "**Relevant Event Redemption Date**" shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent unless the Issuer fails to pay the required amount on the relevant Put Option Date and the Issuer shall redeem the Bonds the subject of the Relevant Event Redemption Notice as aforesaid on the Relevant Event Redemption Date. The Issuer shall give notice to Bondholders in accordance with Condition 17 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 8(E) and shall give brief details of the Relevant Event.

None of the Trustee or the Agents shall be required to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and shall be entitled to assume that no such event has occurred until they have received written notice to the contrary from the Issuer. The Trustee and the Agents shall not be required to take any steps to ascertain whether the condition for the exercise of the rights in accordance with Condition 8(D) has occurred. None of the Trustee or the Agents shall be responsible for determining or verifying whether a Bond is to be accepted for redemption under this Condition 8(E) and will not be responsible to Bondholders for any loss arising from any failure by it to do so. None of the Trustee or the Agents shall be under any duty to determine, calculate or verify any redemption amount payable under this Condition 8 and will not be responsible to Bondholders for any loss arising from any failure by it to do so.

A “**Relevant Event**” occurs:

- (i) when the Shares cease to be listed or admitted to trading or are suspended for trading for a period equal to or exceeding 28 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange (a “**Delisting**”); or
- (ii) when there is a Change of Control.

(F) Purchase

The Issuer or any of its Subsidiaries may at any time and from time to time purchase Bonds at any price in the open market or otherwise.

(G) Cancellation

All Bonds which are redeemed, converted or purchased by the Issuer or any of its Subsidiaries, will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

(H) Redemption Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 8 will specify (i) the Conversion Price as at the date of the relevant notice, (ii) the Conversion Period, (iii) the Closing Price of the Shares as at the latest practicable date prior to the publication of the notice, (iv) the accrued interest payable (if any) on the date of redemption, (v) the date for redemption, (vi) the manner in which redemption will be effected and (vii) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to this Condition), the first in time shall prevail. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable hereunder.

In the case of a partial redemption of Bonds represented by the Global Certificate, the Bonds will be redeemed on a pro rata basis in accordance with the rules of the relevant clearing system, not more than 60 and not less than 30 days prior to the date fixed for redemption.

(I) Definitions

For the purposes of this Condition 8:

a “**Change of Control**” occurs when:

- (i) Mr. Wong Wun Ming and/or any of his Associates, executors, administrators or successors (whether directly or indirectly, or as the beneficiary of a trust, acting individually or together) ceases to maintain Control of the Issuer; or
- (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer’s assets to any other person other than Mr. Wong Wun Ming or any of his Associates, executors, administrators or successors, acting individually or together, or as the beneficiary of a trust, unless the consolidation, merger, sale or transfer will not result in Mr. Wong Wun Ming and/or any of his Associates,

executors, administrators or successors (whether directly or indirectly, or as the beneficiary of a trust, acting individually or together) ceasing to maintain Control over the Issuer or the successor entity.

“**Early Redemption Amount**” means an amount equal to 100 per cent. of the principal amount of the Bonds redeemed plus the applicable Redemption Premium. The applicable Early Redemption Amount for each HK\$1,000,000 principal amount of Bonds is calculated in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards (provided that if the date fixed for redemption is a Semi-annual Date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such Semi-annual Date):

$$\text{Early Redemption Amount} = (\text{Previous Redemption Amount} \times (1 + r/2)^{d/p}) - \text{AI}$$

Previous Redemption Amount = the Early Redemption Amount for each HK\$1,000,000 principal amount on the Semi-annual Date immediately preceding the date fixed for redemption as set out below (or if the Bonds are to be redeemed prior to 23 November 2011, HK\$1,000,000):

Semi-annual Date	Early Redemption Amount
	HK\$
23 November 2011	1,021,250.00
23 May 2012	1,043,509.38
23 November 2012	1,066,682.61
23 May 2013	1,091,250.31
23 November 2013	1,116,834.70
23 May 2014	1,143,634.35
23 November 2014	1,171,706.98
23 May 2015	1,201,113.06
23 November 2015	1,231,915.93
23 May 2016	1,264,181.94

r = 9.50 per cent. expressed as a fraction

d = number of days from and including the immediately preceding Semi-annual Date (or if the Bonds are to be redeemed on or before 23 November 2011, from and including the Issue Date) to, but excluding, the date fixed for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed

p = 180

AI = means the accrued interest on the principal amount of the Bonds from and including the immediately preceding Interest Payment Date (or if the Bonds are to be redeemed on or before the first Interest Payment Date, from and including the Issue Date) to but excluding the relevant date fixed for redemption, calculated on the basis described in Condition 5.

“**Issue Price**” means 100 per cent. of the principal amount of the Bonds;

a “**Person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the (i) the Issuer’s board of directors or any other governing board or (ii) the Issuer’s wholly owned direct or indirect subsidiaries; and

“**Redemption Premium**” means an amount payable pursuant to the Bonds with respect to a redemption of a Bond that will provide a holder who purchased such Bond at the Issue Price on 23 May 2011 a gross compound yield of 9.50 per cent. per annum, calculated on a semi-annual basis.

9. Taxation

All payments made by the Issuer under or in respect of the Bonds, the Trust Deed or the Agency Agreement will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Hong Kong, the PRC or the Cayman Islands or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Issuer will pay such additional amounts (the “**Additional Tax Amounts**”) as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required except that no such additional amount shall be payable in respect of any Bond:

- (i) *Other connection*: to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with Hong Kong, the PRC or the Cayman Islands otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond;
- (ii) to a holder who receives such payment in Hong Kong, the PRC or the Cayman Islands and who would be able to avoid such withholding or deduction by satisfying any statutory requirements or by making a declaration of non-residence or other similar claim for exemption to the Hong Kong, the PRC or the Cayman Islands tax authority but fails to do so;
- (iii) *Presentation more than 30 days after the relevant date*: (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days;
- (iv) *Payment to individuals*: where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Union Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council Meeting of 26th–27th November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) *Payment by another Paying and Conversion Agent*: presented for payment by or on behalf of a Bondholder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another Paying Agent in a Member State of the European Union.

For the purposes hereof, “**relevant date**” means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and cheques despatched or payment made.

References in these Conditions to principal, premium and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

10. Events of Default

(A) Events of Default

If any of the following events (each an “**Event of Default**”) occurs the Trustee at its sole discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding, or if so directed by an Extraordinary Resolution, shall (subject in either case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall immediately become due and repayable at their Early Redemption Amount as at such date together with accrued interest (if any) to the date of payment (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6) if:

- (i) *Non-Payment of principal or premium*: the Issuer fails to make a payment of any principal, premium or interest in respect of the Bonds within three or, if its failure to pay is caused by administrative or technical error or major operational disruption, four Business Days of the due date for such payment;
- (ii) *Breach of Other Obligations*: the Issuer does not perform or comply with one or more of its obligations in the Bonds or the Trust Deed (other than those referred to in Condition 10(A)(i)) which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee;
- (iii) *Consolidated Debt to Book Equity Ratio*: as at 30 June and 31 December of each year, the Issuer fails to maintain a ratio of Consolidated Debt (minus non-restricted cash) to Book Equity equal to or less than 110 per cent. (or such higher percentage as approved by the Bondholders by way of an Extraordinary Resolution (the “**Consolidated Debt to Book Equity Ratio**”));
- (iv) *Non-competition Undertaking*: any material breach of the Controlling Shareholder Non-compete Undertaking which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee;
- (v) *Failure to deliver Shares*: failure by the Issuer to deliver the Shares as and when such Shares are required to be delivered following conversion of a Bond;
- (vi) *Insolvency*: the Issuer or any Principal Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Principal Subsidiaries; an administrator or liquidator of the Issuer, or any of its Principal Subsidiaries or the whole or any material part of the assets and revenue of the Issuer or any of its Principal Subsidiaries is appointed (or application for any such appointment is made);
- (vii) *Cross Default*: (i) any other present or future indebtedness (whether actual or contingent) of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of

default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, **provided that** the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph 10(A)(vii) have occurred equals or exceeds HK\$200 million or its equivalent (as reasonably determined on the basis of the middle spot rate for the relevant currency against the Hong Kong dollar as quoted by any leading bank selected by the Bondholders on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity);

- (viii) *Enforcement Proceedings*: a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days;
- (ix) *Winding up*: an order is made or an effective resolution passed for the liquidation, winding-up or dissolution, judicial management or administration of the Issuer or any of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (a) on terms approved by an Extraordinary Resolution of the Bondholders, or (b) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries;
- (x) *Security Enforced*: an encumbrancer takes possession or an administrative or other receiver or an administrator or other similar officer is appointed of the whole or a material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries (as the case may be) and is not discharged within 30 days;
- (xi) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to enable each of the Issuer and each of its Subsidiaries lawfully to exercise its rights and perform and comply with its obligations under the Bonds, the Trust Deed and the Agency Agreement, (b) to ensure that those obligations are legally binding and enforceable and (c) to make the Bonds, the Trust Deed and the Agency Agreement admissible in evidence in the courts of the Cayman Islands, Hong Kong or England is not taken, fulfilled or done;
- (xii) *Illegality*: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds, the Trust Deed or the Agency Agreement;
- (xiii) *Controlling Shareholder Event*: the Controlling Shareholder of the Issuer is convicted of a serious offence, and such conviction is likely to have a Material Adverse Effect on the Issuer; or
- (xiv) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

For the purposes of these Conditions:

“**Associate**” has the meaning given to it in the Listing Rules;

“**Control**” means the acquisition or control of more than 40 per cent. of the voting rights of the issued share capital of the Issuer or the right to appoint and/or remove all or the majority of the members of the Issuer’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

“**Controlling Shareholder Non-compete Undertaking**” means the deed of non-competition in favour of the Issuer delivered to the Issuer prior to the listing of the Shares on the Hong Kong Stock Exchange by Mr. Wong Wun Ming;

“**Principal Subsidiary**” means, at any time, each Subsidiary of the Issuer:

- (i) whose total assets or (in the case of a Subsidiary of the Issuer which has Subsidiaries and which customarily prepares consolidated accounts) total consolidated assets attributable to the Issuer as shown by its latest balance sheet are at least 5 per cent. of the sum of (x) the total consolidated assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries, and, without double counting, (y) the Issuer and its consolidated Subsidiaries’ share of the total assets (consolidated in the case of a Subsidiary of the Issuer which itself has Subsidiaries and which customarily prepares consolidated accounts) (as shown by its latest balance sheet (consolidated, if available)) of each Subsidiary of the Issuer whose accounts are not consolidated with the accounts of the Issuer and after adjustment for minority interests,

provided that:

- (a) in the case of a corporation or other business entity becoming a Subsidiary of the Issuer after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary of the Issuer are published, be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest accounts (consolidated in the case of a Subsidiary of the Issuer which itself has Subsidiaries and which customarily prepares consolidated accounts) of such Subsidiary in such accounts;
- (b) if the accounts of any Subsidiary of the Issuer (not being a Subsidiary of the Issuer referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if available) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer; and
- (c) in relation to any Subsidiary of the Issuer, each reference in (i), (a) or (b) above to all or any of the accounts (consolidated or otherwise) of such Subsidiary shall be deemed to be a reference to the relevant audited accounts of such Subsidiary if it customarily prepares accounts which are audited and, if not, to the relevant unaudited accounts of such Subsidiary which shall be certified by any two directors of such Subsidiary as having been properly prepared in accordance with generally accepted accounting principles applicable to such Subsidiary; or

- (ii) to which is transferred the whole or substantially the whole of the assets of another Subsidiary of the Issuer which, immediately prior to such transfer, was a Principal Subsidiary, **provided that** the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary at the date on which the first published audited consolidated accounts of the Issuer prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (i) or (ii) above; and

“Material Adverse Effect” means a material adverse effect on the condition (financial or otherwise), prospects, results of operations, general affairs or properties of the Issuer or the Group or would adversely affect the ability of the Issuer to perform its obligations under the Trust Deed, the Agency Agreement or the Conditions.

(B) Default Cure Amount

If the Bonds have become due and payable pursuant to Condition 10(A), notwithstanding Condition 6(A) and receipt of any payment after the acceleration of the Bonds and **provided that** no Conversion Notice has been delivered pursuant to Condition 6(A)(vi), a Bondholder may exercise its Conversion Right in accordance with this Condition 10(B) by depositing a Conversion Notice (unless with respect to Condition 10(A)(vii) a Conversion Notice has already been deposited) with a Conversion Agent during the period from and including the date of an acceleration notice with respect to an event specified in Condition 10(A) (at which time the Issuer will notify the Bondholders of the number of Shares per Bond to be delivered upon conversion, assuming all the then outstanding Bonds are converted) to and including the 30th business day after such payment.

If the Conversion Right attached to any Bond is exercised pursuant to this Condition 10(B), or if an Event of Default has occurred pursuant to Condition 10(A), the Issuer shall at the option of the converting Bondholder (notice of exercise of such option to be delivered to the Conversion Agent in writing) in lieu of delivery of the relevant Shares pay to such Convertible Bondholder an amount (the **“Default Cure Amount”**) equal to the product of (x) (i) the number of Shares that are required to be delivered by the Issuer to satisfy the Conversion Right in relation to such converting Bondholder minus (ii) the number of Shares that are actually delivered by the Issuer pursuant to such Bondholder’s Conversion Notice and (y) the Closing Price on the Conversion Date; **provided that** if such Bondholder has received any payment under the Bonds pursuant to this Condition 10(B), the amount of such payment shall be deducted from the Default Cure Amount. Payment of the Default Cure Amount shall be paid to the converting Bondholder on the third business day following the date on which notice of exercise of the option to receive the Default Cure Amount is delivered.

For the purposes of these Conditions,

“Book Equity” means the aggregate of (a) long term assets; and (b) current assets; less the aggregate of: (a) current liabilities; (b) long term liabilities; and (c) minority interest; less any gains or add back any losses resulting from changes in fair value of the Conversion Rights of the Bonds, as shown on the audited consolidated balance sheet of the Issuer.

“Consolidated Debt” means the aggregate amount of all obligations of the Issuer or, as the case may be, any of its Subsidiaries for or in respect of its Financial Indebtedness, or (unless the liability arises in connection with an item already treated as Consolidated Debt) in respect of guarantee and indemnity for Financial Indebtedness, or in respect of guarantee and indemnity granted in respect of Financial Indebtedness of third parties, excluding financial guarantee for mortgage facilities for purchasers of properties of the Issuer and its Subsidiaries.

“Controlling Shareholder” means any Person who (together with his Associates) is entitled to Control the Issuer.

“Financial Indebtedness” means:

- (a) monies borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or by any bill discounting facility (or dematerialised equivalent);
- (c) any amount outstanding pursuant to any note purchase facility, the issue of redeemable shares which are redeemable (other than at the option of the Issuer) before the Maturity Date or the issue of bonds (other than performance bonds issued by the Issuer or any of its Subsidiaries), notes, debentures, loan stock or any similar instrument or any finance or capital lease; or
- (d) any amount outstanding under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing, excluding trade payables to suppliers incurred in the ordinary and usual course of business.

11. Consolidation, Amalgamation or Merger

So long as any of the Bonds remain outstanding, the Issuer will not consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any corporation or convey or transfer its properties and assets substantially as an entirety to any person (the consummation of any such event, a **“Merger”**), unless:

- (i) the corporation formed by such Merger or the person that acquired such properties and assets shall expressly assume, by a supplemental trust deed, all obligations of the Issuer, under the Trust Deed and the performance of every covenant and agreement applicable to it contained therein;
- (ii) immediately after giving effect to any such Merger, no Event of Default, and no event which, after notice or lapse of time or both, may become an Event of Default shall have occurred or be continuing or would result therefrom; and
- (iii) the corporation formed by such Merger, or the person that acquired such properties and assets, shall expressly agree to indemnify each holder of a Bond against any tax, assessment or governmental charge payable by withholding or deduction thereafter imposed on such holder solely as a consequence of such Merger with respect to the payment of principal, premium and interest on the Bonds).

12. Prescription

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest or premium (if any)) from the relevant date (as defined in Condition 9) in respect thereof.

13. Enforcement

At any time after the Bonds have become due and repayable, the Trustee may, at its discretion and without further notice, take such actions or proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such actions or proceedings unless (i) it shall have been so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (ii) it shall have been indemnified and/or secured and/or pre-funded to its

satisfaction. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

14. Meetings of Bondholders, Modification, Waiver and Substitution

(A) Meetings

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing over 50 per cent. in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the due date for any payment in respect of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the amount of principal, interest or premium (if any) (including any Early Redemption Amount) or Equivalent Amount payable in respect of the Bonds or changing the method of calculation of interest or the Early Redemption Amount, (iii) to change the currency of payment of the Bonds, (iv) to modify (except by a unilateral and unconditional reduction in the Conversion Price) or cancel the Conversion Rights, (v) to declare any Relevant Cash Dividend that would result in non-compliance by the Issuer with the Dividend Ratio or (vi) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution (each, a “**Reserved Matter**”), in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 66 per cent., or at any adjourned such meeting not less than 25 per cent., in principal amount of the Bonds for the time being outstanding.

An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting.

The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

(B) Modification and Waiver

The Trustee may agree, without the consent of the Bondholders, to (i) any modification (except for Reserved Matter described in Condition 14(A) above) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement or the Trust Deed which is, in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds, the Agency Agreement or the Trust Deed which, in the Trustee’s opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modifications will be notified by the Issuer to the Bondholders as soon as practicable thereafter.

(C) Substitution

The Trustee may (but is not obliged to), without the consent of the Bondholders and in accordance with the Trust Deed, agree to the substitution of any other company in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor

under the Bonds and the Trust Deed, subject to the Bonds being unconditionally and irrevocably guaranteed by the Issuer to the Trustee's satisfaction and certain other conditions set out in the Trust Deed being complied with.

(D) *Interests of Bondholders*

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorisation, waiver or substitution) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 9 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

(E) *Certificates/Reports*

Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee and/or the Issuer in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

In the event of the passing of an Extraordinary Resolution in accordance with Condition 14(A) or a modification, waiver or authorisation in accordance with Condition 14(B), the Issuer will procure that the Bondholders be notified in accordance with Condition 17.

15. Replacement of Certificates

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

16. Further Issues

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Bonds. Such further bonds may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed.

17. Notices

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register maintained by the Registrar or published in a leading newspaper having general circulation in Asia (which is expected to be the *Asian Wall Street Journal*). Any such notice shall be deemed to have been given on the later of the date(s) of such publication(s) and the seventh day after being so mailed, as the case may be.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled account holders in substitution for notification as required by these Conditions.

18. Agents

The names of the initial Agents and the Registrar and their specified offices are set out below. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent or the Registrar and to appoint additional or other Agents or a replacement Registrar. The Issuer will at all times maintain (a) a Principal Agent, (b) as necessary, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Directive 2003/48/EC or any other European Directive on the taxation of savings income or any law implementing or complying with, or introduced in order to conform, to such Directive, and (c) a Registrar which will maintain the Register outside Hong Kong and the United Kingdom. Notice of any such termination or appointment, of any changes in the specified offices of any Agent or the Registrar and of any change in the identity of the Registrar or the Principal Agent will be given promptly by the Issuer to the Bondholders and in any event not less than 45 days' notice will be given.

19. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking actions or proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

20. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 except to the extent expressly provided for.

21. Governing Law and Submission to Jurisdiction

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England. In relation to any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds the Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England and in relation thereto has appointed Law Debenture Corporate Services Limited, now at 100 Wood Street, London EC2V 7EX as its agent for service of process in England.

THE GLOBAL CERTIFICATE

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the terms and conditions of the Bonds (the “Conditions” or the “**Terms and Conditions**”) set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:

The Bonds will be represented by a Global Certificate which will be registered in the name of The Bank of New York Depository (Nominees) Limited as nominee for, and deposited with, a common depository for Euroclear and Clearstream, Luxembourg.

Under the Global Certificate, the Issuer, for value received, promises to pay such principal sum to the holder on 23 May 2016 or on such earlier date or dates as the same may become payable in accordance with the Conditions, and to pay interest on such principal sum in arrear on the dates and at the rate specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

The Global Certificate will become exchangeable in whole, but not in part, for individual bond certificates (“**Individual Bond Certificates**”) if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business.

Whenever the Global Certificate is to be exchanged for Individual Bond Certificates, such Individual Bond Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Certificate, Euroclear and/or Clearstream, Luxembourg, to the Registrar of such information as is required to complete and deliver such Individual Bond Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Bond Certificates are to be registered and the principal amount of each such person’s holding) against the surrender of the Global Certificate at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Bonds scheduled thereto and, in particular, shall be effected without charge to any holder or the Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

In addition, the Global Certificate will contain provisions which modify the Terms and Conditions as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

Conversion: The Bonds are convertible into fully-paid ordinary shares of par value HK\$0.10 of the Issuer subject to and in accordance with the Conditions and the Trust Deed. The Conversion Rights in respect of the Bonds will be exercisable by presentation of the relevant Certificate to or to the order of the Principal Agent for notation of exercise of the relevant conversion rights together with one or more duly completed Conversion Notices.

Notwithstanding the foregoing, so long as the relevant Certificate is held on behalf of Euroclear and Clearstream, Luxembourg or any other clearing system (and “**Alternative Clearing System**”) the conversion of the Bonds represented by the relevant Certificate will be processed in accordance with the procedures set forth by Euroclear and Clearstream, Luxembourg or such Alternative Clearing System at the time of conversion.

Record Date: Notwithstanding Condition 7(A) (*Payments — Principal, interest and premium*), so long as the Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System, each payment in respect of the Global Certificate will be made to the

person shown as the holder in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Notices: Notwithstanding Condition 17 (*Notices*), so long as the Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System, notices to holders of Bonds represented by the Global Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or (as the case may be) such Alternative Clearing System.

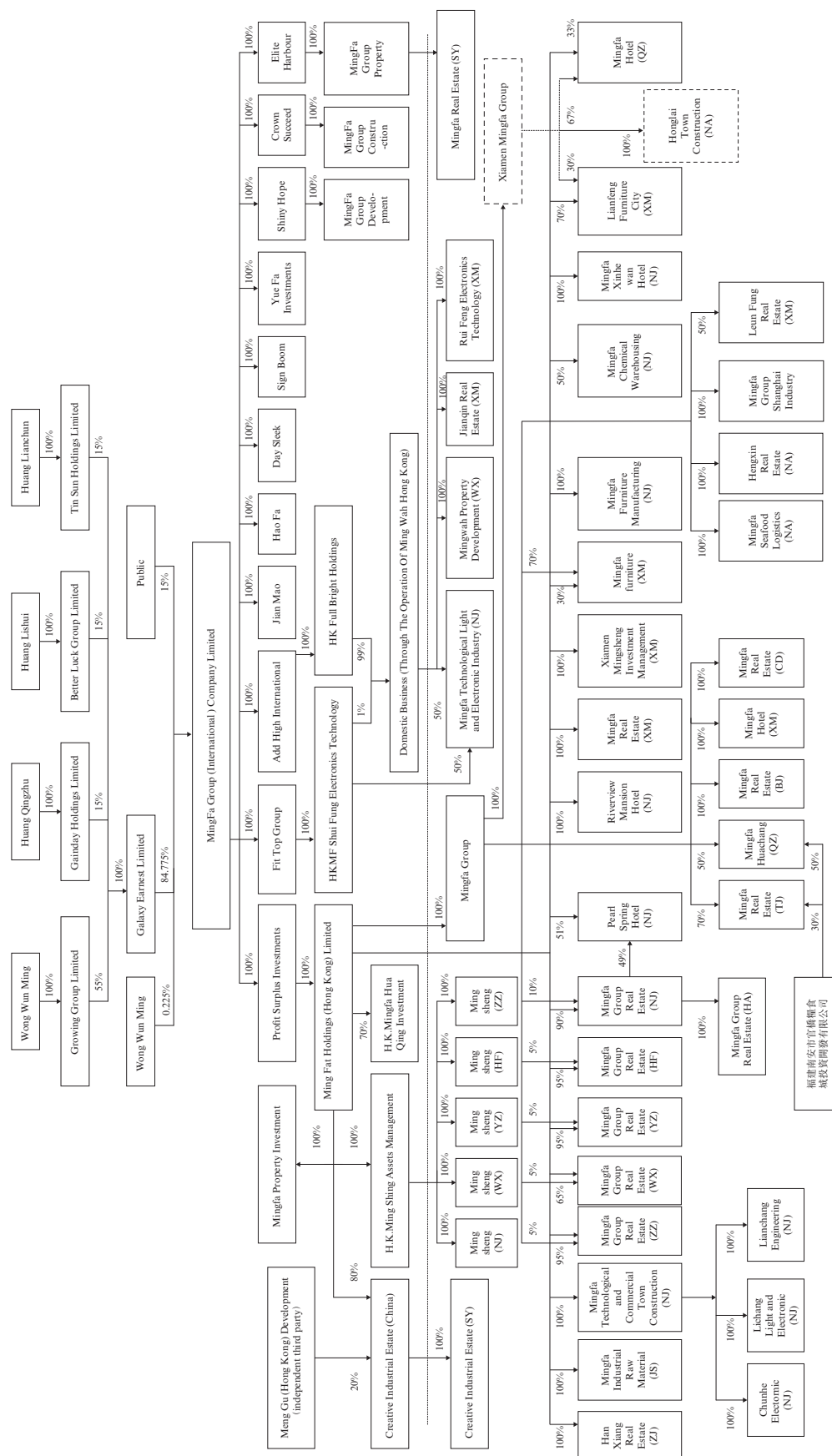
Determination of entitlement: The Global Certificate is evidence of entitlement only and is not a document of title. Entitlements are determined by the Register and only the holder is entitled to payment in respect of the Global Certificate.

Transfer: Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream, Luxembourg (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (or any Alternative Clearing System) and their respective direct and indirect participants.

Partial Redemption: In the case of a partial redemption of the Bonds, such Bonds to be redeemed will be selected by such method in such place as the Trustee may approve and in such manner as the Trustee shall deem to be appropriate, in accordance with the rules of the relevant Clearing System, not more than 60 and not less than 30 days prior to the date fixed for redemption.

CORPORATE STRUCTURE

The following diagram and accompanying table (set out below) illustrates a summary of our corporate structure, including our operating subsidiaries as of 31 December 2010:



SUBSIDIARIES

The following table sets forth certain information regarding our corporate structure, including our operating subsidiaries as of 31 December 2010:

Name of the Company	Effective Equity Interest (%)	Place of Incorporation
Profit Surplus Investments	100	BVI
Fit Top Group	100	BVI
Add High International	100	BVI
Ming Fat Hong Kong	100	HK
HKMF Shui Fung Electronics Technology	100	HK
HK Full Bright Holdings	100	HK
H.K. Ming Shing Assets Management Group Limited	100	HK
HKMF Hua Qing Investment	70	HK
Ming Wah Hong Kong	100	HK
Mingfa Group	100	PRC
Mingfa Technological Light and Electronic Industry (NJ)	100	PRC
Mingwah Property Development (WX)	100	PRC
Jianqin Real Estate (XM)	100	PRC
Rui Feng Electronics Technology (XM)	100	PRC
Xiamen Mingfa	100	PRC
Hanxiang Real Estate (ZJ)	100	PRC
Mingfa Industrial Raw Material (JS)	100	PRC
Mingfa Technological and Commercial Town Construction (NJ)	100	PRC
Mingfa Group Real Estate (ZZ)	100	PRC
Mingfa Group Real Estate Exploiture (WX)	70	PRC
Mingfa Group Real Estate (YZ)	100	PRC
Mingfa Group Real Estate (HF)	100	PRC
Mingfa Group Real Estate (NJ)	100	PRC
Pearl Spring Hotel (NJ)	100	PRC
Riverview Mansion Hotel (NJ)	100	PRC
Mingfa Real Estate (XM)	100	PRC
Xiamen Mingsheng Investment Management (XM)	100	PRC
Mingfa Furniture Manufacturing (NJ)	100	PRC
Mingfa Chemical Warehousing (NJ)	50	PRC
Mingfa Xinhewan Hotel (NJ)	100	PRC
Leun Fung Furniture City (XM)	100	PRC
Mingfa Hotel (QZ)	100	PRC
Honglai Town Construction (NA)	100	PRC
Chunhe Electronic (NJ)	100	PRC
Lichang Light and Electronic Technology (NJ)	100	PRC
Lianchang Engineering (NJ)	100	PRC
Mingfa Group Real Estate (HA)	100	PRC
Mingfa Hotel (XM)	100	PRC
Mingfa Seafood Logistics (NA)	100	PRC
Hengxin Real Estate (NA)	100	PRC
Mingfa Group Shanghai Industry	100	PRC
Longxiang Real Estate (XM)	50	PRC
Creative Industrial Estate (China) Development Limited	80	HK
Mingfa Real Estate (TJ)	70	PRC
Mingfa Huachang (QZ)	50	PRC
Shiny Hope Limited	100	BVI
Creative Industrial Estate (SY)	100 ⁽¹⁾	PRC
Crown Succeed Limited	100	BVI
Elite Harbour Limited	100	BVI
Mingfa Real Estate (SY)	100	PRC
Mingfa Group Construction Company Limited	100	HK
Mingfa Group Development Company Limited	100	HK
Mingfa Group Property Company Limited	100	HK

Note (1): Creative Industrial Estate (SY) is directly owned by Creative Industrial Estate (China) Development Limited, which in turn is 80 per cent. owned by the Company.

Name of the Company	Effective Equity Interest	Place of Incorporation
	(%)	
Mingsheng (YZ)	100	PRC
Mingsheng (ZZ)	100	PRC
Mingsheng (HF)	100	PRC
Mingfa Real Estate (CD)	100	PRC
Mingsheng (WX)	100	PRC
Mingfa Property Investment Company Limited	100	HK
Day Sleek Limited	100	BVI
Hao Fa Limited	100	BVI
Mingsheng (NJ)	100	PRC
Sign Boom Limited	100	BVI
Yue Fa Investment Limited	100	BVI
Jian Mao Limited	100	BVI
Mingfa Real Estate (BJ)	100	PRC
Mingfa Furniture (XM)	100	PRC

BUSINESS

OVERVIEW

We are one of the leading developers of large-scale mixed use commercial properties and integrated residential properties in China. We also engage in the development of other properties including logistics centres, R&D centres and hotels. For our continuous successful operation in the real estate industry, we have been awarded a number of honourable titles such as “China Top 500 Enterprise” by China Enterprise Confederation and China Enterprise Directors Association in 2007, “China Top 50 City Operator” by Propaganda Association China Mainstream Media Bureau in 2004, “China Top 100 Real Estate Enterprise” by China Real Estate Top 10 Research Group in 2008 and “China’s Outstanding Real Estate Enterprises” by Organising Committee of China Property Fair Alliance and Propaganda Association of China Property Fair Alliance in 2004. See “*Business — Our Competitive Strengths — Strong brand recognition*”. “Mingfa” is formally accredited as a well known trademark in China and we obtained a “Class One Qualification for Real Estate Development Enterprises in the PRC” certificate awarded by the Ministry of Housing and Urban-Rural Development of PRC in 2009.

We began our real estate development business in Xiamen, Fujian province in 1994, focusing on industrial and residential property development and quickly established ourselves as one of the leading developers in Fujian province. We developed and implemented a “selected regional focus” growth strategy, by which we focused on the development of a broad range of properties in cities where we have an established presence, before selectively penetrating neighbouring cities experiencing strong economic growth. Leveraging on our well-recognised brand and management capabilities, we expanded our business to Jiangsu province, one of the most affluent provinces in the Greater Yangtze River Delta, in 2002, and Anhui province, one of the most populous provinces in central China, in the second half of 2005. Having established our market leadership in Fujian and Jiangsu provinces, we have expanded in Tianjin and Liaoning provinces. Going forward, we plan to continue to implement our “selected regional focus” growth strategy and expand our operations into other selected high growth areas across China.

We initially focused on the development of industrial and residential properties. From 2004, we gradually expanded our product range to include more large-scale, mixed use commercial complexes and other types of properties, such as logistics centres, R&D centres and hotels, in an effort to diversify our sources of income, improve our financial stability and manage our business exposure to market risks associated with any single category of properties.

Our principal business activities are as follows:

Commercial complexes

Our large-scale, mixed use commercial complexes are generally situated in strategic locations and form the landmarks of new city centres in high-growth areas in second and third tier cities, with easy access to existing city centres and neighbouring cities. We believe that our focus on such locations allows us to acquire sizeable sites that are suitable for the development of our large-scale commercial complexes at competitive costs.

Our large-scale, mixed use commercial complexes typically have a total GFA ranging from approximately 400,000 sq.m. to 688,000 sq.m., and comprise a combination of retail stores, offices, hotels, entertainment centres, residential properties and other ancillary facilities. We sell part of these commercial complexes and retain the remaining units to generate rental income and long-term capital appreciation, depending on local market conditions and cash flow requirements. We seek to establish long term relationships with leading international and domestic brands for our commercial complexes. To this end, we have entered into arrangements with international and domestic brands such as B&Q, Carrefour and New World Department Store between 2004 and 2006 for leases with a fixed term of 20 years in Xiamen Mingfa Shopping Mall. We have also entered into arrangements with domestic brands between 2004 and 2007 for leases with a fixed term of less than 20 years. We

believe that securing such long term anchor tenants enables us to enhance the profile, reputation and attractiveness of our commercial complexes, which in turn will increase their overall commercial value.

We believe that our commercial complexes are viewed as landmark properties in their cities, and help to stimulate the growth and development of the surrounding neighbourhoods. As at 31 December 2010, we had five other similar large scale, mixed use commercial complex projects under development in Nanjing, Wuxi and Yangzhou, Jiangsu province, Zhangzhou, Fujian province and Hefei, Anhui province. Going forward, we plan to increase the number of such commercial complexes in our property portfolio.

Residential properties

Our residential property development projects cover a wide range of products, including high rise apartment buildings and townhouses that meet the housing needs of broad customer segments, from middle income customers seeking improved living conditions at a reasonable cost to more affluent customers.

Our large-scale, integrated residential projects have a total GFA ranging from approximately 200,000 sq.m. to 2,200,000 sq.m. Situated in areas surrounding our large-scale, mixed use commercial complexes, or developed as part of such commercial complexes, our residential properties typically include ancillary facilities and services, such as clubhouses, retail spaces, schools and hospitals. We usually develop these projects in phases over a period of two to six years.

Logistics centres and R&D centres

Our logistics centres and R&D centres are located in new economic zones of high-growth second and third tier cities. Our logistics centres meet the needs of customers in industries such as construction materials, metals, chemicals, leather, textiles and electronics. These centres consist of multiple types of facilities and services, including exhibition halls, warehouses, data centres and research facilities. We lease these properties to generate rental income and also engage third party property management companies to manage the daily operations.

Hotels

We currently own three completed hotels, comprising a hotel in Nanjing, Jiangsu province, and one each in Xiamen and Quanzhou, Fujian province. In addition, we have six hotels that are under development in various cities in Fujian, Jiangsu and Anhui provinces. Furthermore, we plan to change the usage of Xiamen Mingfa Group Mansion, which is under development, from offices to a hotel after we obtain the approvals from relevant governmental authorities. We have entered into partnerships with various domestic and international hotel management groups to manage the daily operations of our hotels and we intend to enter into similar arrangements for our future hotels.

As at 31 December 2010, we had a total of 32 projects at various stages of development. The completed property developments had an aggregate attributable GFA of approximately 0.57 million sq.m., the properties under development had an aggregate attributable GFA of approximately 3.54 million sq.m., and the properties held for future development had an aggregate attributable GFA of approximately 3.29 million sq.m. In addition, as at 31 December 2010, the total planned GFA for the properties that we obtained pursuant to MOUs with governmental bodies and acquisitions of project companies was approximately 13.4 million sq.m. See “*Business — Memoranda of Understanding with Government Bodies*”.

For the years ended 31 December 2009 and 31 December 2010, our revenues were RMB3,681.0 million and RMB3,007.9 million, respectively. Our profits attributable to equity holders of the Company for the corresponding periods were RMB987.5 million and RMB1,167.8 million, respectively.

Our shares were listed on the HKSE on 13 November 2009. As at 31 December 2010, based on the closing price of Hong Kong Stock Exchange our market capitalisation was HK\$14.94 billion.

OUR COMPETITIVE STRENGTHS

Extensive experience and strong execution capabilities in developing and managing large scale, mixed use commercial complexes and integrated residential properties

We have extensive experience and have built up strong execution capabilities in developing a wide range of property products and managing a well-diversified property portfolio, which includes large-scale, mixed use commercial complexes, integrated residential properties and other properties. Such a diversified portfolio provides us with multiple revenue sources and lowers the risk of over-reliance on any particular property sector.

We primarily focus on the development of large-scale, mixed use commercial complexes, which typically comprise a combination of retail stores, offices, hotels, entertainment centres, residential properties and other ancillary facilities. We believe that our commercial complexes are viewed as landmark properties in their cities. We seek to distinguish ourselves by focusing on the size of our commercial complexes which we believe allows us to enjoy economies of scale in the form of lower land costs and favourable government subsidies, and to build critical mass in terms of attracting a large number of customers and tenants for the establishment of future city centres.

Our large-scale integrated residential properties are primarily targeted at middle-income consumers seeking an improved living environment at a reasonable cost. We believe that our focus on this customer base has allowed us to capitalise on the stable growth in the prices of and the strong demand for the residential properties desired by such customers. The attractiveness and value of our residential properties are further enhanced as they are located in the surrounding areas of, or developed as part of, our large-scale, mixed use commercial complexes.

Sizeable high quality landbank acquired at competitive costs

We believe a quality landbank acquired at competitive costs is crucial to our long term growth and profitability and, accordingly, we adopt a forward-looking and systematic approach in our land acquisitions. Through the in depth industry experience of our senior management and their insights into development trends in the regions where we operate, we endeavour to acquire at low cost project sites in areas which we believe have good potential to become new commercial centres. We believe our strong brand name and proven track record of aligning our development plans with those of the local urban planning authorities have provided us with a competitive advantage and stronger bargaining power as compared to our competitors when acquiring such project sites. Historically, we have been invited by local authorities to participate in the land acquisition and development process, and we have acquired several of our sites through this channel.

Our landbank is well diversified and balanced in terms of product types to cater to different market segment demands. As at 31 December 2010, our total landbank was approximately 7.4 million sq.m. (1.1 million sq.m. of which was obtained pursuant to MOUs signed with government bodies and acquisition of project companies) and we plan to use such land for development of commercial complexes, residential properties, logistics centres, R&D centres and hotels. We believe that the size of our current landbank is sufficient for our development needs for the next three to four years and our strategic site locations provide significant profit potential. See “*Business — Summary of Our Landbank*”.

Leading position in Fujian and Jiangsu provinces

We have successfully established ourselves as a leading property developer in Fujian and Jiangsu provinces, which are among the most developed and fastest growing provinces near the west coast of the Taiwan Strait in Southeast China and in the Greater Yangtze River Delta region, respectively. As at 31 December 2010, our landbank comprised approximately 1.8 million sq.m. of completed GFA in Fujian province and approximately 4.3 million sq.m. of completed GFA in Jiangsu province.

We believe our strategic geographic focus on Fujian and Jiangsu provinces has enabled us to capitalise on opportunities resulting from the strong historical economic development and significant market demand in the local real estate markets. Through our in-depth local knowledge and operating expertise, we believe we have been able to consistently deliver quality properties and generate attractive investment returns for most of our projects in Fujian and Jiangsu provinces, which has in turn allowed us to establish a proven track record and enhance our competitive advantage in these provinces.

Efficient management structure, experienced management team and professional workforce

We have a flat and centralised management structure. We believe that such structure allows efficient supervision from our senior management and helps to enhance our operational efficiency and resource optimisation.

Our senior management team is highly experienced and has extensive industry knowledge, management skills and operating experience in the PRC real estate industry. Our team is led by our founder and Chairman, Mr. Wong Wun Ming, who has more than 20 years of experience in real estate development. Mr. Wong has developed strategic insights into the economic environment and market dynamics that affect PRC real estate. Most members of our senior management team have over twenty years of experience in the PRC real estate.

Our workforce is comprised of employees who are highly experienced in their respective areas of expertise, such as site selection and acquisition, project development, finance, as well as sales and marketing. We implement a comprehensive human resources strategy aimed at recruiting, developing and retaining a highly qualified workforce to support our long term growth. We also invest in continuing education and training programs for our management staff and other employees to continuously upgrade their skills and knowledge. We believe the professionalism and execution capabilities of our workforce have been key factors to our success and will continue to be one of our competitive strengths.

Strong brand recognition

We place great emphasis on building strong brand recognition in the regions in which we operate and have successfully established a strong reputation for designing and developing distinctive and quality products. Our success in the year 2010 has been recognised through a number of awards, certificates and recognitions, with the more notable ones set out below:

Name of Award	Award Presenter
The Most Influential Brand Enterprises in Nanjing Real Estate in 2009 — Mingfa Group	Nanjing Daily
The Most Influential Real Estate Enterprises in 2010 — Mingfa Group	Modern Express
Golden cooperation agency — Mingfa Group	Xiamen Newspaper Office
Certificate of Honor — Mingfa Group	Xiamen Red Cross, Red Cross Foundation
Yongjun Advanced Unit — Mingfa Group	Protecting Bridge Forces of China Armed Forces
China Real Estate Golden Key Awards — Mingfa Group	The World Chinese Entrepreneurs Real Estate Forum
Large Taxation Payer in 2009 — Nanjing Real Estate	Pukou District Committee, People's Government
Certificate of Donation — Nanjing Real Estate	Nanjing Charity Foundation
Famous Property with Commercial Investment Value in Anhui — Hefei Mingfa Shopping Mall	Anhui Real Estate Exchange Network, Xin'an Evening
Urban Construction Outstanding Contribution Enterprise in Anhui province — Hefei Real Estate	Anhui Real Estate and Residential Survey Research Center
Top 10 Commercial Real Estate- Hefei Mingfa Shopping Mall	Jianghuai Morning News
The Most Reliable Property — Hefei Mingfa Shopping Mall	Jianghuai Morning News
Top 10 Market Complex Famous Property in Hefei City in 2010 — Hefei Mingfa Shopping Mall	Marketing Star
Real Estate Brand Promoting Awards in Yangzhou in 2009 — Yangzhou Mingfa Shopping Mall	Yangzhou Daily
Advanced Tax Enterprise in Guangling District in 2008 — Yangzhou Real Estate	Guangling District Committee, People's Government
Golden Enterprise in 2009 — Yangzhou Real Estate	Management Committee of Guangling Industrial Park
Brand Enterprise in 2010 — Wuxi Real Estate	Sina, Baidu
2010 Search Property on Baidu in 2010 — Wuxi Mingfa Shopping Mall	Sina, Baidu

We believe that our strong brand name, particularly in Fujian and Jiangsu provinces, will continue to strengthen our competitiveness and enable us to consolidate and further implement our “selected regional focus” growth strategy.

OUR STRATEGIES

Penetrate new areas through our “selected regional focus” growth strategy

With our proven track record, in depth local knowledge and strong market reputation, we intend to leverage our leading position in Fujian and Jiangsu provinces to further explore development opportunities in the first tier cities and north eastern part of China.

We plan to continue to implement our “selected regional focus” growth strategy by exploring opportunities in other high growth second tier and third tier cities in South China which allows us to capture the economic growth in these regions. We also plan to continue develop our business in Greater Yantze River Delta, which is the most developing region in the PRC and focus on key provinces such as Anhui, Tianjin, Liaoning and Guangdong provinces. We believe that there will be increasing growth opportunities in the property markets in these regions, given their rapid urbanisation, high economic growth and significant property appreciation potential.

Continue to focus on the development of large scale, mixed use commercial complexes and integrated residential properties

We will continue to develop large scale, mixed use commercial complexes and integrated residential properties. We seek to strategically locate these developments in newly urbanised areas of selected high growth second and third tier cities, with easy access to city centres and neighbouring cities. We believe that such properties will form the cornerstones of new city centres in their regions, leading to strong market demand and good profit potential for our properties. We also believe that the size of such properties will continue to allow us to enjoy economies of scale in the form of lower land costs and favourable government policies and, in turn, higher gross profit margins from the sale or leasing of such properties.

Expand our landbank by acquiring new high quality sites at strategic locations at competitive costs

We will continue to grow our landbank by strategically selecting new high quality sites. We seek sites suitable for development of integrated commercial and residential properties in high-growth areas in second and third tier cities. We employ thorough market research and analysis in our searches, conducted by our experienced land acquisition team.

We intend to capitalise on our extensive operational experience and strong capabilities as well as our proven track record in order to acquire more high-quality project sites at competitive prices. We will also take up social corporate responsibility, assisting local government authorities in their future city development plans, which we believe will provide us with a competitive advantage and stronger bargaining power over our competitors when acquiring new high quality sites at competitive costs.

Further grow our investment property portfolio to increase the stability of our income stream

We intend to further expand our investment property portfolio, which will comprise large-scale, mixed use commercial complexes as well as logistics centres, R&D centres, and hotels for long-term investment purposes with the intention to diversify risks, increase our income stream and enhance our long-term financial performance.

Continue to maintain strict financial discipline

We will continue to maintain strict financial discipline in our business expansion. Historically, we have maintained a healthy balance sheet with a prudent gearing ratio and our strong pre-sales have provided strong operational cash flow and liquidity. We believe that by maintaining a low geared balance sheet, we will be able to achieve sustainable growth over middle to long term. We intend to continue to actively manage our property development process to ensure strict cost control and our sales and pre-sales to ensure adequate internal cash for our ongoing capital requirements. We will also exercise prudent financial management in our capital commitment and deploy our capital resources effectively to maximise returns for shareholders and to ensure a sustainable growth.

CORPORATE HISTORY

1994	Founded in Xiamen, Fujian, originally focused on residential, industrial parks and hotels
2002	Ventured into Jiangsu by leveraging Mingfa's well-recognised brand
2002	Commenced construction of Xiamen Mingfa Noble Place (GFA: 45,030 sq.m.), the first large-scale residential property in Xiamen
2003	Commenced construction of its first property in Jiangsu, Nanjing Mingfa Riverside New Town (GFA: 2.2m sq.m.), one of the largest projects in Jiangsu
2005	Commenced construction of Xiamen Mingfa Shopping Mall (GFA: 420,000 sq.m.), our landmark commercial complex
2007	Commenced construction of Nanjing Mingfa Shopping Mall (GFA: 415,799 sq.m.)
2007	Commenced construction of Hefei Mingfa Shopping Mall (GFA: 578,610 sq.m.)
2008	Commenced construction of Yangzhou commercial plaza (GFA: 399,352 sq.m.)
2009	Listed on HKSE (Stock Code: 0846)
2009	Expanded its geographical reach by acquiring landbank in Taizhou and Changsha, Hunan
2010	Strategic investment from Warburg Pincus

2010	Commenced construction of Zhenjiang Jinxiu Yinshan (GFA: 404,678 sq.m.)
2011	Further diversified its landbank by acquiring landbank in Beijing and Shanghai
2011	Acquisition of a project company in Huizhou, Guangdong

DESCRIPTION OF OUR PROJECTS

The following are descriptions of our major projects as at 31 December 2010:

Commercial Properties

Completed projects

Xiamen Mingfa Shopping Mall

Xiamen Mingfa Shopping Mall is located to the northwest of Jiahe Road and Lianqian Road, Siming district, Xiamen, Fujian province, with a total GFA of approximately 406,000 sq.m., making it the largest shopping mall in Xiamen. Xiamen Mingfa Shopping Mall is a prominent shopping mall in the city centre of Xiamen which provides a one stop shopping experience for a broad range of shoppers. It includes anchor shops and designated regions within the shopping mall to cater to different tastes, such as international cuisines and lifestyle shopping. The shopping mall comprises of well known international brand names such as Carrefour and B&Q, New World Department Store, supermarkets and a cinema with seven screens. The shopping mall also contains a ferris wheel allowing shoppers to have a bird's eye view of the shopping mall and the surrounding area.

Xiamen Mingfa Shopping Mall was awarded the title of “2004 Excellent Commercial Property in China” by the Committee of China International Real Estate & Architect Fairs, the Main Stream Media Association of China International Real Estate & Fairs and a “Top 10 Commercial Property Malls in China” by the Organising Committee of 2004 China Urban Land Operation Exposition and China Main Stream Real Estate Media Promotion Association in 2004.

The project was completed in October 2007.

Nanjing Mingfa Shopping Mall

Nanjing Mingfa Shopping Mall is located at the intersection of Dingqiang Road and Yulan Road in Yuhuatai district, Nanjing, Jiangsu province.

Nanjing Mingfa Shopping Mall is a large-scale integrated commercial, hotel and office complex with a total GFA of approximately 420,000 sq.m. This project is designed to include retail space, office space, hotel space and ancillary facilities. The shopping mall will have convenient access to major transportation such as trains, subway, light-rail trains and other public transportation. 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 is currently under construction and is expected to become a major railway station in China upon its completion.

As a large integrated commercial complex with shopping, entertainment, dining, recreation, hotel and leisure activities under one roof, the shopping mall is expected to attract well-known brands as anchor tenants. We expect that Nanjing Mingfa Shopping Mall will attract a broad range of visitors, from both Nanjing and other areas in Jiangsu province.

We obtained the relevant pre-sale permits on 4 June 2008 and commenced pre-sale of units in the development in late June, 2008.

The project was completed in December 2010.

Projects under development

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 have easy and convenient access as it can benefit from 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. We plan 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 June 2011.

As at 31 December 2010, an aggregate GFA of 16,724 sq.m. had been pre-sold and such pre-sold units will be delivered to the customers after its completion in December 2011.

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 benefit from 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. We plan to introduce well-known brands as anchor tenants to a number of stores in Hefei Mingfa Shopping Mall.

GFA of 149,372 sq.m. have been completed in December 2010 of which 91,396 sq.m. of residential properties have been delivered to the customers. The whole project is expected to be completed in the second quarter of 2011.

As at 31 December 2010, an aggregate GFA of 24,716.0 sq.m. had been pre-sold and such pre-sold units will be delivered to customers after its completion in 2011.

Yangzhou Mingfa Shopping Mall

Yangzhou Mingfa Shopping Mall is located at 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 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 we plan 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.

Yangzhou Mingfa Shopping Mall is expected to be completed by December 2011.

As at 31 December 2010, an aggregate GFA of 116,443 sq.m. had been pre-sold and such pre-sold units will be delivered to the customers after its completion in 2011.

Zhangzhou Mingfa Shopping Mall

Zhangzhou Mingfa Shopping Mall is located in Long Wen District, east of Long Jiang Road, north of Shui Xian Avenue, west of Liu Hao Road and south of Xin Pu Road, Zhangzhou, Fujian province.

Zhangzhou Mingfa Shopping Mall is designed as an integrated commercial complex providing residential, retail, office, dining, entertainment and hotel facilities with a total GFA of approximately 688,383 sq.m. It is located near a transportation hub that provides high speed train services. We plan to introduce well-known brands as anchor tenants for the project.

Construction of the project commenced in February 2010 with the pre-sales of the project commencing in December 2010.

Honglai Mingfa Commercial Centre

Honglai Mingfa Commercial Centre is located at east of Honglai Town, Nan'an, Fujian province.

Honglai Mingfa Commercial Centre is designed to be an integrated high end commercial and residential complex located in a prime location of the central business district with convenient access by public transportation. This project is positioned to meet the modern needs and demands of the business community in terms of its scale, style, construction, management operations and layout. We believe that, upon completion, this project will attract well-known international retailers.

The site area for this project is approximately 27,065 sq.m. and the corresponding GFA will be approximately 77,153 sq.m.

Construction of the project commenced in October 2010 and is expected to be completed by December 2011. Pre-sales of the project commenced in December 2010.

Projects for future development

Huai'an Mingfa Shopping Mall

Huai'an Mingfa Shopping Mall is located at Weihai Est Road and Shenzhen South Road, Huai'an, Jiangsu province. The project is designed as a large-scale commercial and residential complex with a total GFA of 320,708 sq.m. out of which 166,673 sq.m. has been allocated for commercial use, with the remaining GFA to be used for residential use.

The project is expected to be completed by December 2011.

Quanzhou Mingfa Huachang International Town

Quanzhou Mingfa Huachang International Town is located at Guanqiao Town, Neicuo Village, Nan'an, Fujian province. Mingfa holds a 50 per cent. equity interest in the project company Mingfa Huachang (QZ). The project is designed as a large-scale commercial complex with a total GFA of 349,253 sq.m.

The project is expected to be completed by December 2013.

Shenyang Creative Park

Shenyang Creative Park is located at Shenbei Xinqu Daoyi Development Zone, Shenyang, Liaoning province. The project is designed as a large-scale commercial complex with a total GFA of 462,072 sq.m.

The project is expected to be completed by December 2013.

Shenyang Commercial and Residential Project

Shenyang Commercial and Residential project is located at Shenbei Xinqu Daoyi Development Zone, Shenyang, Liaoning province. The project is designed as a large-scale commercial complex with a total GFA of 306,110 sq.m.

The project is expected to be completed by December 2013.

Residential Properties

Completed projects

Xiamen Mingfa International New Town

Xiamen Mingfa International New Town is located along south of Lianqian Road, the centre of Xiamen's downtown area, Qianpu, Siming district, Xiamen, Fujian province.

Xiamen Mingfa International New Town is one of the earliest modern and self equipped complexes in this region, comprising 18 commercial and residential buildings, with retail shops and comprehensive ancillary facilities with a total GFA of approximately 114,313 sq.m.

Xiamen Mingfa International New Town is located only steps away from the Xiamen Huandao Road and is near to the Xiamen International Convention and Exhibition Centre.

The project was completed in February 2002.

Xiamen Mingfa Seascape Garden

Xiamen Mingfa Seascape Garden is located at Qian Punan Er Road, Xiamen, Siming district, Xiamen, Fujian province with a total GFA of approximately 107,789 sq.m.

Xiamen Mingfa Seascape Garden is an integrated residential, office and retail complex comprising seven high rise buildings, clubhouse facilities, a shopping mall, seaview residential units and offices. This project is situated adjacent to Xiamen Huandao Road, facing Jinmen Island of Taiwan.

The project was completed in December 2004.

Xiamen Mingfa Noble Place

Xiamen Mingfa Noble Place is located on Taiwan Street, the centre of Xiamen Huli Commercial District of Fujian province, which is a key area under the municipal planning of Xiamen local government.

Xiamen Mingfa Noble Place is an integrated commercial and residential complex with a total GFA of approximately 45,030 sq.m. where the lower levels comprise retail shops, and the higher levels comprise residential units. This project is conveniently located in the Jiang Tou business district in Xiamen city, opposite the Shuijn Park, which allows for easy access to the local transportation system and various ancillary facilities.

The project was completed in December 2004.

Xiamen Jianqun Elegant Garden

Xiamen Jianqun Elegant Garden is located north of Lianqian Road East, Qianpu, Siming district, Xiamen, Fujian province.

Xiamen Jianqun Elegant Garden is an integrated residential and office complex, with a total GFA of approximately 40,136 sq.m., comprising low rise buildings with 11 storeys. This project is located with easy access to the local transportation system and sports facilities. It is situated along Xiamen Huandao Road, and in close proximity to the Xiamen International Convention and Exhibition Centre, the Xiamen Opera House, the Xiamen Guanyin Shan International Business Operations Centre and Xiangshan International Yacht Pier.

The project was completed in April 2005.

Xiamen Mingfa Garden

Xiamen Mingfa Garden is located at the centre of Xiamen's downtown area, along Luling Road, Siming district, Xiamen, Fujian province.

Xiamen Mingfa Garden is an integrated commercial and residential complex comprising four 11-storey buildings, with the lower levels designated for retail use and the upper levels for residential use. Located along Xiamen Huandao Road, this project is in close proximity to various public buildings, including the Xiamen International Convention and Exhibition Centre, the Xiamen Opera House, the Xiamen Guanyin Shan International Business Operations Centre and Xiangshan International Yacht Pier with a total GFA of approximately 80,199 sq.m.

The project was completed in April 2005.

Xiamen Mingli Garden

Xiamen Mingli Garden is located in Qianpu Kecuo, Siming district, Xiamen, Fujian province.

Xiamen Mingli Garden is a development consisting of European resort style houses, including 30 houses and a multi functional club house with a total GFA of approximately 11,516 sq.m. All houses are built along the natural landscape, enjoying both panoramic ocean and mountain views. Each house covers an approximate area of 320 to 420 sq.m.

The project was completed in January 2008.

Nanjing Pearl Spring Resort

Nanjing Pearl Spring Resort is located in the Pearl Spring resort zone within the Jiangsu province provincial resort zone, which is situated north of Puhe Highway Road, Dingshan town, Pukou district, Nanjing, Jiangsu province.

Nanjing Pearl Spring Resort comprises 53 resort townhouse units held for sale and five hotel buildings. Located at the national level Forest Park, which is at the intersection of the Laoshan forest park and the Pearl Spring scenic zone, Nanjing Pearl Spring Resort overlooks numerous scenic spots. The well-equipped development is designed to cater for business meetings and holidays.

The total GFA of the project is 66,372 sq.m. of which 30,627 sq.m. is allocated for the townhouse units, with the remaining 35,745 sq.m. being allocated for the hotels.

This project was completed in December 2008.

Nanjing Mingfa Riverside New Town

Nanjing Mingfa Riverside New Town is located in Taishan village, Pukou district, Nanjing, Jiangsu province. It is situated next to a new national development zone and three provincial new development zones and forms part of the Yangtze River's "Golden Bund".

Nanjing Mingfa Riverside New Town is one of our most significant residential property projects. It is a large scale, integrated residential property project with a river-front avenue extending approximately 2.4 kilometres along the Yangtze River and complemented by comprehensive public ancillary facilities. This project has a total GFA of approximately 2.2 million sq.m. and comprises over 200 commercial and residential buildings, including 189 high-rise residential buildings, as well as shopping malls and commercial spaces. Ancillary facilities at this project include kindergartens, schools and a multi-functional clubhouse.

Phase one of the project included high-rise residential buildings ranging between 10 to 18 storeys, as well as ancillary facilities including two kindergartens, one primary school and one clubhouse. Phase two of the project included 72 high-rise residential buildings ranging between 10 to 26 storeys. Phase three of the project included 54 of high-rise residential buildings ranging between 9 to 34 storeys.

This project was completed in November 2009.

Projects under development

Nanjing Mingfa City Square

Nanjing Mingfa City Square is located at Dingshan Road which is the centre and the heart of the Pukou District, Nanjing City, Jiangsu province. Nanjing Mingfa City Square is designed as a large scale commercial, residential and office complex with total GFA of 299,520 sq.m. We believe that the Dingshan area will be developed into an administrative centre by the local district government in the future. This project is adjacent to the Laoshan Forest Park and the Pearl Spring Resort, and is close to the entrance of Cross Yangtze River Tunnel connecting Pukou District and Nanjing City.

As at 31 December 2010, an aggregate GFA of 57,368 sq.m. had been pre-sold and such pre-sold units will be delivered to the customers after its completion in December 2011.

Zhenjiang Jinxiu Yinshan

Zhenjiang Jinxiu Yinshan is located in the centre of Zhenjiang City, Jiangsu province, near the New Administration Centre of Zhenjiang and adjacent to the local government's new administrative centre.

Zhenjiang Jinxiu Yinshan is designed to be an integrated commercial, residential and hotel complex comprising residential buildings, townhouse units, hotels and other ancillary facilities, complemented by retail shops, restaurants and themed pedestrian only walkways. This project is adjacent to Yinshan Park, local sports facilities, commercial streets and other large residential districts nearby. Total GFA of this project is approximately 404,678 sq.m. and is expected to be completed in the fourth quarter of 2012.

Construction of the project commenced in July 2010 with pre-sales commencing in December 2010.

Wuxi Mingfa International New Town

Wuxi Mingfa International New Town will be located south of Yanqiao town, Huishan district, Wuxi, Jiangsu province.

Wuxi Mingfa International New Town comprises two parcels of land and is expected to be an integrated residential complex comprising high-rise apartments, buildings and townhouse units. This project is situated in the central business district of Wuxi and enjoys convenient access to several highways connecting to a number of neighbouring cities, including Zhenjiang and Nanjing and a range of residential and public ancillary facilities with a total GFA of approximately 549,561 sq.m.

The project is expected to be completed by December 2012.

Xiamen Mingfa Xiangwan Peninsula

Xiamen Mingfa Xiangwan Peninsula is located at east part of Xiang'an Road, Xiang'an, Fujian province. The project is designed as a large-scale residential complex with total GFA of 292,557 sq.m.

Construction on the project commenced in December 2010, with the presales licence granted in April 2011.

The project is expected to be completed by December 2012.

Projects for future development

Yangzhou Mingfa Lan Wan International Town

Yangzhou Mingfa Lan Wan International Town is located at east of Xuzhuang Road, north of Kaifa East Road, west of Liaojiagou Road, south of Ming Cheng Road, Yangzhou, Jiangsu province. The project is designed as a large-scale residential complex with a total GFA of 221,533 sq.m.

The project is expected to be completed by December 2012.

Xiamen Yuanchang Villa

Xiamen Yuanchang Villa is located at Longshan, Lianqian Road, Xiamen, Fujian province. Mingfa holds a 50 per cent. equity interest in the project company Longxiang Real Estate (XM). The project is designed as a large-scale residential complex with a total GFA of 145,475 sq.m.

The project is expected to be completed by December 2013.

Logistics and R&D Centres

Completed projects

Xiamen Lianfeng Furniture Park

Xiamen Lianfeng Furniture Park is located on a site approved for industrial use on Honglian Road, Siming.

Xiamen Lianfeng Furniture Park comprises six blocks of five-storey buildings, and can be used for research and development, exhibition and office purposes and has a total GFA of approximately 4,872 sq.m. Xiamen Lianfeng Furniture Park is in close proximity to the Xiamen International Convention and Exhibition Centre, the Xiamen Opera House, the Xiamen Guanyin Shan International Business Operations Centre and Xiangshan International Yacht Pier with convenient access to the expressway.

The project was completed in November 1996.

Xiamen Mingfa Industrial Park

Xiamen Mingfa Industrial Park is located at No.2 Honglian Road West, Siming District, Xiamen, Fujian province and has a total GFA of approximately 23,503 sq.m. It is located on a site which is made up of a portion approved for residential and commercial use, and another portion approved for industrial use.

Xiamen Mingfa Industrial Park is an industrial and commercial complex meeting national standards for integrated industrial parks, and is used for manufacturing, exhibition and research and development purposes. It enjoys easy access to transportation networks and is in close proximity to the Xiamen International Convention and Exhibition Centre, the Xiamen Opera House, the Xiamen Guanyin Shan International Business Operations Centre and Xiangshan International Yacht Pier.

The project was completed in April 2005.

Xiamen Mingfa Town

Xiamen Mingfa Town is located at Lvling Road, Siming Industrial Park, Siming district, Xiamen, Fujian province and has a total GFA of approximately 59,404 sq.m. This project is located adjacent to the Luling residential district.

The project comprises four low-rise buildings Located along Xiamen Huandao Road, this project is in close proximity to the Xiamen International Convention and Exhibition Centre, the Xiamen Opera House, the Xiamen Guanyin Shan International Business Operations Centre and Xiangshan International Yacht Pier.

The project was completed in January 2008.

In the past, we entered into over 300 “Transfer of Right to Use Properties Contract”, under which each transferee is contractually entitled to occupy and use the relevant unit for a term commencing shortly after the contract date and expiring on 7 May 2054. The PRC courts may rule that the contracts be treated as long-term leases. If all existing transferees successfully obtain a judgment from the PRC court that any lease term beyond 20 years are not legally enforceable, we may be required to repay the pre-paid purchase money that transferees paid for the period beyond the first 20 years under the contract.

Xiamen Mingfa Technological Park

Xiamen Mingfa Technological Park is located on a site approved for industrial use in Kaiyuan Xing'an Industrial Park, Tong'an district, Xiamen, Fujian province.

Xiamen Mingfa Technological Park is an integrated industrial and office complex comprising three industrial buildings and a nine storey office building and has a total GFA of approximately 62,131 sq.m. The property is located across from Dongnan Logistics Zone, with easy access to transportation networks and is used for exhibition, R&D and office purposes.

The project was completed in May 2008.

Projects under development

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 south-eastern part of China. Nanjing Mingfa International Industrial Material Park, attributable to its large scale of development, 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 the industrial raw materials market. Nanjing

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

The project is expected to be completed by June 2011.

Projects for future development

Xiamen Mingfeng Town

Xiamen Mingfeng Town is located in Lingdou, Siming District, Xiamen, Fujian province.

Xiamen Mingfeng Town is expected to be an integrated complex comprising office, manufacturing and R&D premises, and is one of the high-tech establishments that receives local government support in Xiamen. Situated in the Xiamen Software Park, Xiamen Mingfeng Town offers seaview offices targeting companies in the high-tech sector, and is expected to become a high quality modern research centre. This project has a total GFA of approximately 103,921 sq.m. The project is expected to be developed into a high end R&D centre in close proximity to the Xiamen International Convention and Exhibition Centre, the Xiamen Opera House, the Xiamen Guanyin Shan International Business Operations Centre and the Xiangshan International Yacht Pier.

The project is expected to be completed by December 2012.

Nanjing Mingfa Business Park

Nanjing Mingfa Business Park is located on a site approved for industrial use in Nanjing High-Tech Development Zone, Pukou District, Nanjing, Jiangsu province.

This project is intended to integrate technology development, business headquarters and product exhibition centres, and expects to target middle to large-scale, domestic and international businesses. We intend to give our customers the naming rights to their buildings, which represents a branding opportunity to our customers. In addition, the buildings within the project can be customised to meet the specific design and layout needs of our customers. Support facilities including reception services and business support also provide networking opportunities for our customers. When the property is completed, we will occupy and use the park in compliance with the land use rights granted to us and the relevant PRC laws and regulations.

This project is planned to comprise approximately 280 office buildings, exhibition facilities and other facilities with an aggregate GFA of approximately 830,000 sq.m. We plan to introduce a centralised and modern system for management, construction and operations in order to attract local and international research centres, operations centres, procurement centres and headquarters.

The project is expected to be completed by December 2013.

HOTELS

Completed projects

Quanzhou Mingfa Hotel

Quanzhou Mingfa Hotel is a three-star hotel located at No. 1 Nan Huan Road, Huoju village, Jiangnan town, Licheng district, Quanzhou, Fujian province.

Quanzhou Mingfa Hotel is a 17-storey hotel, comprising 169 executive suites, seaview suites, business suites and standard rooms, complemented by restaurants, shops and entertainment facilities. The hotel has a total GFA of approximately 13,707 sq.m. and is located at the intersection of Xiamen, Quanzhou city centre, Jin Jiang, Shi and Nan'an, approximately eight kilometres from

the Quanzhou Pujiang Airport. It is adjacent to the Quanzhou Convention Centre and Business Centre, enjoying access to convenient transportation. Quanzhou Mingfa Hotel is currently managed by Quanzhou Mingfa Hotel Company Limited.

The project was completed in May 2000.

Xiamen Mingfa Hotel

Xiamen Mingfa Hotel is a three star hotel located at No. 413 Lianqian East Road, Xiamen, Fujian province. It is located approximately ten minutes away from the Xiamen Gaoqi International Airport by car and approximately three kilometers from the Xiamen Railway Station, and close to the Xiamen International Convention and Exhibition Centre. The property comprises a total of 120 guest rooms, complemented by dining, shopping, entertainment and business facilities. The project was completed in January 2002.

Xiamen Mingfa Hotel is currently leased to Meiyuan Kuaijie for a term of 10 years, commencing on 15 January 2007 and ending on 14 January 2017.

Projects under development

Xiamen Mingfa Group Mansion

Xiamen Mingfa Group Mansion is located in Qianpu Industrial Park, Xiamen City, Fujian province, which is a commercial district near the coastal area, and is close to the Xiamen International Convention and Exhibition Centre. The project offers a total GFA of 36,346 sq.m. It is currently approved for office use and we plan to change the usage from office to hotel after we obtain the approvals from the relevant governmental authorities.

The project is expected to be completed in August 2011.

Xiamen Mingfa Harbour Resort

Xiamen Mingfa Harbour Resort is located at south of Wu Yuan Wan Bridge, west of Huan Wan Road, and along the seaview strip of Huli District, Xiamen, Fujian province.

The resort is expected to comprise a high-end hotel and 30 townhouse units with conferencing, accommodation, leisure and entertainment facilities. Most of the hotel rooms will have panoramic ocean views. The resort is less than five minutes away by car from Xiamen International Airport, and close to the Xiamen International Convention and Exhibition Centre, the Xiamen Opera House, the Xiamen Guanyin Shan International Business Operations Centre and Xiangshan International Yacht Pier.

With its attractive location, scenic surroundings, convenient transportation and surrounding infrastructure, we believe that this resort will become one of Xiamen's landmark hotel developments.

The planned total site area for this project is approximately 59,000 sq.m., with an aggregate GFA of approximately 162,000 sq.m. Construction of the project commenced in December 2010 and is expected to be completed by December 2011.

PROPERTIES TO BE COMPLETED IN 2011

Set out below is the details of the projects and properties expected to be completed by us in 2011. The total GFA available of these properties for sale/leasing will be approximately 2,355,977 sq.m.

Project	Expected Completion Date	GFA available for Sale/Leasing (sq.m.)	Percentage of Interest in the Project attributable to Us	Usage
Hefei Mingfa Shopping Mall . . .	Jun-2011	429,238	100%	Commercial & residential
Wuxi Mingfa Shopping Mall . . .	Jun-2011	489,364	70%	Commercial & residential
Nanjing Mingfa International Industrial Material Park	Jun-2011	463,298	100%	Industrial
Xiamen Mingfa Group Mansion.	Aug-2011	36,346	100%	Office ⁽¹⁾
Yangzhou Mingfa Shopping Mall	Dec-2011	399,353	100%	Commercial & residential
Nanjing Mingfa City Square . . .	Dec-2011	299,520	100%	Commercial & residential
Xiamen Mingfa Harbour Resort.	Dec-2011	161,705	100%	Hotel
Honglai Mingfa Commercial Centre	Dec-2011	77,153	100%	Commercial & residential
Note (1): We plan to change the usage from office to hotel after we obtain the approvals from relevant governmental authorities.				

PRE-SOLD PROPERTIES

As at 31 December 2010, the Group has pre-sold properties with an aggregate GFA of 241,945 sq.m. to the customers. Set out below are the details of the projects, the Group's interests and the attributable areas pre-sold by the Group:

Project	City	Group's Interest	Attributable GFA (sq.m.)
Hefei Mingfa Shopping Mall	Hefei	100%	24,716
Nanjing Mingfa Riverside New Town	Nanjing	100%	10,928
Nanjing Mingfa Shopping Mall	Nanjing	100%	10,800
Nanjing Mingfa City Square	Nanjing	100%	57,368
Wuxi Mingfa Shopping Mall	Wuxi	70%	16,724
Xiamen Mingfa Shopping Mall	Xiamen	70%	4,582
Xiamen Mingli Garden	Xiamen	100%	384
Yangzhou Mingfa Shopping Mall	Yangzhou	100%	116,443

SUMMARY OF OUR LANDBANK

Our landbank is well diversified and balanced in terms of product types to cater to different market segment demands. As at 31 December 2010, our total landbank was approximately 7.4 million sq.m. (1.1 million sq.m. of which was obtained pursuant to MOUs signed with government bodies and acquisition of project companies) and we plan to use such land for development of commercial complexes, residential properties, logistics centres, R&D centres and hotels. We believe that the size of our current landbank is sufficient for our development needs for the next three to four years and our strategic site locations provide significant profit potential.

The following table summarises the details of the Group's landbank as at 31 December 2010:

Project	Province	Actual/ Estimated Completion Date	Type	Status	Site Area (sq.m.)	Approximate Leasable and Saleable GFA (sq.m.)	Group's Interest (%)	Attributable GFA (sq.m.)
Xiamen Mingfa Seascape Garden	Fujian	Dec-2004	Residential/ Commercial/Office	Completed	18,247	679	100	679
Xiamen Mingfa Noble Place	Fujian	Dec-2004	Residential/ Commercial/Office	Completed	5,529	5,203	100	5,203
Xiamen Mingfa Garden	Fujian	Apr-2005	Residential/ Commercial	Completed	18,697	18,419	100	18,419
Xiamen Jianqun Elegant Garden	Fujian	Apr-2005	Residential/Office	Completed	10,257	5,759	100	5,759
Xiamen Mingfa International New Town	Fujian	Feb-2002	Residential/ Commercial/Office	Completed	26,016	23,655	100	23,655
Xiamen Mingfa Shopping Mall	Fujian	Oct-2007	Commercial/Office/ Hotel	Completed	166,775	45,278	70	31,695
Xiamen Mingfa Town	Fujian	Jan-2008	Residential/ Commercial	Completed	12,879	15,397	100	15,397
Xiamen Mingli Garden	Fujian	Jan-2008	Residential	Completed	17,356	1,040	100	1,040
Nanjing Pearl Spring Resort	Jiangsu	Dec-2008	Residential/Hotel	Completed	112,973	30,627	100	30,627
Nanjing Mingfa Riverside New Town	Jiangsu	Nov-2009	Residential/ Commercial	Completed	1,072,182	286,339	100	286,339
Nanjing Mingfa Shopping Mall	Jiangsu	Dec-2010	Commercial/Office/ Hotel	Completed	182,588	153,096	100	153,096
Nanjing Mingfa International Industrial Material Park	Jiangsu	Jun-2011	Industrial	Major structural construction completed	351,136	463,298	100	463,298
Xiamen Mingfa Group Mansion	Fujian	Aug-2011	Office ⁽¹⁾	Major structural construction completed	13,186	36,346	100	36,346
Wuxi Mingfa Shopping Mall	Jiangsu	Jun-2011	Residential/ Commercial/Hotel	Major structural construction completed	216,643	489,364	70	342,555
Hefei Mingfa Shopping Mall	Anhui	Jun-2011	Residential/ Commercial/ Office/Hotel	Major structural construction completed	176,698	487,214	100	487,214
Yangzhou Mingfa Shopping Mall	Jiangsu	Dec-2011	Residential/ Commercial/Hotel	90% of construction completed	145,267	399,353	100	399,353
Nanjing Mingfa City Square	Jiangsu	Dec-2011	Residential/ Commercial/Office	Approximately 70% of construction completed	128,683	299,520	100	299,520
Xiamen Mingfa Harbor Resort	Fujian	Dec-2011	Hotel	Approximately 20% of construction has been completed	58,952	161,705	100	161,705
Zhangzhou Mingfa Shopping Mall	Fujian	May-2013	Residential/ Commercial/ Office/Hotel	Approximately 20% of construction has been completed	223,589	575,967	100	575,967
Honglai Mingfa Commercial Center	Fujian	Dec-2011	Residential/ Commercial	Start construction in December 2010	27,065	77,153	100	77,153
Zhenjiang Jinxiu Yinshan	Jiangsu	Dec-2012	Residential/ Commercial/Hotel	Start construction in December 2010	296,702	404,678	100	404,678
Xiamen Mingfa Xiangwan Peninsula ⁽²⁾	Fujian	Dec-2012	Residential/ Commercial	Vacant	104,380	292,557	100	292,557
Nanjing Mingfa Business Park	Jiangsu	Dec-2013	Industrial	Vacant	547,215	827,762	100	827,762
Wuxi Mingfa International New Town ⁽²⁾	Jiangsu	Dec-2012	Residential/ Commercial	Vacant	258,297	549,561	100	549,561
Xiamen Yuanchang Villa	Fujian	Dec-2013	Residential	Vacant	52,606	290,950	50	145,475
Xiamen Mingfeng Town ⁽³⁾	Fujian	Dec-2012	Industrial	Vacant	19,909	103,921	100	103,921
Yangzhou Mingfa Lan Wan International Town ⁽³⁾	Jiangsu	Dec-2012	Residential	Vacant	158,238	221,533	100	221,533
Huai'an Mingfa Shopping Mall ⁽³⁾	Jiangsu	Dec-2012	Residential	Vacant	51,345	154,035	100	154,035
Huai'an Mingfa Shopping Mall ⁽³⁾	Jiangsu	Dec-2012	Commercial	Vacant	66,669	166,673	100	166,673
Quanzhou Mingfa Huachang International Town ⁽³⁾	Fujian	Dec-2013	Commercial	Vacant	276,120	698,507	50	349,253
Shenyang Creative Park ⁽³⁾	Liaoning	Dec-2013	Residential/ Commercial	Vacant	154,024	462,072	100	462,072
Shenyang Commercial and Residential Project ⁽³⁾	Liaoning	Dec-2012	Residential/ Commercial	Vacant	61,222	306,110	100	306,110
Note (1): We plan to change the usage from office to hotel after we obtain the approvals from relevant governmental authorities.								
Note (2): We have obtained the permit for commencement of construction works.								
Note (3): We have not obtained land use right certificate.								

INVESTMENT PROPERTIES

Investment properties are self owned properties we hold both for leasing purposes and/or for capital appreciation, and that we do not occupy and use. As at 31 December 2010, our investment properties are located in various parts of Xiamen, Nanjing, and Zhangzhou. Our investment properties have gained in value due to the overall appreciation and the general growth of property prices in the areas where they are located. At the same time, the operation and management by our professional team and other third party management companies have contributed to the increasing rental income from such properties, which in turn translates to a stable and steady cash flow. In addition, many of the retail units that we are developing will be held for investment, primarily to complement our commercial complexes and residential properties within the project site.

Our objective regarding investment properties is to achieve a more stable earnings profile through increasing recurrent income from a diverse portfolio of investment properties including offices, retail units and hotels. We also have plans to extend our business to the logistics and asset management industries to further diversify our services. See “*Business — Our Strategies — Further grow our investment property portfolio to increase the stability of our income stream*”.

The following table summarises the details of our major properties held for investment as at 31 December 2010:

Project	Province	Type	GFA (sq.m.)	Term of Leases with Tenants (years)	Percentage of Interest in the Properties attributable to the Group (%)
Xiamen Mingfa Shopping Mall . . .	Fujian	Commercial	104,339	8–20	70
Nanjing Mingfa Shopping Mall . . .	Jiangsu	Commercial	133,517	10–15	100
Xiamen Mingfa Technology Park . .	Fujian	Industrial	62,131	18	100
Nanjing Mingfa Riverside New Town	Jiangsu	Commercial	4,121	3–9	100
Xiamen Mingfa Hotel	Fujian	Hotel	10,925	10	100
Xiamen Mingfa Industrial Park . . .	Fujian	Industrial	11,588	8–15	100
Xiamen Lianfeng Furniture Park . .	Fujian	Industrial	26,120	20	100
Zhangzhou Mingfa Shopping Mall .	Fujian	Commercial	112,416	Under construction	100
Lianfeng Building Room 401	Fujian	Office	2,028	8	100

MEMORANDA OF UNDERSTANDING WITH GOVERNMENT BODIES

Relevant governmental bodies in China often grant land use rights in several cities for future development. As at 31 December 2010, we had entered into nine 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. We believe that entering into these MOUs enables us to establish a close working relationship with the relevant governmental bodies. Although these MOUs set out the parties’ intention to co-operate and develop the relevant projects, terms relating to the land parcels including the amount of land premium payable are subject to the land use rights grant contracts to be entered into between the competent governmental authorities and us. We are required to go through the public tender, auction, or listing for sale procedures under the PRC rules or obtain relevant government approvals before we can obtain the land use rights with respect to the land parcels under these MOUs. There is no assurance that these MOUs will lead to our acquisition of any land use rights.

We believe that due to our sizeable operations, strong brand name and ability to offer employment opportunities, various provincial and local governments have offered us opportunities to participate in large scale development projects. These local governments usually enter into MOUs with us, confirming their intention to support our projects once we obtain the underlying land use rights via the public tender, auction or listing-for-sale.

Historically, similar MOUs have played an important role in our land acquisitions. These MOUs encompass urban redevelopment projects in different regions and through various land acquisition channels and methods in the primary and secondary markets. Due to the differences in the applicable local government rules and regulations governing urban redevelopment projects, the expected timeframe for completing the transactions and obtaining the land use rights certificates may vary from one contract to another.

The following tables summaries the information relating to the nine MOUs with government bodies entered into by us as at 31 December 2010:

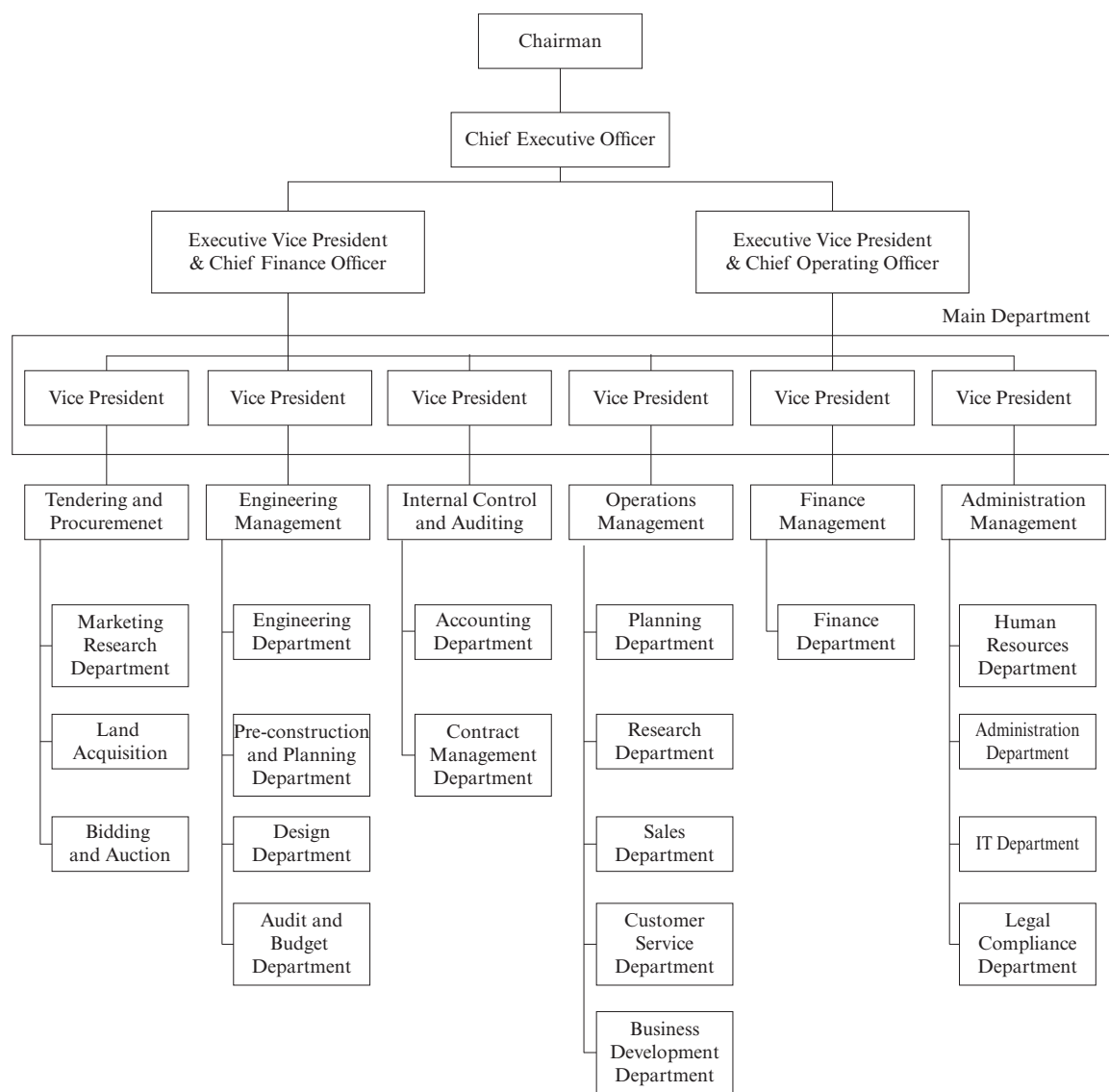
Project	Province	Agreement	Site Area (sq.m.)	GFA (sq.m.)
		Date		
Nanjing Mingfa Riverside New Town District II,	Jiangsu	16 Aug 07	230,001	400,000
Nanjing Mingfa Furniture Centre	Jiangsu	12 May 05	83,334	53,408
Huai'an Mingfa International Industrial Material Park and Mingfa International Town	Jiangsu	28 Nov 07	666,670	1,180,219
Tianjin Jingjin Mingfa International Town	Tianjin City	6 Dec 09	1,533,341	3,000,000
Shenyang Creative Park ⁽¹⁾	Liaoning	28 Jan 10	912,005	2,000,000
Shenyang Residential and commercial complex ⁽¹⁾	Liaoning	28 Jan 10	142,800	714,000
Panjin Mingfa City Square	Liaoning	20 Oct 10	427,332	1,281,996
Changsha Wangcheng District Binshui New Town Commercial Centre Project	Hunan	1 Dec 10	316,154	1,106,539
Jiangsu Taizhou Mingfa City Complex Project	Jiangsu	22 Dec 10	1,466,674	3,666,685

Note (1): Land grant contracts have been entered into in October 2010 in connection with the site area of 215,246 sq.m.

PROPERTY DEVELOPMENT

Our project development process is coordinated and supervised by our various key functional department headquarters located in Nanjing, which have been operating on a centralised basis since 2008. Our Chairman, Mr. Wong Wun Ming, our Chief Executive Officer, our Executive Vice Presidents and our senior management team work closely with the head of each of these department headquarters and provide the necessary management guidance. We believe our flat management structure is highly effective and allows for efficient supervision by our Chairman, our Chief Executive Officer, our Executive Vice Presidents and our senior management team and helps to enhance our operational efficiency and optimise our resources.

The chart below summarises our management structure:



We have specialised personnel in charge of the various key stages of our project development process for our properties which include, but are not limited to, site selection, land acquisition, pre-construction planning and design, construction, sales and marketing, completion, delivery and after-sales services.

We also engage independent third party service providers, with whom we have worked and established good relationships over the years, to assist us in some of the above stages, such as planning and design, construction as well as sales and marketing.

We have summarised below the key stages of our project development process:

Site Selection	Land Acquisition	Pre-construction, financing and design	Construction	Sales and Marketing	Completion, delivery and after-sales services	Business Development and Management
<ul style="list-style-type: none"> • identify potential site 	<ul style="list-style-type: none"> • acquire land through public tender, auction or listing-for-sale 	<ul style="list-style-type: none"> • obtain key governmental permits/certificates 	<ul style="list-style-type: none"> • engage third party construction companies through bidding 	<ul style="list-style-type: none"> • engage selected sales and marketing agency through tenders 	<ul style="list-style-type: none"> • deliver property 	<ul style="list-style-type: none"> • provide leasing and promotion services
<ul style="list-style-type: none"> • prepare feasibility study report and conduct market research and analysis for the Board to consider 	<ul style="list-style-type: none"> • acquire land through transfer MOU 	<ul style="list-style-type: none"> • consolidate funds from internal financial resources and bank loans 	<ul style="list-style-type: none"> • procure construction equipment 	<ul style="list-style-type: none"> • comply with pre-sale statutory requirements 	<ul style="list-style-type: none"> • provide after-sales customer services including property management, mortgage and registration assistance, and handling of complaints 	<ul style="list-style-type: none"> • provide management services
<ul style="list-style-type: none"> • liaise with local government to understand the legal and environmental requirements, procedures and timing for acquisition process 	<ul style="list-style-type: none"> • obtain land use rights certificates 	<ul style="list-style-type: none"> • select and finalise design 	<ul style="list-style-type: none"> • ensure internal quality control 	<ul style="list-style-type: none"> • marketing and promotion 	<ul style="list-style-type: none"> • provide leasing and promotion, operational and management services in relation to commercial complexes 	
<ul style="list-style-type: none"> • obtain final approval from the Board 			<ul style="list-style-type: none"> • perform fitting-out if requested 			

Site selection

The site selection and evaluation process is the fundamental step in our project development process and is crucial to the success of a property development. Therefore, we devote significant management resources to it. In our site selection process, the research department with the assistance of independent third party service providers commences the site selection process by identifying and assessing the development potential of the possible site. Our Chairman, Mr. Wong Wun Ming, our Executive Directors and our senior management team will then participate in the evaluation to reach the final decision. We use a disciplined and systematic approach to identify suitable sites for project development. The primary criteria in our site selection and evaluation process includes the following:

- the economic development prospects, taking into account factors such as GDP growth, local government revenue, population, average income and disposable income in the area where the site is located;
- the supply and demand characteristics and property market conditions for residential properties and commercial complexes in the local market;
- the applicable zoning regulations and policies on real estate development, future land availability, preferential tax rates, specifications and requirements imposed by the local government on the project, and long-term and short-term development plans for the region and its surrounding areas;
- the size and geographic location of the site, in particular, its proximity and accessibility to city centres or business districts;
- the supporting infrastructure facilities, including transportation and utilities; and
- the total acquisition cost, investment and financial return.

After we identify a potential site, our market research department, land acquisition department and finance department will engage independent third party service providers to prepare an investment feasibility report and a financial analysis report for our Executive Directors. Our research department will also work closely with our planning department and sales department, which will conduct its own research and analysis to assess the overall market positioning and profitability potential.

If our Executive Directors decide to proceed with the acquisition of the relevant site based on the investment feasibility report and financial analysis report, our relevant departments, depending on the type of properties to be built on the site, will liaise with the local government to understand the terms and conditions, procedures and timing for the acquisition process. They will also seek suggestions and proposals from the local government on how the relevant site can fit into the overall development plan of the city or locality involved, before reporting back to the Executive Directors for their final approval.

Land acquisition

We acquire land use rights primarily through direct acquisition from the PRC Government by way of public tender, auction or listing for sale and in the secondary markets through transfer agreements with the original grantees of the land use rights. Under PRC law, all land to be developed for commercial purposes, such as business, tourism, entertainment and commodity residential housing, must be granted by way of public tender, auction or listing-for-sale. Starting from 31 August 2006, land for industrial use also must be granted by way of public tender, auction or listing-for-sale. Where land use rights are granted by way of public tender, the relevant authorities will consider not only the tender price but also the credit history and qualifications of the developer and its tender proposal. Where land use rights are granted by way of an auction, a public auction is held by the relevant local land bureau and the land use rights are granted to the highest bidder. Where land use rights are granted by way of listing for sale, the relevant local land bureau will announce the conditions for granting the land use rights at designated land transaction centres and the bids submitted by the bidders. The land use rights are granted to the bidder submitting the highest bid by the end of the listing-for-sale period. If two or more parties request a competitive bidding, an on-site competitive bidding shall take place and the land use rights are granted to the highest bidder.

Grantees of land use rights may dispose of the rights granted to them in private sales, subject to the terms and conditions of the contracts and relevant regulations of the PRC. To the extent permitted by law, we may also choose to acquire land use rights in the secondary market through negotiated transfers in addition to the public tender, auction or listing-for-sale process. When opportunities arise, we may also obtain land use rights by acquiring equity interests of companies or persons that hold the relevant land use rights.

Based on our current development and growth targets, we expect to maintain a sufficient landbank to fulfil our development requirements for the next three to four years. We will continue to search for land sites which meet our criteria.

Pre-construction, planning and design

Before we commence construction of our projects, we undergo three key stages, namely, applications for the various government permits, financing and design.

Government permits

Once we enter into the land use rights grant contracts for a parcel of land, we apply for various certificates, permits and licenses that are required to commence the construction and sale of our properties, the key ones being the land use rights certificate, the planning permit for construction land, the planning permit for construction works, the permit for commencement of construction works and the pre-sale permit.

Certificates, permits and licenses

Once we have obtained the rights to develop a parcel of land, we will begin to apply for the various permits and licenses that we need in order to begin construction and sale of our properties:

- land use rights certificate — a certification of the right of a party to use a parcel of land;
- planning permit for construction land — a permit authorising a developer to begin the surveying, planning and design of a parcel of land;
- planning permit for construction works — a certificate indicating government approval for a developer's overall planning and design of the project and allowing a developer to apply for a work commencement permit;
- permit for commencement of construction works — a permit required for commencement of construction; and
- pre-sale permit — a permit authorising a developer to start the pre-sale of properties under development.

If the land use right is acquired by way of grant, the land use rights grant contract will need to be obtained before we can apply for the above mentioned certificates, permits and licenses.

A property developer is allowed to commence construction of a property development upon receipt of the permit for commencement of construction work which will only be issued after the land use rights certificate, the planning permit for construction land and the planning permit for construction works (together with the permit for commencement of construction works, collectively known as the “**four certificates**”) are obtained.

Financing

Our financing methods vary from project to project and are subject to various limitations imposed by PRC regulations and monetary policies. Our policy is to finance our property development projects through internal funding to the extent practicable so as to keep the level of external funding to a minimum. As required by the State Council, we have to finance our projects with at least 20 per cent. internal funding for ordinary residential properties and at least 30 per cent. internal funding for other property development projects. The balance is typically derived from a combination of funding from our shareholders, bank borrowings as well as pre-sale and sale proceeds.

As at 31 December 2010, we have obtained bank borrowings from various PRC banks. Our Board of Directors believe that our creditworthiness has allowed us to maintain good business relationships with such banks.

Project design

To achieve distinctive designs and operating efficiency, we typically outsource the design work to selected architectural and design firms with whom we have established strong relationships from past projects. Depending on the type of properties to be developed, we will involve the design firms with the relevant expertise in the preliminary design work for a development project at the site selection and land acquisition stages. When determining the design of a particular property development, we consider factors such as:

- the environment and community surrounding the site;
- the size of the site;

- advice provided by our professional advisers which include architects, planning experts and sales and marketing personnel; and
- the demand for the type and mix of buildings to be developed.

Our practice of involving architectural and design firms during the early stage of our development process helps to shorten the time it takes for us to complete a project. We typically receive a preliminary design when we are negotiating with the government on the terms of the grant. This enables us to commence construction shortly after the requisite approval to develop a land site has been granted. We believe that the overall time needed to complete the development is therefore reduced.

We select architectural and design firms for each project development through a selective bidding process. In making our final selection, we consider their proposed design concepts, their reputation for reliability and quality as well as the price of their proposed services. In our previous projects, we usually limit the bidding process by short-listing five architectural and design firms with whom we enjoy close working relationships.

Our design department and operations management headquarters are responsible for monitoring the progress and quality of the appointed architectural and design firms to ensure that they meet our specifications. They are usually assisted by a third party service providers who will also help supervise the design process. In addition, upon completion of our projects that are built for rental purposes, we generally also render design support to facilitate the fitting-out work for our tenants.

Construction

Construction work

Our construction work is outsourced to third party construction companies and we typically hire more than one contractor for each project. Save as disclosed below, contractors are selected through a competitive bidding process. Standardised procedures have been established to select appropriate construction contractors to ensure that they meet our standards for quality and craftsmanship. We typically invite a minimum of three qualified construction contractors to bid for a construction project through a tender by invitation process.

On 2 October 2009, we entered into a strategic cooperation agreement (the “**Strategic Cooperation Agreement**”) with China State Construction Engineering Corporation Limited (“**CCC**”), an independent third party. Established in 2007, CCC is a key subsidiary of China State Construction Engineering Corporation, which is a state-owned enterprise that focuses on construction and real estate business in both domestic and overseas markets. Through the Strategic Cooperation Agreement, we believe that our construction projects will be able to benefit from CCC’s knowledge and experience gained from their handling of large scale construction projects. Under the Strategic Cooperation Agreement, the parties agreed to: (i) strengthen the parties’ cooperation in the construction of large-scale commercial complexes in the PRC in which we will first consider engaging CCC as the construction company for such projects, and CCC will first consider taking up such projects; (ii) develop a cooperation strategy for investigating, planning, designing and constructing future projects both in the PRC and overseas, and (iii) jointly establish a “Xiamen Mingfa Group — China State Construction Engineering Corp. Ltd. Strategic Cooperation and Coordination Committee” which will be responsible for coordinating, studying and executing projects and other matters between the parties. In the event that pursuant to the Strategic Cooperation Agreement, the parties decide to cooperate on a particular project, the parties will enter into separate contractual arrangements, in which we will engage CCC as its contractor for that specific project.

We conduct detailed due diligence work on the contractors during the bidding process before offering construction contracts to them. We examine their track record, industry reputation for quality, professional qualifications, past performance and co-operation, management and quality control systems, their financial situation and resources and other information that is required as part of the bidding process to evaluate the suitability of the contractors who submit a bid for our construction contracts. Senior management personnel are actively involved in the bid assessment and selection process.

At the request of certain clients, fitting-out services may be provided and included as part of the agreed service contract. This procedure is normally performed by independent contractors in accordance with pre-approved interior design plans which accommodate both the design of the property as well as relevant regulations in the region. Fitting-out contractors are also selected by a tender process. Our construction contractors and fitting-out contractors must obtain the relevant licenses from the Ministry of Construction of the PRC, which changed its name to the Ministry of Housing and Urban-Rural Development of the PRC on 15 March 2008. All the contractors we currently employ for our projects possess the necessary qualifications and licenses.

The terms of our standard construction contracts provide for progressive payments throughout the construction process, and contain express warranties on construction quality and schedule. We withhold 10 per cent. of the contract sum for one year after completion to apply against potential claims arising out of any construction defects. We require our contractors to comply with PRC laws and regulations on the quality of construction projects, as well as our own standards and specifications. Contractors are also subject to our quality control procedures, including examination of materials and supplies, on site inspection and production of progress reports. We do not allow our construction contractors to subcontract or transfer their contractual arrangements with us to any third party without our prior consent.

Our contracts with construction contractors contain provisions requiring the contractors to comply with relevant environmental, labour, safety laws and regulations. Our engineering department together with the third party supervisory company will constantly conduct on-site inspections to ensure the implementation of such laws and regulations as well as to inspect any potential risk is covered by relevant insurance policies that we maintain. In the event that we discover any unsatisfactory work by the contractors during our on-site inspections, we will ensure that they rectify the situation without delay. Generally, the terms of such contract provide that the contractor is responsible for any increase in labour costs while any increase in excess of 5 per cent. of the agreed costs of construction materials will be for our account.

Quality control

We place a high emphasis on the quality of our properties, and have established standard procedures to ensure that the quality of our properties and services complies with relevant regulations and meets market standards. Such quality control procedures are implemented by the relevant functional departments as well as by each construction company. For each property development project, quality inspections and regulatory compliance reviews are carried out by the construction company, construction supervisory companies, the project team in charge as well as our general project management department.

In accordance with PRC regulations, we engage the services of PRC-qualified third party construction supervisory companies to supervise the construction of our real estate developments. These construction supervisory companies oversee, under a construction supervision contract, the progress and quality of the construction work of a real estate development throughout the construction phase.

For the years ended 31 December 2009 and 2010, costs attributable to our five largest contractors, amounted to less than 57.1 per cent. and 30 per cent. of our total costs paid, respectively.

As at 31 December 2010, none of our Board of Directors, their associates or any of our shareholders holding more than 5 per cent. of our issued share capital had any interest in or was associated with our five largest contractors.

Procurement

Our tendering and procurement headquarters are primarily responsible for procuring certain specialised equipment such as elevators, air-conditioners and generators, where necessary, from selected suppliers. Our construction contractors are responsible for purchasing the basic building materials such as steel and cement, in accordance with the agreed price range as set out in the supply contracts.

Our tendering and procurement headquarters typically solicits price quotes from at least two prospective suppliers, negotiates the price and other terms with them and finalises the purchase arrangements with the supplier with the better terms by signing price confirmations for regular supplies and executing procurement contracts for major equipment and constructions. Each transaction is initiated by a purchase order from our tendering and procurement headquarters, and the suppliers are asked to deliver the supplies to locations specified by the relevant project companies. We believe our centralised procurement system gives us more bargaining power and better cost control, enabling us to benefit from economies of scale.

To maintain quality control, we employ very strict procedures for selection, inspection and testing of materials. Our project management teams inspect all equipment and materials to ensure compliance with the contract specifications before accepting the materials on site and approving payment. We reject materials which are below standard or do not comply with our specifications and return them to the suppliers.

Over the years, our project management teams have developed good working relationships with our suppliers, which allows us to produce quality products at optimal efficiency and increasingly low costs. These established relationships also help to ensure that supplies are delivered on time.

Sales and marketing

The operations management headquarters carries out our sales and marketing functions. It is responsible for brand building, market positioning, sales supervision, marketing as well as leasing and management of the our investment properties. Our operations management headquarters conducts detailed market analyses, prepares promotional materials, conducts general promotional campaigns, recommends unit prices and pricing-related policies for our projects and coordinates and monitors our relationship with the media. We provide our sales and marketing staff training on basic knowledge of real estate, sales and marketing, and laws and regulations in relation to the real estate sector.

Our operations management headquarters is involved in our real estate development projects starting from the early stages and provides its input at key steps. When our research and development department identifies a potential project, our operations management headquarters will conduct local property market research and study the government's land policies. Before we decide to acquire land, our operations management headquarters provides us with the results of the research and analysis of the relevant land. During the land acquisition process, our sales and marketing department provides suggestions on the site plan and designs and assists us in the design preparation.

We use various advertising media, including newspapers, magazines, brochures, television, radio, internet, signage posters and outdoor billboards, to market our property developments. We participate in real estate exhibitions to enhance our brand name and promote our property developments projects. We also set up on-site reception centres to display information relating to the

relevant real estate development and for certain major projects, off-site reception centres in areas frequented by targeted customers in circumstances where on site reception centres may not be suitable.

We have a selected number of independent third party external sales, business promotion and marketing agencies. When selecting these external agencies, we take into account their qualifications and reputation, the qualifications and experience of their professional staff, their past performance and market share, their project proposal, and their allocation of available resources.

Customers

For the years ended 31 December 2009 and 2010, the percentage of revenue attributable to our five largest customers was less than 30 per cent. of our total revenue. As at 31 December 2010, none of our Board of Directors, their associates or any of our shareholders held more than 5 per cent. of our issued share capital had any interest in or was associated with our five largest customers.

Customers' payment arrangements

Residential properties

Payment of the purchase price of our residential properties is due before delivery of the property. Typically, a down payment for the first property bought by the buyers of no less than 30 per cent. of the purchase price is paid upon confirmation of the sale. For the second or more properties bought by the buyers, the down payment will be 60 per cent. of the purchase price. It is common practice in the PRC for real estate developers to facilitate bank financing with various domestic banks for the purchasers of units in their residential properties. In accordance with market practice, the real estate developers are usually required by the banks to guarantee the obligations to repay the loans on the property. The guarantee periods normally last for up to 24 months until the property is delivered. If a purchaser defaults under the loan, once the real estate developer repays all debt owed by the purchaser to the mortgagee bank under the loan, the mortgagee bank will assign their rights under the loan and the mortgage to the developer and, after mortgage registration, the developer will have full recourse to the property.

Consistent with industry practice, we do not conduct independent credit checks on our customers but rely on credit checks conducted by the mortgage bank. As at 31 December 2010, the outstanding guarantees in respect of the residential mortgages of our customers amounted to RMB1,861.2 million. See “*Risk Factors — Risks Relating to Our Business — We provide guarantees for mortgages taken out by our customers and if a significant number of these guarantees are called upon, our business, financial condition and results of operations could be materially and adversely affected*”.

Commercial properties

The payment method for purchasers of our property sales other than residential units is similar to the above arrangements, except with the key difference that the down payment is typically 50 per cent. of the purchase price. All sales, including pre-sales, are fully paid for before delivery.

If there are any changes in laws, regulations, policies and practices that would prohibit property developers in the PRC from providing guarantees to banks in respect of loans offered to customers and these banks do not accept any alternative guarantees which may be provided by other third parties, or if no third party is available in the market to provide such guarantees or otherwise, our Board of Directors believe that it might become more difficult for property purchasers to obtain loans from these banks during the pre-sale period, which could adversely affect the rate of pre-sales of our properties.

Completion, delivery and after sales services

We strive to develop quality properties within the time frame specified in any applicable pre-sale or sales contracts. Upon passing inspections by the relevant PRC government departments, including planning fire safety and environmental protection, we notify our customers and deliver the properties in accordance with the terms of the relevant sale and purchase agreement, which certifies the completion of construction and the receipt of full payment from our customers. We also assist our customers in obtaining ownership certificates from the relevant PRC government departments as well as in other areas related to various title registration procedures and financing, including the provision of information on potential mortgagee banks and the mortgage terms they offer.

In relation to ongoing after-sale customer services, our customer service centre and customer service executive in each city are responsible for handling any complaints and the relevant after-sale services we may provide to our customers and supervising the repair and ongoing maintenance of our developed properties that is carried out by the construction companies that we engage.

Business development and property management

We retain a portion of our commercial complexes for investment purposes. The leasing and promotion of such commercial complexes is handled by our operations management headquarters and Xiamen Mingsheng Investment Management (XM), and assisted by third party agencies. Xiamen Mingsheng Investment Management (XM) is also responsible for the management of such properties.

PROPERTY MANAGEMENT

In accordance with local regulations, we engage external property management companies to manage properties developed by us on behalf of our customers until the owners committee of the relevant property is established and a new property manager is appointed. We emphasise customer service and effective maintenance services for our completed projects, and when selecting property management companies at the initial stage, we consider the qualifications of the candidate companies, the quality of their services, their proposed fees and their ability to introduce us to potential future quality clients. Our staff responsible for property management also assist the individual project teams in handover inspections and the follow-up work required on our completed projects.

With respect to our completed residential property developments, the owners of units in these developments are free to choose their own property management company upon establishment of an owners committee.

In relation to our commercial property projects, the property management are operated by our wholly-owned subsidiaries named Mingsheng which are set up in our commercial sites.

COMPETITION

The PRC real estate industry is highly competitive. Our major competitors consist of large national and regional real estate developers, including local property developers that focus on one or more cities in provinces that we currently operate, and to a lesser extent, foreign developers.

In recent years, an increasing number of property developers have commenced real estate development and investment projects in Fujian and Jiangsu provinces as well as other fast growing regions in the PRC. We compete with other property developers on various fronts including, but not limited to, product and service quality, pricing, financial resources, brand recognition, and our ability to acquire suitable sites. Our competitors, however, may have a better track record, greater financial, marketing and land resources, stronger brand name and greater economies of scale.

than us in the cities or markets in which we operate. See “*Risk Factors — Risks Relating to Our Industry — The property market in the PRC is highly competitive and intense competition may materially and adversely affect our business, financial condition and results of operations*”.

INSURANCE

We maintain insurance policies for some of our properties and assets. We also contribute to social insurance for our employees as required by PRC social security regulations, such as a pension contribution plan, medical insurance plan, unemployment insurance plan and work-related injury insurance plan. We do not, however, in general take out insurance coverage against potential losses or damage with respect to our properties developed for sale before their delivery to customers. Neither do we maintain insurance coverage against liability from tortious acts or other personal injuries on our project sites. Our Board of Directors believe that this practice is consistent with the customary practice in the PRC real estate development industry. The construction companies are responsible for quality and safety control during the course of the construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations. In addition, there are certain types of losses for which insurance is not available on commercially practicable terms in the PRC, such as losses suffered due to earthquakes, typhoons, flooding, war and civil proceedings.

To help ensure construction quality and safety, we provide a set of standards and specifications in the construction contracts for the construction workers to comply with during the construction process. We also engage qualified supervisory companies to oversee the construction process. Under PRC law, construction companies bear the primary civil liability for personal injuries, accidents and death arising out of their construction work where such personal injuries, accidents and deaths are caused by the construction companies. The owner of the property may also bear civil liability for personal injuries, accidents and death if such personal injuries, accidents or death are due to the fault of such owner. Since we have taken the above steps to prevent construction accidents and personal injuries, we will generally be able to defend ourselves as the property owner if a personal injury claim is brought against us. To date, we have not experienced any destruction of or damage to our property developments nor have any personal injury-related claims been brought against us and no material personal injury incident has occurred at our project sites.

However, there are risks that we do not have sufficient insurance coverage for losses, damage and liabilities that may arise in our business operations. See “*Risk Factors — Risks Relating to our Business*”.

INTELLECTUAL PROPERTY RIGHTS

As at 31 December 2010, we were the registrant of thirteen registered trademarks in the PRC under various categories including real estate businesses (real estate leasing, real estate agency and real estate management), construction, architecture, engineering, furniture and non-metal construction. We are also the owner of the domain names “www.ming-fa.com”, “mf-thebund.com”, “mf-warehouse.com”, “mingfagroup.com” and “mingfahotels.com”.

ENVIRONMENTAL MATTERS

We are subject to PRC national environmental laws and regulations as well as environmental regulations promulgated by local governments from time to time. These include the Environmental Protection Law 1989, the Prevention and Environmental Control of Noise Pollution Law 1996 (effective 1997), the Environmental Impact Assessment Law 2002 (effective 2003) and Regulation on the Administrative of Construction Projects and Environmental Protection 1998. Pursuant to these laws and regulations, each real estate development is required to undergo environmental assessments. Depending on the impact of the project on the environment, an environmental impact assessment report, an environmental impact analysis table or an environmental impact registration form (each an “**environmental impact assessment document**”) has to be submitted by a property developer before the relevant authorities who will then grant a permit for commencement

of construction work on the property development. In addition, upon completion of the real estate development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

As at 31 December 2010, none of our PRC subsidiaries had breached any applicable PRC environmental laws and regulations in any material respect and we are not aware of any material legal proceedings, claims or disputes relating to environmental matters pending or threatened against any of our member/PRC subsidiaries.

LEGAL AND COMPLIANCE

The operations of the Group is subject to various laws and regulations of PRC and Hong Kong. Since our listing on the Hong Kong Stock Exchange, we have not been subject to material fines, penalties or sanctions by national or local authorities.

MATERIAL LITIGATION AND ARBITRATION

We are subject to various legal proceedings and claims that arise in the ordinary course of business. As at the 31 December 2010, save as disclosed below, there were no material outstanding claims or lawsuits involving us with any parties, and to the best of our knowledge, no material claims or lawsuits are pending or threatened by or against any member of our Group.

Dispute relating to Xiamen Mingfa Shopping Mall

From September 2007 to June 2009, as the developer and project company of Xiamen Mingfa Shopping Mall, Mingfa Group was named as the defendant in a number of contract dispute claims, filed by owners comprising a total of 415 units of Xiamen Mingfa Shopping Mall (representing approximately 12 per cent. of the total number of units), who entered into property purchase agreements with Mingfa Group. The property purchase agreements contained terms and conditions which entitled the property owners to compensation in the event of delays in our delivery of properties to them. Due to a number of factors, including a change of design, Mingfa Group was unable to deliver the properties in Xiamen Mingfa Shopping Mall in accordance with the delivery schedule set out in such agreements, and became liable for certain penalties as compensation to the purchasers of those 415 units in Xiamen Mingfa Shopping Mall in accordance with the terms of these agreements. The delivery date set out in the agreements and the actual delivery date varied from property to property. The claims brought against Mingfa Group related to, among other things, the proposed commencement date for calculating the compensation payable for delays in delivering the completed property to the purchasers.

As at 31 December 2010, the People's Court of Xiamen Siming District and Xiamen Intermediate People's Court had ruled in favour of the property owners in some of the cases. According to the proceedings concluded so far, it was determined that Mingfa Group was liable for damages of approximately RMB3.8 million due to the delayed deliveries of the properties. As at 31 December 2010, pursuant to the terms of the property purchase agreements, Mingfa Group has paid all the compensation in relation to the claims.

Our Board of Directors believe that such delays in delivery of properties are not uncommon occurrences that may be faced by real estate developers. Furthermore, in relation to the remaining approximately 1,800 affected units that have been sold in Xiamen Mingfa Shopping Mall who have not yet filed any similar claims against us, we have entered into settlement agreements with the owners of each of them, pursuant to which we will pay an agreed amount of compensation for the late delivery of the relevant properties. As at 31 December 2010, we had paid compensation of approximately RMB34.3 million to the owners of 1,191 of the affected units as full settlement.

In addition, there are 610 units (representing 17.7 per cent. of the total number of units) that were affected by delays in our delivery of properties. As at the 31 December 2010, the owners of such affected units have not commenced proceedings against us in respect of the delay.

In relation to our total liabilities as discussed above, we had made a provision of RMB33.5 million as at 31 December 2009 which have been reduced to RMB3.8 million as at 31 December 2010 due to the expiration of limitation period of 2 years in connection with the rights of instituting and commencing litigation proceedings by some buyers of Xiamen Mingfa Shopping Mall against Mingfa Group Co. Ltd. in relation to such late delivery.

See “*Risk Factors — Risks Relating to our Business — We may not be able to meet project development schedules and complete our projects on time, or at all*”.

Dispute relating to Yangcheng Lake Project

In relation to the legal action filed by the Group with the Senior People’s Court of Jiangsu province on 21 December 2009 against: (a) Suzhou Yitong Real Estate Development (“**Suzhou Yitong**”); (b) Beijing Chengxin Mechanics and Electricity Company Limited (“**Beijing Chengxin**”); and (c) Suzhou Yangcheng Lake Hua Qing Real Estate Development Company Limited (“**Yangcheng Lake Hua Qing**”) requesting Suzhou Yitong, Beijing Chengxin and Yangcheng Lake Hua Qing: (i) to effect transfer of all equity interest held by Suzhou Yitong and Beijing Chengxin in Yangcheng Lake Hua Qing to Hong Kong Mingfa Hua Qing Investment Holdings Limited (“**HKMF Hua Qing Investment**”), and in the event that Suzhou Yitong and Beijing Chengxin and Yangcheng Lake Hua Qing refused to do so, HKMF Hua Qing Investment shall be entitled to make applications and effect such equity transfer on its own; (ii) to pay compensation in the amount of RMB40 million; and (iii) to bear and pay all costs and expenses arising out of the proceedings caused by the failure of Suzhou Yitong and Yangcheng Lake Hua Qing to file the annual examination report on time to the relevant PRC authorities and the subsequent revocation of the relevant business licences of Suzhou Yitong and Yangcheng Lake Hua Qing Investment, and an application filed with the Senior People’s Court of Jiangsu province dated 8 July 2010 for assets protection and amendment of the legal claims filed on 21 December 2009 to the effect that: (1) Suzhou Yitong, Beijing Chengxin and Yangcheng Lake Hua Qing shall return the deposit and pay compensation equal to the amount of deposit (i.e. RMB100 million) together with associated interest in a cumulative sum of RMB240 million to HKMF Hua Qing Investment; and (2) the Senior People’s Court of Jiangsu province shall amend the original assets protection order by increasing the assets protection amount from RMB40 million to RMB240 million.

As at 11 March 2011, the Senior People’s Court of Jiangsu province had delivered the judgments ordering (i) the release of the equity transfer contract signed by HKMF Hua Qing Investment, Suzhou Yitong and Beijing Chengxin dated 11 October 2005; (ii) Suzhou Yitong and Beijing Chengxin be liable to repay HKMF Hua Qing in 10 days from the date of judgment for RMB100 million and the corresponding interest from the period from 22 October 2005 to the settlement date which will be calculated based on the PRC loan interest rate; and (iii) the total proceeding fee was RMB1,283,600 of which RMB534,834 will be incurred by HKMF Hua Qing. As of the date of this Offering Circular, these judgments have become effective.

Dispute relating to Powerlong Group Development Co., Ltd.

Xiamen Mingfa Shopping Mall (“**Project**”) was jointly developed by Mingfa Group Co., Ltd. (“**Mingfa Group**”) and Powerlong Group Development Co., Ltd. (“**Baolong**”) and the parties entered into a cooperation agreement dated 8 November 2002 and a supplemental agreement dated 4 December 2008 (“**Supplemental Agreement**”). Since the signing of the Supplemental Agreement, Baolong requested Mingfa Group to implement the allocation of certain investment properties in the Project (“**Subject Properties**”) on an expedited basis which was not agreeable by Mingfa Group. There has been an arbitration proceeding in relation to such dispute.

On 1 June 2010, the Xiamen Arbitration Commission made and granted the partial arbitration rulings in relation to the title transfer of the Subject Properties in favour of Baolong (the “**Partial Arbitration Rulings**”).

On 26 August 2010, Baolong commenced a court enforcement procedure to enforce the Partial Arbitration Rulings by filing an application to Xiamen Intermediate People’s Court. On 11 November 2010, Xiamen Intermediate People’s Court delivered the judgment and ordered: (1) Mingfa Group to transfer the title of the Subject Properties to Baolong; and (2) the tax payment of such title transfer be paid in advance by each party (the “**November Judgment**”). On 11 December 2010, Mingfa Group filed an objection to enforce the Partial Arbitration Rulings to Xiamen Intermediate People’s Court.

On 27 December 2010, Xiamen Intermediate Court delivered the judgment and upheld both the Partial Arbitration Rulings and the November Judgment. The Court ordered that (1) Mingfa Group to transfer title of the Subject Properties to Baolong; (2) the tax payment of such title transfer should be determined by the relevant administrative departments, i.e. according to national laws and regulations, as well as the regulations implemented by Xiamen City, the tax payment for such title transfer should be paid in advance by each party.

The above court enforcement procedure has been terminated on 11 February 2011 after the court order has been granted by Xiamen Intermediate Court. The parties are still in the course of transferring the title of the Subject Properties and handling the tax payment for such title transfer.

RECENT DEVELOPMENTS

Investment by Warburg Pincus

On 24 November 2010, Warburg Pincus invested in the Company by subscribing to approximately HK\$1.552 million (US\$200 million) of convertible bonds and warrants to subscribe up to approximately HK\$388 million (US\$50 million) ordinary shares of the Company. Upon full conversion of convertible bonds and exercise of warrants, Warburg Pincus will hold approximately 9.42 per cent. of the enlarged share capital of the Company.

Convertible Bond

We issued an aggregate principal amount of HK\$1,551,580,000 convertible bonds on 10 December 2010 to Gain Max Enterprises Limited, an investment vehicle of Warburg Pincus. The convertible bonds bear interest at 5 per cent. per annum which is payable semi-annually. The bonds mature on 10 December 2015 and shall be redeemed at 129.82 per cent. of its principal amount or can be converted into ordinary shares of the Company on or after 11 December 2010 up to 3 December 2015 at a price of HK\$2.90 per share. The convertible bonds also contain a redemption option at any time after 10 November 2013 which allows bondholders to require the Company to redeem any bond at a premium equal to 17.05 per cent. multiplied by a fraction of which the numerator is the total number of days from 10 December 2010 to the redemption due date and the denominator is the total number of days from 10 December 2010 to 10 December 2015.

Strategic Collaboration with Suning Appliance and Jin Yi Cinema

In the second half of 2010, we signed strategic collaboration agreements with Suning Appliance and Jin Yi Cinema, respectively. The agreements become effective upon signing and will expire on 13 December 2018. The parties cannot unilaterally cancel the agreements during the effective period. The agreement requires Suning Appliance and Jin Yi Cinema to open new stores in every commercial project to be launched by us in the future with rental rates determined by market levels at that time.

Landbank Distribution

On 5 January 2011, we secured a parcel of land in Daxing District in Beijing land for total consideration of RMB1 billion with a complement of low-rent housing of 8,820 sq.m. This was the first land under public auction in Beijing in 2011. Total GFA will be 131,575 sq.m. and the corresponding land cost will be approximately RMB7,600 per sq.m.

On 6 January 2011, we won the auction for a land parcel in Jiading District, Shanghai for total consideration of RMB387 million. The GFA is estimated to be 128,363 sq.m. and the corresponding land cost is approximately RMB3,015 per sq.m.

Acquisition of 80 per cent. of the issued share capital of Dowence Development

On 16 April 2011, Brave Fortune (an indirect wholly-owned subsidiary of the Company), Hua Xing, Netnice, Dowence Development, Fuzhiye Development and Fuzhiye Industrial entered into a share transfer and cooperation agreement, pursuant to which Brave Fortune agreed to purchase from Hua Xing and Netnice their respective 50 per cent. and 30 per cent. interest in Dowence Development for aggregate consideration of HK\$800,000,000.

MANAGEMENT

Our Board currently consists of nine Directors, comprising four Executive Directors, one Non Executive Director and four Independent Non-Executive Directors.

Executive Directors

Mr. Wong Wun Ming (*Chairman*)
Mr. Huang Qingzhu
Mr. Huang Lianchun
Mr. Huang Li Shui

Non-Executive Director

Mr. Chi Mao

Independent Non-Executive Directors

Mr. Wong Po Yan
Mr. Dai Yiyi
Mr. Lin Yong
Mr. Qu Wenzhou

DIRECTORS

Executive Directors

Mr. WONG Wun Ming, aged 47, was appointed as our Chairman and Executive Director on 27 November 2007. He also holds directorships in a number of the Company's subsidiaries, and Galaxy Earnest Limited, a substantial shareholder of the Company. He is the main founder of our Group and has been responsible for the overall strategic planning and management of our Group. He has been the key driver of our strategy and achievements to date. He has extensive experience in the PRC real estate sector, having been engaged in real estate development and management in the PRC for over 20 years. He received the "Outstanding Person in 2006-2007" awarded by Xiamen Real Estate Association in 2007, "China Real Estate Top Ten Outstanding Entrepreneur" awarded by Beijing Great Hall of the People in 2004, and "CIHAF Chinese Top 100 People in Real Estate Industry" awarded by the organising committee of the China Property Fair Alliance in 2003 and 2004, such awards being important awards in the PRC real estate industry.

Mr. Wong became involved in PRC real estate development in 1986 when he formed his own construction company. Mr. Wong accumulated valuable experience in construction and management as the market for commodity housing projects opened up around the early nineties. In 1994, Mr. Wong co-founded our Group with his brother Mr. Huang Qingzhu by establishing Xiamen Mingfa Real Estate Development Company Limited in Xiamen, Fujian province. Mr. Wong is a brother of Mr. Huang Qingzhu, Mr. Huang Lianchun and Mr. Huang Li Shui, our Directors.

Mr. HUANG Qingzhu, aged 40, was appointed as our Chief Executive Officer and Executive Director on 27 November 2007. He also holds directorships in a number of the Company's subsidiaries, and Galaxy Earnest Limited, a substantial shareholder of the Company. He is one of the founders of our Group and has been responsible for the day to day management and overall operations of our Group. Mr. Huang has extensive experience in the real estate industry in the PRC and was awarded the "China Real Estate Top 100 Exceptional Persons" by the China (Shenzhen) International Housing and Archi-Tech Fair in 2003.

Mr. Huang has accumulated extensive experience in the PRC real estate industry through his over 15 years of involvement in this field. He co-founded our Group with his brother Mr. Wong Wun Ming in 1994 by establishing Xiamen Mingfa Real Estate Development Company Limited in Xiamen,

Fujian province. Prior to being appointed as a Director, Mr. Huang served as the general manager of our Company from 1998 to 2008 and the general manager of Xiamen Mingfa Real Estate Development Co., Ltd. from 1994 to 1997. He qualified as an advanced economist in 2005. Mr. Huang is a brother of Mr. Wong Wun Ming, Mr. Huang Lianchun and Mr. Huang Li Shui, our Directors.

Mr. HUANG Lianchun, aged 38, was appointed as our Chief Operating Officer, Executive Vice President and Executive Director on 27 November 2007. He also holds directorships in a number of the Company's subsidiaries, and Galaxy Earnest Limited, a substantial shareholder of the Company. Mr. Huang is responsible for overseeing the day to day operations of our Group and reporting the affairs and progress to our Chief Executive Officer. Besides his management role in our Group, Mr. Huang also concurrently serves as the Vice President of the Nanjing Nan'an Chamber of Commerce, Jiangsu Youth Chamber of Commerce and committee member of the Jiangsu Federation of Industry and Commerce.

Prior to being appointed as a Director, Mr. Huang served as a general manager of Mingfa Group Real Estate (NJ) from 2002 to 2009 and a general manager of Mingfa Group Co., Ltd. from 1998 to 2008. Mr. Huang is a brother of Mr. Wong Wun Ming, Mr. Huang Qingzhu and Mr. Huang Li Shui, our Directors.

Mr. HUANG Li Shui, aged 53, was appointed as our non-executive Director on 27 November 2007 and redesignated as an Executive Director on 20 April 2010. He also holds directorships in a number of the Company's subsidiaries, and Galaxy Earnest Limited, a substantial shareholder of the Company. He has more than ten years of experience in the real estate sector. Mr. Huang joined our Group in 1995 and prior to being appointed as a Director, he concurrently served as a director of ten members of our Group. Mr. Huang formerly served as a director of Mingfa Group Nanjing Construction Materials Development Co., Ltd. from 2003 to 2008 and as a director and a general manager of Xiamen Mingfa Real Estate Development Co., Ltd. from 1997 to 2007. Mr. Huang is a brother of Mr. Wong Wun Ming, Mr. Huang Qingzhu and Mr. Huang Lianchun, our Directors.

Non-Executive Directors

Mr. CHI Miao, aged 38, has been appointed as a non-executive Director with effect from 10 December 2010. Mr. Chi is currently a managing director of Warburg Pincus. He joined Warburg Pincus in 2005 and he focuses on investments in the residential, commercial and hospitality sectors. Prior to joining Warburg Pincus, Mr. Chi was an investment services manager with CB Richard Ellis ("CBRE") in Shanghai. Prior to his employment at CBRE, he worked for a local real estate developer in Dalian. Mr. Chi received an MBA degree from the University of Chicago Graduate School of Business. Mr. Chi is currently a non-executive director of a Hong Kong listed company, Renhe Commercial Holdings Company Ltd. Meanwhile, he is also a non-executive director of 7 Days Group Holdings Limited which is listed in New York.

Independent Non-Executive Directors

Mr. WONG Po Yan, *GBM, CBE, JP*, aged 87, was appointed as an independent non-executive Director on 9 October 2009. He is the founder of United Overseas Enterprises, Ltd. and served as its Chairman and Managing Director from 1958 to 2007. United Overseas Enterprises, Ltd., a private company incorporated in Hong Kong in 1958, is an exporter and manufacturer of plastic products whose key exports markets include China, Africa, Europe and the United States. Mr. Wong is committed to a variety of social responsibilities, including the Honorary President of Chinese Manufacturers Association and the Honorary Chairman of Hong Kong Plastic Material Suppliers Association as well as the Honorary Chairman of the Nuclear Safety Committee of Guangdong Daya Bay Nuclear Power Station.

Mr. Wong was the Vice Chairman of the Hong Kong Basic Law Committee under the Standing Committee of National People's Congress and the Chairman of the Hong Kong Airport Authority from 1995 to 1999. He was a member of the Hong Kong Basic Law Committee from 1985 to 1990 and a member of the Hong Kong Legislative Council from 1979 to 1988.

Mr. Wong is currently an independent non-executive director of Fintronics Holdings Co., Limited, Sinopec Kantons Holdings Limited, China Electronic Corporation Holdings Co., Limited, Shenzhen Investment Ltd., Allied Group Limited and Alco Holdings Limited, which are all publicly listed companies in Hong Kong.

Mr. Wong received an honorary doctorate degree in social science from Hong Kong Baptist University in 1994 and an honorary doctorate degree in business administration from the City University of Hong Kong in 1993. He graduated from Xiamen University with a bachelor degree in chemistry in 1945.

Dr. DAI Yiyi, aged 43, was appointed as an independent non-executive director on 9 October 2009. Dr. Dai is currently the Vice Dean of the Xiamen University School of Management and a full-time professor of the MBS Professional Graduate Program of Xiamen University School of Management. He is also the Chair Professor of the Real Estate "CEO Class" at Tsinghua University and Peking University.

Since 2005, Dr. Dai has acted as a consultant to the Fujian Province Real Estate Association. He was a senior visiting scholar at Northwestern University from 2007 to 2008. He was the Director and Deputy Director of the EMBA Professional Graduate Program of Xiamen University School of Management from 2003 to 2007. He was a senior visiting scholar at McGill University's School of Management in 2002 and a deputy director of the Department of Planning and Statistics at Xiamen University School of Economics from 1993 to 2001.

Dr. Dai is currently an independent non-executive director of Xiamen C&D Inc. and Xiamen ITG Group Corp., Ltd., both of which are listed on the Shanghai Stock Exchange and are engaged in real estate development in addition to other principal businesses, as well as Guangdong Shirongzhaoye Co., Ltd and Fujian Septwolves Industry Co., Ltd., both of which are listed on the Shenzhen Stock Exchange. Dr. Dai is also an independent non-executive director of China SCE Property Holdings which is listed on the Hong Kong Stock Exchange.

Dr. Dai obtained his doctorate degree in economics from Xiamen University in 1999 and his bachelor degree in economics in 1989 and also graduated from the Sixth Ford Class of the Sino-American Economic Studies Training Centre at Renmin University of China. He later became a certified property valuer in the PRC in 1997.

Mr. LIN Yong, aged 41, was appointed as an independent non-executive director on 9 October 2009. Mr. Lin has more than 15 years of experience in the banking industry. Mr. Lin is a Director and Chief Executive Officer of Hai Tong (HK) Financial Holdings Ltd. and is responsible for the overall operations of Hai Tong (HK) Financial Holdings Ltd. He also concurrently serves as a member of the SFC Advisory Committee.

Mr. Lin was previously a general manager of the Investment Banking Department of Haitong Securities Co., Ltd. from 2005 to 2007 and a member of the senior management of Haitong Securities Co., Ltd. since 1996. He was a project manager of the Investment Banking Department at Guotai Securities Co., Ltd. from 1995 to 1996. He practiced as a lawyer in the PRC from 1993 to 1995.

Mr. Lin is currently an independent non-executive director of Shenzhen Laibao Hi-Tech Co., Ltd. which is listed on the Shenzhen Stock Exchange.

In 2006, Mr. Lin was named "2006 Top Ten Outstanding Young Person in Financial Sector in Shanghai" by the Shanghai Communist Youth League and Shanghai Financial Office. He obtained his doctorate degree from Xi'an Jiaotong University School of Economics and Finance in 2004.

Mr. QU Wenzhou, aged 38, was appointed as an independent non-executive director with effect from 19 August 2010. Mr. Qu is a professor at the School of Management of Xiamen University, a doctoral supervisor, a Doctor of Finance, a Chartered Financial Analyst (CFA), a Certified Public Accountant (CPA), a registered PRC accountant, and a holder of an MBA. He obtained a doctoral degree at the School of Economics and Management of Tsinghua University, and was the award winner of the “Fujian May 4th Medal for Outstanding Youth” in the Fujian province and was selected as a candidate for the “Program for the New Century Excellent Talents” organised by the Ministry of Education of China. Mr. Qu’s research focuses on capital market, corporate finance, mergers and acquisitions and securities investments.

Mr. Qu is currently the Director of the Chinese Capital Market Research Centre of Xiamen University, the Deputy Director of the Department of Finance of the School of Management of Xiamen University, the Secretary for the Subject Appraisal Panel (Business and Administration Unit) of the Academic Degree Committee of the State Council, a Member of the Eleventh All-China Youth Federation, a Member of the Fujian Province Youth Federation, a Member of the Xiamen City Youth Federation, an Expert of the Communication Panel of National Natural Science Foundation of China and National Social Science Fund and the reviewer of the “Economic Research Journal”, “Journal of Management Sciences in China”, “Journal of Financial Research”, “Quarterly Journal of Finance” and “China Financial Review”. Mr. Qu has more than ten (10) years of experience in securities investments through his work with the Research Institute of the Shenzhen Stock Exchange, his role as a securities investment manager in a securities trust firm who was responsible for securities investments and his participation in the sales and underwriting of securities and national debts. He is a forerunner with the professional qualifications of “Securities Investment Consultancy Qualification” awarded by the China Securities Regulatory Commission, and other qualifications such as “Securities Underwriting Qualification”, “Securities Trading Qualification”, “Fund Practice Qualification”, and “Futures Practice Qualification”.

Mr. Qu joined Xiamen University as an associate professor in 2005, was promoted to professor in 2007 and was subsequently appointed as a doctoral supervisor. He is currently the supervisor of a number of national environmental fund projects and has published a number of theses in the “Economic Research Journal”, “Management World”, “Journal of Management Sciences in China”, “Journal of Financial Research”, “China’s Industry and Economy” and “Economic Trend”. Mr. Qu has won awards from the Research Institute of the Humanities and Social Sciences and the PRC Provincial authorities. In addition, Mr. Qu is currently the independent director of Xiamen International Airport Co., Ltd. listed on the Shanghai Stock Exchange, and Shandong Airlines Co., Ltd, Shenzhen Laibao Hi-Tech Co., Ltd, Zhonghe Co., Ltd and Susino Umbrella Co., Ltd all listed on the Shenzhen Stock Exchange. He is also an Expert Panel Member with the China Securities Regulatory Commission, a Mentor at the ChiNext Training Center of the Shenzhen Stock Exchange, and a visiting professor for the EMBA (Finance) programme of Renmin University of China and the EMBA programme of South China University of Technology.

Senior Management

Mr. POON Wing Chuen, aged 45, is our Chief Financial Officer and Company Secretary and his responsibilities are to oversee the finance, treasury, accounting and investor relations functions of the Group. He joined our Group in May 2008 and has 21 years of experience in the finance and accounting field. Prior to joining our Group, Mr. Poon worked as a Financial Controller and Chief Financial Officer of several Hong Kong manufacturing companies over the years. Prior to becoming the Financial Controller and Chief Financial Officer of several Hong Kong manufacturing companies, Mr. Poon worked in Pricewaterhouse (subsequently renamed to PricewaterhouseCoopers) upon graduation. Mr. Poon was an associate member of the Association of Chartered Certified Accountants from 1993 to 1998 and has been a fellow member since 1998. He graduated from City Polytechnic University of Hong Kong with a professional diploma in accountancy in 1989.

Mr. JIANG Yong, aged 35, is our Vice President and is responsible for the administrative, human resources, legal and compliance operations of our Group. Mr. Jiang joined our Group in 2004. Prior to joining our Group, Mr. Jiang served as a legal officer and head of the administration department, human resources department and sales department at Xiamen Fukang Economic Development Co., Ltd. from 2002 to 2004. Mr. Jiang served as a legal assistant at the Xinhua International Intellectual Property (Xiamen) Firm from 2001 to 2002 and as a legal adviser at Xiamen Yinxiang Group Co., Ltd. from 2000 to 2001. Mr. Jiang was a legal clerk at the People's Court of Shaowu, Fujian from 1999 to 2000.

Mr. Jiang was chosen as the representative of the 15th People's Congress of Siming District of Xiamen, Fujian in 2006. He qualified as a senior economist in the PRC in 2002. Mr. Jiang graduated with a bachelor degree in law from Southwest University of Political Science and Law in 1999. He passed the China Corporate Legal Consultant Qualification Examination in 2003 and passed the PRC National Judicial Examination in 2006.

Mr. YU Wei Ning, aged 47, is our Vice President and is responsible for the property and hotel management operations of our Group. Mr. Yu joined our Group in 2007 and served as the deputy general manager and manager of Xiamen Qiaole Mingfa Property Management Co., Ltd. Prior to joining our Group, Mr. Yu served as the department head, management representative and assistant general manager at Xiamen Zhongheng Group Company from 2000 to 2006. Mr. Yu served as the manager of the property department of Xiamen Yangguang Zhongheng Real Estate Company from 1998 to 2000. Mr. Yu worked at Jingban Group Company, and served in various managerial roles from 1980 to 1998.

Mr. Yu has received various qualifications and certifications in finance, property agent practice as well as construction management. Mr. Yu obtained the Economist Qualification ISO9002 (1994) and ISO9001 (2000) in 1998 and 2004 respectively. In 2003, Mr. Yu obtained the Qualification of Project Manager of Construction and Decoration Project (Grade II) in Xiamen and in 2006, passed the Review and Valuation on Senior Economist held by the Bureau of Human Resources of Fujian Province. He is a qualified economist in the PRC and a registered real estate agent. Mr. Yu received his bachelor degree from Xiamen Industries Enterprises Management University in 1986 and graduated from the University of Xiamen Investment and Economics Research Class in 1999. Mr. Yu obtained the certificate for Mall China accredited operation manager in 2008 and Mall China professional manager in 2009.

Mr. ZHONG Xiao Ming, aged 43, is our Vice President and is responsible for the project management operations of our Group. Mr. Zhong has 21 years of experience in the PRC real estate and real estate related sector. He joined our Group in 2009. He previously served as the general supervisor of Xiamen Jiye Hengxin Consultancy Company Limited from 2005 to 2009, project manager of Xiamen Shipbuilding Industry Co., Ltd. from 2003 to 2005, department manager of Xiamen Guangxia Engineering Co., Ltd. from 1997 to 2003 and section chief of Minjiang Engineering Bureau from 1989 to 1996. Mr. Zhong qualified as a senior engineer in 2002. Mr. Zhong graduated from China Three Gorges University (previously known as Gezhouba Hydraulic & Electric Engineering College) with a bachelor degree in engineering in 1989.

Mr. WANG Chih-Cheng, aged 48, is our Vice President and is responsible for the tendering and purchasing process of our Group. Mr. Wang has 23 years of experience in the mechanical engineering sector. He joined our Group in 2008. He previously served as senior project manager of Sika (China) Ltd. in 2008, vice general manager of the Fujian branch of Suzhou Schindler Elevator Company Limited from 2005 to 2007, manager of Fujian branch of Shanghai Yungtay Elevator Co., Ltd. from 2000 to 2004, vice general manager of Shanghai Qiyang International Trade Company Limited from 1998 to 2000 and a chief manager of Taiwan Yungtay Engineering Co., Ltd. from 1987 to 1998. Mr. Wang graduated from National Taiwan University of Science and Technology (formerly known as National Taiwan Institute of Technology) with a bachelor degree in mechanical engineering in 1987.

Ms. HAO Jin, aged 32, is our Vice President and is responsible for auction, land purchase, development, investment operations and public relations of our Group. Ms. Hao has more than ten years of experience in the PRC real estate sector. Ms. Hao joined our Group in 2006 and served as the deputy general manager of Mingfa Group Nanjing Real Estate Co., Ltd. Prior to joining our Group, Ms. Hao served as the manager of the strategy and development department of Hongyi Real Estate Development Co., Ltd. from 2002 to 2005. Ms. Hao served as the Superintendent of the operations and management departments of Jiangsu Suning Construction Group Co., Ltd. from 1998 to 2002. She graduated from Tianjin University of Technology and Education in 1998 and obtained a bachelor degree in international economics and trade from Southeast University in 2004.

COMPANY SECRETARY

Mr. POON Wing Chuen, aged 45, our Chief Financial Officer, is the company Secretary and one of the two authorised representatives of the Company in Hong Kong. Mr. Poon was an associate member of the Association of Chartered Certified Accountants from 1993 to 1998 and has been a fellow member since 1998. Mr. Poon was appointed the Company Secretary on 12 September 2008.

AUDIT COMMITTEE

The Company has set up an audit committee (the “**Audit Committee**”), the terms of reference of whom are in compliance with the requirement of the Listing Rules. The chairman of the Audit Committee is Mr. Qu Wenzhou. The other members are Mr. Lin Yong, Mr. Wong Po Yan and Mr. Dai Yiyi. All are independent non-executive Directors of the Company. The primary duties of the Audit Committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management system, oversee the audit process and perform other duties and responsibilities as assigned by our Board.

REMUNERATION COMMITTEE

The chairman of the remuneration committee of the Company (the “**Remuneration Committee**”) is Mr. Lin Yong. The other members are Mr. Dai Yiyi, Mr. Huang Qingzhu, Mr. Qu Wenzhou and Mr. Chi Miao. The primary duties of the Remuneration Committee are to evaluate the performance and make recommendations on the remuneration package of our Directors and senior management and evaluate and make recommendations on employee benefit arrangements.

NOMINATION COMMITTEE

The chairman of the nomination committee of the Company (the “**Nomination Committee**”) is Mr. Dai Yiyi. The other members are Mr. Lin Yong, Mr. Huang Qingzhu and Mr. Qu Wenzhou. The primary function of the Nomination Committee is to make recommendations to our Board in relation to the appointment and removal of Directors of the Company.

DIRECTORS’ REMUNERATION

The Directors’ fees and other emoluments are determined by the Board with reference to directors’ duties, responsibilities and performance and the results of the Group. For the years ended 31 December 2009 and 31 December 2010, the aggregate amounts of compensation (including fees, salaries, contributions to pension schemes and compensation for loss of office as a director) amounted to RMB938,000 and RMB35.1 million, respectively.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2010, the interests of short positions of every person, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

Shareholding Interest in the Company

Name	Capacity/Nature of Interest	Number of Shares	Approximate % interest in our Company
Galaxy Earnest Limited . . .	Beneficial owner	5,086,500,000 Shares	84.775
Growing Group Limited . . .	Interest of a controlled corporation	5,086,500,000 Shares	84.775
Mr. Wong Wun Ming	Interest of a controlled corporation	5,086,500,000 Shares	84.775
	Personal	13,500,000 Shares	0.225
Ms. Chen Bihua	Interest of a spouse	5,100,000,000 Shares	85.000
Notes:			
(1) Galaxy Earnest Limited is wholly owned by Growing Group Limited, Gainday Holdings Limited, Better Luck Group Limited and Tin Sun Holdings Limited in the respective proportions of 55 per cent., 15 per cent., 15 per cent. and 15 per cent.			
(2) Pursuant to the SFO, Growing Group Limited will be deemed to be interested in the Shares in which Galaxy Earnest Limited is currently interested in i.e. 84.775 per cent. Mr. Wong Wun Ming owns 100 per cent. interest in the issued share capital of Growing Group Limited. Ms. Chen Bihua is the spouse of Mr. Wong Wun Ming and therefore is deemed to be interested in the Shares in which Mr. Wong Wun Ming is deemed to be interested for the purpose of SFO and vice versa. Pursuant to the SFO, Mr. Wong Wun Ming and Ms. Chen Bihua are also deemed to be interested in the Shares in which Growing Group Limited is currently interested.			

Save as disclosed above, as at 31 December 2010, no person, other than a Director or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company required to be kept in the register by the Company under Section 336 of the SFO.

DESCRIPTION OF THE SHARES

The following statements are summaries of certain provisions of our Memorandum of Association and articles of association (the “**Articles**”) and the Companies Law. These summaries do not purport to be complete and are qualified in their entirety by reference to our full Articles.

General

We were incorporated in the Cayman Islands on 27 November 2007 as an exempted company with limited liability under the Companies Law. As an exempted company, our operations must be conducted mainly outside the Cayman Islands. As at 31 December 2010, our authorised share capital was HK\$1,200,000,000 divided into 12,000,000,000 ordinary shares of HK\$0.10 par value each and our issued share capital was HK\$600,000,000 consisting of 6,000,000,000 ordinary shares of HK\$0.10 par value each. As at the date of this Offering Circular, our issued share capital is HK\$606,000,000 consisting of 6,060,000,000 ordinary shares of HK\$0.10 par value each.

Meetings

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution shall be called by not less than twenty-one (21) clear days’ notice in writing, and any other extraordinary general meeting shall be called by at least fourteen (14) clear days’ notice (subject to any requirement under the Listing Rules, the notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given). The notice must specify the time and agenda of the meeting, particulars of the resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. In addition, notice of every general meeting shall be given to all members other than such as, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notices from us, and also to our auditor for the time being.

Notwithstanding that a meeting is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following:

- (a) the declaration and sanctioning of dividends;
- (b) the consideration and adoption of the accounts and balance sheets and the reports of the Directors and the auditor;
- (c) the election of Directors in place of those retiring;
- (d) the appointment of auditors;
- (e) the fixing of, or the determining of the method of fixing of, the remuneration of the auditor and the Directors;
- (f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of our unissued shares representing not more than 20 per cent. in nominal value of its existing issued share capital; and

(g) the granting of any mandate or authority to the Directors to repurchase our securities.

Voting Rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares by or in accordance with our Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative, shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting, a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognised clearing house (or its nominee(s)) is our member, it may authorise such person or persons as it deems fit to act as its representative(s) at any meeting of us or at any meeting of any class of our members of us **provided that**, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the Shares held by that recognised clearing house (or its nominee(s)).

Dividends and Other Methods of Distributions

Subject to the Companies Law, in a general meeting we may declare dividends in any currency to be paid to the members but no dividend shall exceed the amount recommended by our Board.

Our Articles provide that no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution, including share premium.

Winding Up

A resolution that we be wound up by the court or be wound up voluntarily shall be a special resolution, except where the Company is to be wound up voluntarily because it is unable to pay its debts as they fall due. In such case the resolution shall be an ordinary resolution.

If we are wound up, and the assets available for distribution among our members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by our members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the Shares held by them respectively. Additionally, if in a winding-up the assets available for distribution among our members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up, the excess shall be distributed among our members in proportion to the capital paid up at the commencement of the winding-up on the Shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

Source of Shareholders' Rights

Currently, the primary sources of our Shareholders' rights are our Articles, the Companies Law and, in addition, the Issuer will be subject to obligations under the Listing Rules, which impose certain standards of conduct, fairness and disclosure on us, our Directors and our controlling shareholder.

In addition, for so long as our Shares are listed on the Hong Kong Stock Exchange, we will be subject to the SFO and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases (the "**Hong Kong Takeovers Code**").

Enforceability of Shareholders' Rights

There are no provisions in our Articles relating to rights of minority Shareholders in relation to fraud or oppression. However, certain remedies are available to our Shareholders under Cayman Islands law, as summarised below.

In many jurisdictions, such as most states of the United States, shareholders may sue a corporation “**derivatively**.” A derivative suit involves the commencement by a shareholder of a corporate cause of action against persons (including corporate officers, directors or controlling shareholders) who have allegedly wronged the corporation, where the corporation itself has failed to enforce such claim against such persons directly. Such action is brought on the basis of a primary right of the corporation, but is asserted by a shareholder on behalf of the corporation.

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of a company to challenge: (a) an act which is *ultra vires* the company or illegal; (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's articles of association.

The holders of our Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Hong Kong Stock Exchange to enforce its rules. Part XV of the SFO establishes certain obligations in relation to disclosure of shareholder interests in Hong Kong listed companies, the violation of which may constitute a criminal offence. The Hong Kong Takeovers Code do not have the force of law and are only standards of commercial conduct considered acceptable for takeover and merger transactions and Share repurchases in Hong Kong as established by the Securities and Futures Commission and the securities and futures industry in Hong Kong.

Power for the Company to purchase its own Shares

We are empowered by the Companies Law and the Articles to purchase our Shares **provided that** the manner of purchase has first been authorised by the Company in general meeting. In addition, for so long as our Shares are listed on the Hong Kong Stock Exchange, the Board may only exercise this power on behalf of the Company subject to any applicable requirements of the Listing Rules.

Variation of rights of existing shares or classes of shares

All or any of the rights attached to any class of shares at the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the Companies Law, be varied or abrogated with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the meeting not less than one third in nominal value of the issued shares of that class.

Transfers of Shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Board may approve, which is consistent with the standard form of transfer as prescribed by the Designated Stock Exchange and approved by the Board. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in our register of members in respect thereof. All instruments of transfer shall be retained by us.

Share Register

We are required to keep a register of our Shareholders, which shall comprise a primary register and a branch register. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. The Issuer's share register is to be maintained in Hong Kong in relation to the shares listed on the Hong Kong Stock Exchange. Under our Articles, our Shareholders have the right to inspect the share register.

We have appointed Offshore Incorporations (Cayman) Limited to act as our transfer agent and registrar of our Shares on the primary register in the Cayman Islands. Offshore Incorporations (Cayman) Limited maintains our register of shares at its offices in Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, KY1 1112, Cayman Islands, and enters transfers of the shares in such register, upon the presentation of the instruments of transfer described above and any payment of any relevant tax or governmental charge that may be imposed in relation to such transfer.

Miscellaneous

We are not bound to register more than four persons as joint holders of any share. If any share stands in the names of two or more persons, the person first named in the register shall be deemed the sole holder thereof as regards service of notices and, subject to the provisions of our Articles, all or any other matters connected with us, except the transfer of the share.

Financial and Accounting Systems

Our Board shall cause to be kept such books of account as are necessary to give a true and fair view of our affairs and to explain its transactions in accordance with the Companies Law.

The accounting records shall be kept at the Company's principal place of business in Hong Kong, or subject to the Companies Law, at such other place or places as our Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of us except as conferred by law or authorised by the Board or us in general meeting.

A copy of every statement of financial position and profits and loss account (including every document required by law to be annexed thereto) which is to be laid before the members of the Company at its general meeting, together with a printed copy of the directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of us under the provisions of our Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange, we may send to such persons a summary financial statement derived from our annual accounts and the directors' report instead, **provided that** any such person may by notice in writing served on us demand that we send to him, in addition to a summary financial statement, a complete printed copy of our annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of our Articles. The remuneration of the auditors shall be fixed by us in general meeting or in such manner as the members may determine.

Our financial statements shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose the fact and name of such country or jurisdiction.

Disclosure

The Hong Kong Stock Exchange imposes a requirement on us to keep the Hong Kong Stock Exchange, our Shareholders and other holders of our listed securities informed as soon as reasonably practicable of any information relating to us, including information on any major new developments which are not public knowledge, which: (i) is necessary to enable them and the public to appraise our position; (ii) is necessary to avoid the establishment of a false market in our securities; or (iii) might be reasonably expected to materially affect market activity in and the price of our securities.

There are also requirements under the Listing Rules for us to obtain prior Shareholders' approval and/or to disclose to Shareholders details of certain acquisitions or disposals of assets or other transactions and connected transactions if its size reaches a certain threshold.

MARKET PRICE INFORMATION

The Shares have been listed on the Hong Kong Stock Exchange since 13 November 2009. The table below sets forth the closing prices and the quarterly trading volume of the Shares on the Hong Kong Stock Exchange for the periods indicated:

<u>Year/Period</u>	<u>High</u>	<u>Low</u>	<u>Closing Share Price End of Period</u>	<u>Total Trading Volume of Shares</u>
	<u>(HK\$)</u>			<u>('000)</u>
2009				
13 November (listing date) to 31 December . . .	2.41	2.03	2.25	200,954
2010				
1 January to 31 December	2.56	2.10	2.49	807,782
2011				
First quarter	2.73	2.34	2.43	134,365
Second quarter (up to 18 May)	2.64	2.43	2.49	78,489
Note (1): Excludes non-Trading Days.				
Source: Bloomberg				

DIVIDENDS

We have distributed ordinary cash dividends on our Shares since we listed our Shares on the Hong Kong Stock Exchange on 13 November 2009. The table below sets out certain statistics on the interim and final dividends we declared on our Shares:

Year	Interim dividend per Share (HK\$)	Final dividend per Share (HK\$)	Total dividend per Share (HK\$)
2009	Nil	0.05	0.05
2010	Nil	0.075	0.075

Dividend Policy

The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors deem relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Companies Law, including (where required) the approval of shareholders. In addition, our Controlling Shareholder will be able to influence the approval by our shareholders in a general meeting for any payment of dividends.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in the PRC. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign-invested enterprises, such as some of our subsidiaries in the PRC, to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses or in accordance with any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

Cash dividends on our Shares in the past have been paid in Hong Kong dollars. Future cash dividends, if any, will be paid in Hong Kong dollars. Other distributions, if any, will be paid to our Shareholders by any means which our Directors deem legal, fair and practicable.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds and Shares is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds or Shares and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of the Bonds and Shares.

Cayman Islands

There is, at present, no direct taxation in the Cayman Islands and interest, dividends and gains payable to the Issuer will be received free of all Cayman Islands taxes.

Hong Kong

Withholding tax

No withholding tax in Hong Kong is payable on payments of principal or interest in respect of the Bonds.

No tax is payable in Hong Kong by withholding or otherwise in respect of payments of dividends on the Shares.

Profits tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “**Inland Revenue Ordinance**”) as it is currently applied, Hong Kong profits tax may be charged on revenue profits which have a Hong Kong source arising on the sale, disposal, conversion or redemption of the Bonds where such sale, disposal, conversion or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the Bonds will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- (a) a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (b) a corporation carrying on a trade, profession or business in Hong Kong; or
- (c) a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.

Although no tax is imposed in Hong Kong in respect of capital gains, Hong Kong profits tax may be chargeable on trading gains arising on the sale or disposal of the Shares where such transactions are or form part of a trade, profession or business carried on in Hong Kong.

Stamp duty

No Hong Kong stamp duty will be chargeable upon the issue, transfer (for so long as the register of holders of the Bonds is maintained outside Hong Kong) or conversion of a Bond.

No Hong Kong stamp duty will be chargeable upon the issue of the Shares. Hong Kong stamp duty is payable, however, on any purchase and sale of Shares for as long as the transfer thereof is required to be registered in Hong Kong. The duty is charged on each of the purchaser and the seller at the ad valorem rate of 0.1 per cent. of the consideration for, or (if greater) the value of, the Shares bought and sold. In other words, a total of 0.2 per cent. is currently payable on a typical sale and purchase transaction of Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5. Where a sale or purchase of Shares registered on a Hong Kong share register is effected by a person who is not resident in Hong Kong and any stamp duty payable thereon is not paid, the relevant instrument of transfer (if any) is chargeable with such duty in default and the transferee is liable to pay such duty.

EU Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**Directive**”), each member state of the European Union (a “**Member State**”), is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) made by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State.

However, for a transitional period, Austria and Luxembourg may instead (unless during such period they elect otherwise) operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (some of which involve a withholding system, as in the case of Switzerland).

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entities established in one of those territories.

The European Commission published proposals for amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Bondholders who are in any doubt as to their position should consult their professional advisers in relation to the implication of the proposed changes once finally made.

PRC

The following summary of certain PRC tax consequences of the purchase, ownership and disposition of Bonds is based upon applicable laws, rules and regulations in effect as of the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Bonds should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Bonds, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Taxation on Interest

The Enterprise Income Tax Law and the implementation rules, effective from 1 January 2008, impose a tax at the rate of 10 per cent. on interest paid to Bondholders that are “non-resident enterprises” so long as any such “nonresident enterprise” holder does not have an establishment or place of business

in China or, despite the existence of establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China, to the extent such interest is sourced within China. Pursuant to the Enterprise Income Tax Law and the implementation rules, although the matter is unclear, if we are considered a PRC resident enterprise, interest payable to a non-resident enterprise Bondholder may be treated as income derived from sources within China and be subject to the PRC withholding tax. We currently do not intend to withhold taxes from interest payments, but there can be no assurance that the PRC income tax authorities will accept our withholding position. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified investors in the Bonds.

Taxation on Capital Gains

Enterprise Income Tax Law and the implementation rules, impose a tax at the rate of 10 per cent. on capital gains realised by holders of the Bonds that are “non-resident enterprises” so long as any such “non-resident enterprise” holder does not have an establishment or place of business in China or, despite the existence of establishment or place of business in China, the relevant gain is not effectively connected with such establishment or place of business in China, to the extent such capital gains are sourced within China. Pursuant to these provisions of Enterprise Income Tax Law and the implementation rules, although the matter is unclear, if we are considered a PRC resident enterprise, the capital gains realised by a non-resident enterprise Bondholder may be treated as income derived from sources within China and be subject to the PRC tax. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified investors in the Bonds.

Stamp duty

No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the Bonds is maintained outside Mainland China) of a Bond.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated 18 April 2011 (as amended and supplemented by an amendment agreement dated 26 April 2011, the “**Subscription Agreement**”) pursuant to which, and subject to certain conditions contained therein, the Issuer agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to subscribe for, HK\$1,560,000,000 in aggregate principal amount of the Bonds.

The Issuer has agreed in the Subscription Agreement that neither it nor any person acting on its behalf will: (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them; (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares; (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise; or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Joint Lead Managers between the date hereof and the date which is 90 days after the Closing Date (both dates inclusive), except for: (i) Shares issued or options granted pursuant to the Issuer’s Share Option Scheme, (ii) the Bonds and the New Shares issued on conversion of the Bonds, (iii) Shares issued pursuant to the terms of or in connection with the transactions contemplated under the share transfer and co-operative agreement dated 16 April 2011 entered into between, inter alios, Hua Xing (H.K.) Real Estate Development Company Limited, Brave Fortune Group Limited and Netnice Company Limited, (iv) Shares issued pursuant to the terms of the HK\$1,551,580,000 5 per cent. Bonds due 2015 issued by the Issuer on 10 December 2010; and (v) Shares issued pursuant to the terms of the warrant instrument issued by the Issuer on 10 December 2010.

The Subscription Agreement provides that the Issuer will indemnify the Joint Lead Managers against certain liabilities, including liabilities under the US Securities Act. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to us. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds.

General

No action has been or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Joint Lead Managers. Each Joint Lead Manager has undertaken to the Issuer that it will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Bonds or has in its possession or distributes such offering material, in all cases at its own expense.

United States

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has represented and warranted that it has not offered or sold, and has undertaken that it will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S of the Securities Act. Accordingly, neither it, nor any of its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds or the Shares to be issued upon conversion of the Shares. Terms used in this paragraph have the meaning given to them by Regulation S.

United Kingdom

Each Joint Lead Manager has represented, warranted and undertaken that:

- a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Joint Lead Manager has represented, warranted and undertaken that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by the Offering Circular to the public in that Relevant Member State other than:

- a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or
- c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds shall require the Issuer or the Joint Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Bonds to the public**” in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

Hong Kong

Each Joint Lead Manager has represented, warranted and undertaken that:

- a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “**professional investors**” as defined in the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “**prospectus**” as defined in the Companies Ordinance (Cap. 32) of the Laws of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “**professional investors**” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

The People’s Republic of China

Each Joint Lead Manager has represented, warranted and undertaken that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC, except as permitted by the securities laws of the PRC.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and undertaken that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person (as defined in Section 2(5)(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the “**Financial Instruments and Exchange Act**”). Accordingly, each Joint Lead Manager has represented, warranted and undertaken that the Bonds which it subscribes will be subscribed by it as principal and that, in connection with the offering of the Bonds, it will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re offering or re sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Cayman Islands

Each Joint Lead Manager has represented, warranted and undertaken that the public in the Cayman Islands may not be invited to subscribe for the Bonds.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code number 059687352 and the International Securities Identification Number for the Bonds is XS0596873520.
2. **Listing of Shares:** Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares arising on conversion of the Bonds.
3. **Listing of Bonds:** Approval in principle for the listing of the Bonds has been received from the SGX-ST. The Bonds will be quoted and traded in Hong Kong dollars only. The Bonds will be traded on the SGX-ST in a trading board lot size of HK\$200,000 with a minimum of 10 lots to be traded per transaction, for so long as the Bonds are listed on the SGX-ST. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Certificate is exchanged for definitive certificates, we will appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption. In addition, in the event that the Global Certificate is exchanged for definitive certificates, an announcement of such exchange shall be made by or on our behalf through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the paying agent in Singapore.
4. **Authorisations:** We have obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds. The issue of the Bonds was authorised by resolutions of our directors passed on 18 April 2011.
5. **No Material Adverse Change:** Except as disclosed in this Offering Circular, there has been no material adverse change in our condition (financial or other), prospects, results of operations or general affairs since 31 December 2010.
6. **Litigation:** Save as disclosed in this Offering Circular, we have not been involved in any litigation or arbitration proceedings which are material in the context of the Bonds nor are we aware that any such proceedings are pending or threatened.
7. **Available Documents:** Copies of our latest annual report and consolidated financial statements as well as the Trust Deed and the Agency Agreement will be available for inspection, at our specified office at Unit 6-8, 23/F, Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours, so long as any of the Bonds is outstanding.
8. **Reliance by the Trustee:** The Trustee is entitled under the Trust Deed to rely without liability to the Bondholders on certificates prepared by our Directors and accompanied by a certificate or report prepared by an internationally recognised firm of accountants to us whether or not addressed to the Trustee, and whether or not the same are subject to any limitation on the liability of the internationally recognised firm of accountants to us and whether by reference to a monetary cap or otherwise limited or excluded and shall be obliged to do so where the certificate or report is delivered pursuant to our obligation to procure such delivery under the Terms and Conditions or the Trust Deed. Any such certificate or report shall be conclusive and binding on us, the Trustee and the Bondholders.
9. **Independent Auditor:** The consolidated financial statements of the Issuer as of and for the year ended 31 December 2010, which are incorporated by reference in this Offering Circular, have been audited by PricewaterhouseCoopers, Certified Public Accountants, as stated in its report appearing therein.

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