Mingfa Group (International) Company Limited
明 發 集 團 （ 國 際 ） 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 846)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

The unaudited consolidated revenue of the Group was approximately RMB1,587.5 million for the six months ended 30 June 2011, representing an increase of 165.4% from the corresponding period in 2010.

The unaudited consolidated profit attributable to equity holders of the Company was approximately RMB1,340.9 million for the six months ended 30 June 2011, representing an increase of 10.1 times from the corresponding period in 2010.

The unaudited basic earnings per share was RMB22.3 cents for the six months ended 30 June 2011, representing an increase of 10.2 times from the corresponding period in 2010.

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2011.

The board of directors (the "Board") of Mingfa Group International Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 together with comparative amounts for the corresponding period. The unaudited condensed consolidated interim financial information and results have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2011

	Note	Unaudited 30 June 2011 RMB'000	Audited 31 December 2010 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**239,202**	266,325
Investment properties		**6,463,224**	4,004,372
Land use rights		**22,840**	23,147
Intangible assets		**7,288**	14,723
Associated company		**97,699**	—
Jointly controlled entities		**494,496**	446,318
Deferred income tax assets		**308,396**	328,585
Other receivables	*4*	**9,209**	19,209
Other non-current assets		**3,267,456**	1,176,631
		10,909,810	6,279,310
Current assets			
Land use rights		**2,829,180**	2,709,973
Properties under development		**3,658,035**	4,045,167
Completed properties held for sale		**4,058,133**	2,352,272
Inventories		**9,964**	10,512
Trade and other receivables and prepayments	*4*	**483,870**	509,880
Prepaid income taxes		**130,590**	111,427
Amounts due from related parties		**120,384**	120,442
Amounts due from non-controlling interests		**17**	18
Restricted cash		**372,599**	148,599
Cash and cash equivalents		**1,894,774**	1,922,617
		13,557,546	11,930,907
Total assets		**24,467,356**	18,210,217
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	*5*	**533,559**	528,540
Reserves		**6,205,593**	5,008,933
		6,739,152	5,537,473
Non-controlling interests in equity		**100,841**	89,867
Total equity		**6,839,993**	5,627,340

	Note	Unaudited 30 June 2011 RMB'000	Audited 31 December 2010 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred government grants		**683,799**	107,060
Borrowings	*6*	**5,250,538**	3,607,587
Deferred income tax liabilities		**1,271,308**	768,435
		7,205,645	4,483,082
Current liabilities			
Trade and other payables	*8*	**5,054,939**	3,124,424
Advanced proceeds received from customers		**2,069,623**	2,005,759
Amounts due to related parties		**121,241**	90,106
Amounts due to non-controlling interests		**16,211**	23,625
Income tax payable		**1,677,897**	1,717,964
Borrowings	*6*	**1,037,035**	916,253
Derivative financial instruments	*9*	**439,080**	217,834
Provision for other liabilities and charges		**5,692**	3,830
		10,421,718	8,099,795
Total liabilities		**17,627,363**	12,582,877
Total equity and liabilities		**24,467,356**	18,210,217
Net current assets		**3,135,828**	3,831,112
Total assets less current liabilities		**14,045,638**	10,110,422

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

	Note	**Unaudited Six months ended 30 June 2011** *RMB'000*	2010 *RMB'000*
Revenues	*3*	**1,587,453**	598,243
Cost of sales	*11*	**(789,848)**	(448,000)
Gross profit		**797,605**	150,243
Fair value gains on investment properties		**1,559,171**	191,898
Other gains	*10*	**68,425**	45,410
Selling and marketing costs	*11*	**(46,554)**	(54,966)
Administrative expenses	*11*	**(133,465)**	(67,781)
Other operating expenses	*11*	**(22,378)**	(5,648)
Operating profit		**2,222,804**	259,156
Finance income		**4,578**	5,949
Finance costs		**(136,101)**	(37,350)
Finance costs — net	*12*	**(131,523)**	(31,401)
Share of results of jointly controlled entities		**(1,822)**	(755)
Profit before income tax		**2,089,459**	227,000
Income tax expense	*13*	**(737,543)**	(107,757)
Profit for the period		**1,351,916**	119,243
Attributable to:			
Equity holders of the Company		**1,340,942**	120,836
Non-controlling interests		**10,974**	(1,593)
		1,351,916	119,243
Earnings per share for profit attributable to equity holders of the Company *(RMB cents)*			
Basic	*15*	**22.3**	2.0
Diluted	*15*	**20.4**	2.0
Dividend	*14*	**—**	—

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Unaudited Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Profit for the period	**1,351,916**	119,243
Other comprehensive income		
Revaluation surplus upon transfer of an owner-occupied property to investment property, net of tax	**106,336**	—
Total comprehensive income for the period	**1,458,252**	119,243
Attributable to:		
Equity holders of the Company	**1,447,278**	120,836
Non-controlling interests	**10,974**	(1,593)
	1,458,252	119,243

1 GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 13 November 2009.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2011 are prepared under the historical cost convention, as modified by the revaluation of investment properties and derivative financial instruments which are carried at fair value, and in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

The condensed consolidated interim financial statements are presented in thousands of Renminbi (RMB'000), unless otherwise stated.

These condensed consolidated interim financial statements have not been audited.

2 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those used for and described in the annual consolidated financial statements of the Company for the year ended 31 December 2010.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Revised standard and amended standards adopted by the Group in 2011

The following revised standard and amendments to standards are mandatory for the first time for the financial year beginning on 1 January 2011 and are relevant to the Group's operations.

- HKAS 24 (Revised) "Related Party Disclosures" (effective from annual periods beginning on or after 1 January 2011). It introduces an exemption from all of the disclosure requirement of IAS 24 for transactions among government related entities and the government. It also clarifies and simplifies the definition of a related party. While the new definition will make it easier to apply, some entities will have more related parties and will be required to make additional disclosures.

HKICPA's annual improvements project published in May 2010

- HKAS 1 "Presentation of Financial Statements" (effective from annual periods beginning on or after 1 January 2011). The amendment confirms that entities may present either in the statement of changes in equity or within the notes, an analysis of the components of other comprehensive income by item.

- HKAS 34 "Interim Financial Reporting" (effective from annual periods beginning on or after 1 January 2011). It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report.

- HKFRS 3 (Revised) "Business Combinations" (effective from annual periods beginning on or after 1 July 2010). The amendment clarifies that entities should apply the rules in HKFRS 3 (not HKFRS 7, HKAS 32 or HKAS 39) to contingent consideration that arises from a business combination with acquisition dates that precede the application of HKFRS 3 (Revised).

- HKFRS 7 "Financial Instruments: Disclosures" (effective from annual periods beginning on or after 1 January 2011). The amendment clarifies seven disclosure requirements for financial instruments, with a particular focus on the qualitative disclosures and credit risk disclosures.

The adoption of the above revised standard and amendments to standards in 2011 does not have any significant impact on the Group's consolidated financial statements.

The Group has not early adopted any new accounting and financial reporting standards, amendments to existing standards and interpretations which have been issued but are not yet effective for financial year ending 31 December 2011.

3 REVENUES AND SEGMENT INFORMATION

The chief operating decision-maker (the "CODM") reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

As majority of the Group's consolidated revenue and results are attributable to the market in the PRC and most of the Group's consolidated assets are located in the PRC, therefore no geographical information is presented.

The CODM assesses the performance of the operating segments based on a measure of revenue and operating profit. The information provided to the CODM is measured in a manner consistent with that in the financial statements.

(a) Revenues

Turnover of the Group consists of the following revenues recognised during the period:

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Sale of properties		
— commercial	**898,709**	52,961
— residential	**612,091**	480,529
	1,510,800	533,490
Hotel operating income	**27,829**	23,190
Rental income from investment properties	**48,824**	41,563
	1,587,453	598,243

(b) Segment information

The unaudited segment results for the six months ended 30 June 2011 are as follows:

	Property development — commercial *RMB'000*	Property development — residential *RMB'000*	Hotel *RMB'000*	Property investment and management *RMB'000*	All other segments *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Total segment revenues	898,709	612,091	29,086	48,824	—	—	1,588,710
Inter-segment revenues	—	—	(1,257)	—	—	—	(1,257)
Revenues	898,709	612,091	27,829	48,824	—	—	1,587,453
Operating profit/(loss)	496,735	94,810	(7,664)	1,591,167	47,756	—	2,222,804
Finance costs — net							(131,523)
Share of results of jointly controlled entities	(244)	(1,578)	—	—	—	—	(1,822)
Profit before income tax							2,089,459
Income tax expense							(737,543)
Profit for the period							1,351,916
Other segment information							
Capital and property development expenditure	1,339,337	3,968,036	40	34,375	—	—	5,341,788
Depreciation	1,305	5,070	7,395	865	2,640	—	17,275
Amortisation of land use rights as expenses	1,401	565	—	—	—	—	1,966
Net fair value gain on derivative financial instruments	—	—	—	—	50,603	—	50,603
Fair value gains on investment properties	—	—	—	1,559,171	—	—	1,559,171
Impairment of goodwill recognised as expenses	—	472	6,963	—	—	—	7,435

The unaudited segment results for the six months ended 30 June 2010 are as follows:

	Property development — commercial *RMB'000*	Property development — residential *RMB'000*	Hotel *RMB'000*	Property investment and management *RMB'000*	All other segments *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Total segment revenues	52,961	480,529	24,490	41,563	—	—	599,543
Inter-segment revenues	—	—	(1,300)	—	—	—	(1,300)
Revenues	52,961	480,529	23,190	41,563	—	—	598,243
Operating profit/(loss)	12,463	30,446	(8,165)	229,150	(4,738)	—	259,156
Finance costs — net							(31,401)
Share of results of jointly controlled entities	—	(755)	—	—	—	—	(755)
Profit before income tax							227,000
Income tax expense							(107,757)
Profit for the period							119,243
Other segment information							
Capital and property development expenditure	817,881	1,983,689	35	570	—	—	2,802,175
Depreciation	1,081	2,289	7,596	146	167	—	11,279
Amortisation of land use rights as expenses	1,138	485	—	—	—	—	1,623
Fair value gains on investment properties	—	—	—	191,898	—	—	191,898

The unaudited segment assets and liabilities as at 30 June 2011 are as follows:

	Property development — commercial RMB'000	Property development — residential RMB'000	Hotel RMB'000	Property investment and management RMB'000	All other segments RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	**11,092,883**	**10,025,747**	**211,207**	**6,806,500**	**5,986,225**	**(10,686,387)**	**23,436,175**
Associated company	—	**97,699**	—	—	—	—	**97,699**
Jointly controlled entities	**47,749**	**446,747**	—	—	—	—	**494,496**
	11,140,632	**10,570,193**	**211,207**	**6,806,500**	**5,986,225**	**(10,686,387)**	**24,028,370**
Unallocated:							
Deferred income tax assets							**308,396**
Prepaid income taxes							**130,590**
Total assets							**24,467,356**
Segment liabilities	**6,123,205**	**6,271,028**	**151,423**	**272,300**	**5,819,936**	**(10,686,387)**	**7,951,505**
Unallocated:							
Deferred income tax liabilities							**1,271,308**
Borrowings							**6,287,573**
Derivative financial instruments							**439,080**
Income tax payable							**1,677,897**
Total liabilities							**17,627,363**

The audited segment assets and liabilities as at 31 December 2010 are as follows:

	Property development — commercial *RMB'000*	Property development — residential *RMB'000*	Hotel *RMB'000*	Property investment and management *RMB'000*	All other segments *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment assets	9,859,036	7,134,036	265,656	4,211,436	3,990,620	(8,136,897)	17,323,887
Jointly controlled entities	34,622	411,696	—	—	—	—	446,318
	9,893,658	7,545,732	265,656	4,211,436	3,990,620	(8,136,897)	17,770,205
Unallocated:							
Deferred income tax assets							328,585
Prepaid income taxes							111,427
Total assets							18,210,217
Segment liabilities	4,785,633	4,751,877	183,030	120,711	3,650,450	(8,136,897)	5,354,804
Unallocated:							
Deferred income tax liabilities							768,435
Borrowings							4,523,840
Derivative financial instruments							217,834
Income tax payable							1,717,964
Total liabilities							12,582,877

4 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2011 ***RMB'000***	31 December 2010 *RMB'000*
Trade receivables *(Note)*	**96,677**	92,087
Less: Provision for impairment of trade receivables	**(47,893)**	(48,206)
Trade receivables — net	**48,784**	43,881
Deposits for resettlement costs	**5,511**	9,422
Advances to third parties	**154,184**	153,706
Other receivables	**122,018**	142,337
Prepayments for construction costs	**39,096**	70,472
Prepaid business tax on pre-sale proceeds	**123,486**	109,271
	493,079	529,089
Less: Non-current portion of other receivables	**(9,209)**	(19,209)
Current portion	**483,870**	509,880

As at 30 June 2011, the fair values of trade receivables, deposits for resettlement costs, advances to third parties and other receivables approximate their carrying amounts.

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

The ageing analysis of trade receivables is as follows:

	30 June 2011 *RMB'000*	31 December 2010 *RMB'000*
Within 90 days	**17,487**	30,393
Over 90 days and within 1 year	**33,973**	17,325
Over 1 year and within 2 years	**24,993**	24,539
Over 2 years	**20,224**	19,830
	96,677	92,087

As at 30 June 2011, provision for impairment of trade receivables was approximately RMB47,893,000 (31 December 2010: approximately RMB48,206,000).

5 SHARE CAPITAL

Details of share capital of the Company are as follows:

	Note	Par value *HK$*	Number of ordinary shares	Nominal value of ordinary shares *HK$*	Equivalent *RMB*
Authorised:					
At 30 June 2010, 31 December 2010 and at 30 June 2011		0.1	12,000,000,000	1,200,000,000	
Issued and fully paid:					
At 30 June 2010 and at 31 December 2010		0.1	6,000,000,000	600,000,000	528,540,068
Issue of shares in connection with acquisition of a subsidiary	*(a)*	0.1	60,000,000	6,000,000	5,019,000
At 30 June 2011		0.1	6,060,000,000	606,000,000	533,559,068

Note:

(a) The Company has issued 60,000,000 ordinary shares at par value of HK$0.1 per share on 13 May 2011 to a third party as part of the purchase consideration for 80% equity interest of a company. The ordinary shares issued have the same rights as the other shares in issue.

6 BORROWINGS

	30 June 2011 *RMB'000*	31 December 2010 *RMB'000*
Borrowings included in non-current liabilities		
Bank borrowings — secured	**4,051,061**	3,315,299
Convertible bonds *(Notes (a) and (b))*	**2,179,865**	1,134,604
	6,230,926	4,449,903
Less: Amounts due within one year	**(980,388)**	(842,316)
	5,250,538	3,607,587
Borrowings included in current liabilities		
Bank overdrafts	**—**	16,771
Bank borrowings — secured	**56,647**	57,166
Current portion of long-term borrowings	**980,388**	842,316
	1,037,035	916,253

Notes:

(a) Convertible bonds issued on 10 December 2010 ("2015 Bonds")

The Company issued HK$1,551,580,000 convertible bonds on 10 December 2010 ("December closing date") to Gain Max Enterprises Limited, an investment vehicle of Warburg Pincus. The 2015 Bonds bear interest at 5% per annum which is payable semi-annually.

The 2015 Bonds mature in five years from the December closing date and shall be redeemed at 129.82% of their norminal value or can be converted into ordinary shares of the Company on or after 11 December 2010 up to 2 December 2015 at a price of HK$2.90 per share.

The 2015 Bonds also contain 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% 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.

In conjunction with the convertible bonds, the Company also issued warrants on 10 December 2010 to Profit Max Enterprises Limited, another investment vehicle of Warburg Pincus for no additional consideration. The warrants have a subscription period from 20 January 2011 to 3 December 2015 with an exercise price of HK$4.36 per share and maximum value of issued shares amounting to HK$387,895,000. The warrants also have transferability that the subscription rights are freely transferable either in whole or in part provided that, if necessary, the prior approval of the Main Board of The Stock Exchange of Hong Kong Limited shall be required for any transfer to any transferee which is a connected person of the Company.

The values of the liability component of the 2015 Bonds and the conversion, redemption option as well as the warrants were determined at issuance of the bond.

(b) Convertible bonds issued on 23 May 2011 ("2016 Bonds")

The Company issued HK$1,560,000,000 convertible bonds on 23 May 2011 ("May closing date"). The 2016 Bonds bear interest at 5.25% per annum which is payable semi-annually.

The 2016 Bonds mature in five years from the May closing date and shall be redeemed at 126.42% of their principle amount together with accrued and unpaid interest thereon on 23 May 2016 or can be converted at the option of the 2016 Bonds holder into ordinary shares of the Company at any time on or after 2 July 2011 up to the close of business on the seventh day prior to 23 May 2016 at a price of HK$3.168 per share.

The 2016 Bonds also contain redemption option which allows any bondholder to require the Company to redeem all and not some only of such holder's 2016 Bonds to the aggregate of the 109.97% of its principal amount together with interest accrued to the respective dates fixed for redemption on 23 June 2013.

The values of the liability component of the 2016 Bonds and the conversion and redemption option were determined at issuance of the bond.

7 PLEDGED ASSETS

	30 June 2011 *RMB'000*	31 December 2010 *RMB'000*
Properties under development	**485,058**	1,268,969
Completed properties held for sale	**441,992**	119,890
Property, plant and equipment	**139,763**	150,083
Land use rights	**2,373,158**	2,141,116
Investment properties	**1,789,764**	1,650,825
Restricted cash	**372,599**	148,599
	5,602,334	5,479,482

8 TRADE AND OTHER PAYABLES

	30 June 2011 *RMB'000*	31 December 2010 *RMB'000*
Trade payables *(Note (a))*	**3,124,978**	2,168,083
Other payables *(Note (b))*	**1,774,678**	802,630
Other taxes payable	**155,283**	153,711
	5,054,939	3,124,424

Notes:

(a) As at 30 June 2011, the ageing analysis of trade payables is as follows:

	30 June 2011 *RMB'000*	31 December 2010 *RMB'000*
Within 90 days	**2,998,000**	2,085,437
Over 90 days and within 180 days	**126,978**	82,646
	3,124,978	2,168,083

(b) Other payables comprise:

	30 June 2011 *RMB'000*	31 December 2010 *RMB'000*
Deposits and advances from constructors	**1,209**	1,133
Excess proceeds and deposits received from customers	**1,307**	22,543
Deposits received from tenants	**18,560**	8,877
Advances from third parties	**629,943**	627,809
Consideration payable on acquisition of additional interest in a subsidiary	**20,000**	20,000
Consideration payable on acquisition of a jointly controlled entity	**50,000**	50,000
Unpaid professional fees	**—**	13,459
Consideration received in advance on disposal of a jointly controlled entity	**963,387**	—
Miscellaneous	**90,272**	58,809
	1,774,678	802,630

9 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2011 *RMB'000*	31 December 2010 *RMB'000*
2015 Bonds — Embedded derivatives *(Note(a))*	**158,195**	208,291
2016 Bonds — Embedded derivatives *(Note(a))*	**275,245**	—
Warrants *(Note(b))*	**5,640**	9,543
	439,080	217,834

Notes:

(a) The embedded derivatives in connection with the 2015 Bonds and 2016 Bonds and mainly include bondholders' redemption option and conversion option. The embedded derivatives of 2015 Bonds are valued at HK$244,789,000 (equivalent to RMB208,291,000) at 31 December 2010 and HK$190,229,000 (equivalent to RMB158,195,000) at 30 June 2011 by DTZ Debenham Tie Leung Limited ("DTZ"). The embedded derivatives of 2016 Bonds issued on 23 May 2011 are valued at HK$325,139,000 (equivalent to RMB271,849,000) at May closing date and HK$330,982,000 (equivalent to RMB275,245,000) at 30 June 2011 by DTZ. The fair value changes are made through profit and loss.

(b) The warrants are issued together with the 2015 Bonds (Note 6(a)) on 10 December 2010 which are valued at HK$11,215,000 (equivalent to RMB9,543,000) at 31 December 2010 and HK$6,782,000 (equivalent to RMB5,640,000) at 30 June 2011 respectively by DTZ. The fair value change is made through profit and loss.

10 OTHER GAINS

	Six months ended 30 June	
	2011 *RMB'000*	2010 *RMB'000*
Government grants	**1,601**	11,259
Reversal of provision for delay in delivering properties	**—**	19,624
Gains from disposal of investment properties	**—**	14,190
Net exchange gain	**15,480**	—
Net fair value gain on derivative financial instruments	**50,603**	—
Miscellaneous	**741**	337
	68,425	45,410

11 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Staff costs — including directors' emoluments	**57,307**	28,105
Auditor's remuneration	**2,100**	2,150
Depreciation	**17,275**	11,279
Amortisation of land use rights	**1,966**	1,623
Advertising, promotion and commission costs	**37,055**	50,447
Cost of properties sold	**661,437**	384,828
Business tax and other levies on sales of properties	**85,396**	26,932
Direct outgoings arising from investment properties that generate rental income	**7,271**	5,854
Hotel operating expenses	**22,879**	19,399
Charitable donations	**2,217**	1,205
Office expenses	**34,715**	18,181
Professional fees	**7,583**	2,959
Provision for impairment of receivables and other non-current assets	**1,078**	508
Impairment of goodwill	**7,435**	—
Provision for delay in delivering properties	**3,372**	—
Miscellaneous	**43,159**	22,925
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses	**992,245**	576,395

12 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Finance income		
— interest income on bank deposits	**4,578**	5,878
— interest income on held-to-maturity investments	**—**	71
	4,578	5,949
Interest on bank borrowings and overdrafts		
— wholly repayable within five years	**(99,938)**	(45,864)
— wholly repayable over five years	**(10,191)**	(32,725)
Interest expense on convertible bonds	**(93,929)**	—
Less: Interest capitalised	**67,957**	41,239
Finance costs	**(136,101)**	(37,350)
Net finance costs	**(131,523)**	(31,401)

13 INCOME TAX EXPENSE

	Six months ended 30 June 2011 *RMB'000*	2010 *RMB'000*
Current income tax		
— PRC enterprise income tax	**179,616**	19,415
— PRC land appreciation tax	**95,125**	15,474
	274,741	34,889
Deferred tax		
— PRC enterprise income tax	**387,757**	64,442
— PRC withholding income tax	**75,045**	8,426
	462,802	72,868
	737,543	107,757

(a) Hong Kong profits tax

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profits in Hong Kong during the six months ended 30 June 2011 (2010: Nil).

(b) PRC enterprise income tax

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

PRC enterprise income tax is provided for at 25% of the profits for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC enterprise income tax purpose. The subsidiaries established in Xiamen of the PRC are entitled to a preferential tax rate of 24% during the six months ended 30 June 2011 (2010: 22%).

(c) PRC land appreciation tax

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

(d) PRC withholding income tax

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

14 DIVIDEND

The board of directors of the Company does not recommend any payment of interim dividend for the six months ended 30 June 2011 (2010: Nil).

A final dividend in respect of 2010 of HK7.5 cents per ordinary share, amounting to approximately HK$450,000,000 (equivalent to approximately RMB374,085,000) has been approved at the annual general meeting of the Company held on 20 May 2011.

15 EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the six months ended 30 June 2011 and 2010 is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2011	2010
Profit attributable to equity holders of the Company *(RMB'000)*	**1,340,942**	120,836
Weighted average number of ordinary shares in issue *(thousands)*	**6,016,000**	6,000,000
Basic earnings per share *(RMB cents)*	**22.3**	2.0

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and warrants. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the warrants, a calculation is done to determine the number of shares that could have been acquired based on the monetary value of the subscription rights attached to the warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants.

For the six months ended 30 June 2011, as the average market share price of the ordinary shares during the relevant period was lower than subscription price, the impact of exercise of warrants on earnings per share is anti-dilutive.

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Profit attributable to equity holders of the company	**1,340,942**	120,836
Interest expense on convertible bonds (net of tax)	**93,929**	—
Exchange gain on convertible bonds — liability component	**(31,115)**	—
Changes in fair value of convertible bonds — embedded derivatives	**(46,700)**	—
Profit used to determine diluted earnings per share	**1,357,056**	120,836
Weighted average number of ordinary shares in issue *(thousands)*	**6,016,000**	6,000,000
Adjustment for conversion of convertible bonds *(thousands)*	**638,984**	—
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**6,654,984**	6,000,000
Diluted earnings per share *(RMB cents)*	**20.4**	2.0

16 FINANCIAL GUARANTEES

	30 June 2011 *RMB'000*	31 December 2010 *RMB'000*
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties *(Note)*	**2,032,583**	1,861,163

Note: The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the Group obtained the "property title certificate" for the mortgagees, or when the Group obtained the "master property title certificate". The directors of the Company consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

MANAGEMENT DISCUSSION AND ANALYSIS

The unaudited consolidated revenue of the Group was approximately RMB1,587.5 million for the six months ended 30 June 2011, representing an increase of 165.4% from the corresponding period in 2010. The unaudited consolidated profit attributable to equity holders of the Company was approximately RMB1,340.9 million for the six months ended 30 June 2011, representing an increase of 10.1 times from the corresponding period in 2010. The unaudited basic earnings per share was RMB22.3 cents for the six months ended 30 June 2011 representing an increase of 10.2 times from the corresponding period in 2010.

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2011.

BUSINESS REVIEW

Sales and Earnings

The sales for the six months ended 30 June 2011 was approximately RMB1,587.5 million (corresponding period in 2010: approximately RMB598.2 million), representing an increase of 165.4%.

The gross profit for the six months ended 30 June 2011 was approximately RMB797.6 million, representing an increase of 431.0% from approximately RMB150.2 million from the corresponding period in 2010. The reason for the increase was mainly due to the increase in the area of property sold and delivered upon completion whereby the gross floor area ("GFA") sold and delivered in the six months ended 30 June 2011 and the six months ended 30 June 2010 was 179,586 sq.m. and 80,676 sq.m. respectively, representing an increase of 122.6%.

The average sales price ("ASP") per square meter achieved by the Group in respect of the sales recognised for the six months ended 30 June 2011 was RMB8,412.7, representing an increase of 27.2% from the ASP per square meter of RMB6,612.8 for the corresponding period in 2010. The primary reason for the increase was due to the change of property mix. Significant increase in delivery of commercial properties in Nanjing Mingfa Shopping Mall, Hefei Mingfa Shopping Mall and Wuxi Mingfa Shopping Mall in the first half year of 2011 and the corresponding ASP for these commercial properties was RMB15,879 as compared to RMB11,397 for the corresponding period in 2010.

The unaudited consolidated profit attributable to the equity holders of the Company was approximately RMB1,340.9 million for the six months ended 30 June 2011 (corresponding period in 2010: approximately RMB120.8 million), representing an increase of 10.1 times from the corresponding period in 2010. The increase was mainly due to the increase in delivery of properties upon completion. The increase in fair values of investment properties before taxation for the six months ended 30 June 2011 was approximately RMB1,559.2 million, whereas the same was approximately RMB191.9 million for the corresponding period in 2010. The increase in fair values of investment properties for the six months ended 30 June 2011 was mainly due to transfer of properties under development with the GFA of 463,298 sq.m. in Nanjing Mingfa International Industrial Material City to investment properties upon completion.

Pre-sold Properties

As at 30 June 2011, the Group has pre-sold properties with an aggregate GFA of 332,496 sq.m. to the customers. Set out below are the details of the projects, the Group's interest and the areas pre-sold by the Group:

City	Project	Group's Interest	Attributable GFA Pre-sold *(sq.m.)*
Hefei	Hefei Mingfa Shopping Mall	100%	6,912
Honglai	Honglai Mingfa Commercial Centre	100%	40,243
Nanjing	Nanjing Mingfa Riverside New Town	100%	10,398
Nanjing	Nanjing Mingfa Shopping Mall	100%	8,077
Nanjing	Nanjing Mingfa City Square	100%	65,602
Wuxi	Wuxi Mingfa Shopping Mall	70%	5,537
Xiamen	Xiamen Mingfa Shopping Mall	70%	5,274
Xiamen	Xiamen Mingli Garden	100%	384
Xiamen	Xiamen Mingfa Xiangwan Peninsula	100%	8,759
Yangzhou	Yangzhou Mingfa Shopping Mall	100%	29,459
Zhangzhou	Zhangzhou Mingfa Shopping Mall	100%	133,067
Zhenjiang	Zhenjiang Jinxiu Yinshan	100%	18,784
Total			332,496

Summary of Land Bank

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

Project Name	Address	Actual/ Estimated Completion Date	Type of Properties	Status	Site Area *(sq.m.)* *(Note 3)*	Approximate Leasable and Saleable GFA as at 30.6.2011 *(sq.m.)* *(Note 4)*	Group's Interest	Attributable GFA *(sq.m.)*
Completed projects (held for sale/leasing) *(Note 1)*								
Xiamen Mingfa Seascape Garden	Located at Qianpu South 2 Road, Siming District, Xiamen, Fujian Province	Dec-2004	Residential/ Commercial/ Office	Completed	18,247	679	100%	679
Xiamen Mingfa Noble Place	Located at Jiangtou Residential, Huli District, Xiamen, Fujian Province	Dec-2004	Residential/ Commercial/ Office	Completed	5,529	4,876	100%	4,876
Xiamen Mingfa Garden	Located at Huanhuli South, lvling Road, Siming District, Xiamen, Fujian Province	Apr-2005	Residential/ Commercial	Completed	18,697	17,969	100%	17,969

Project Name	Address	Actual/ Estimated Completion Date	Type of Properties	Status	Site Area (sq.m.) (Note 3)	Approximate Leasable and Saleable GFA as at 30.6.2011 (sq.m.) (Note 4)	Group's Interest	Attributable GFA (sq.m.)
Xiamen Jianqun Elegant Garden	Located at Qianpu Lianqian East Road North, Huli District, Xiamen, Fujian Province	Apr-2005	Residential/ Office	Completed	10,257	3,643	100%	3,643
Xiamen Mingfa International New Town	Located at Qianpu Lianqian Road South, Siming District, Xiamen, Fujian Province	Feb-2002	Residential/ Commercial/ Office	Completed	26,016	23,355	100%	23,355
Xiamen Mingfa Shopping Mall	Located to the northwest of Jiahe Road and Lianqian Road, Siming District, Xiamen, Fujian Province	Oct-2007	Commercial/ Office/Hotel	Completed	166,775	44,643	70%	31,250
Xiamen Mingfa Town	Located at lvling Road, Siming Industrial Park, Siming District, Xiamen, Fujian Province	Jan-2008	Residential/ Commercial	Completed	12,879	15,397	100%	15,397
Xiamen Mingli Garden	Located at Qianpu Keque Road, Siming District, Xiamen, Fujian Province	Jan-2008	Residential	Completed	17,356	1,040	100%	1,040
Nanjing Pearl Spring Resort	Located in Pearl Spring Resort, Pukou District, Nanjing, Jiangsu Province	Dec-2008	Residential/ Hotel	Completed	112,973	30,627	100%	30,627
Nanjing Mingfa Riverside New Town	Located in Taishan Village, Pukou District, Nanjing, Jiangsu Province	Nov-2009	Residential/ Commercial	Completed	1,072,182	276,493	100%	276,493
Nanjing Mingfa Shopping Mall	Located at the intersection of Dingqiang Road and Yulan Road in Yuhuatai District, Nanjing, Jiangsu Province	Dec-2010	Commercial/ Office/Hotel	Completed	182,588	126,641	100%	126,641
Hefei Mingfa Shopping Mall	Located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang District, Hefei, Anhui Province	Jun-2011	Residential/ Commercial/ Office/Hotel	Completed	176,698	440,507	100%	440,507
Sub-total					**1,820,197**	**985,870**		**972,477**

Project Name	Address	Actual/ Estimated Completion Date	Type of Properties	Status	Site Area *(sq.m.) (Note 3)*	Approximate Leasable and Saleable GFA as at 30.6.2011 *(sq.m.) (Note 4)*	Group's Interest	Attributable GFA *(sq.m.)*
Properties under development *(Note 2)*								
Xiamen Mingfa Group Mansion	Located in Qianpu Industrial Park, Xiamen, Fujian Province	Aug-2011	Commercial/ Office	The buildings have been topped up and all major structural construction work has been completed	13,186	36,346	100%	36,346
Wuxi Mingfa Shopping Mall	Located in Sitou Village and Tangtou Village, Yanqiao Town, Huishan District, Wuxi, Jiangsu Province	Jun-2011	Residential/ Commercial/ Hotel	Completion certificate has been granted for GFA of 276,126 sq.m.	216,643	459,457	70%	321,620
Yangzhou Mingfa Shopping Mall	Located at the south of Yunhe Road East and west of Baolin Road, Guangling District, Yangzhou, Jiangsu Province	Dec-2011	Residential/ Commercial/ Hotel	Completion certificate has been granted for GFA of 154,349 sq.m.	145,267	309,124	100%	309,124
Nanjing Mingfa City Square	Located on Dingshan Road, Pukou District, Nanjing, Jiangsu Province	Dec-2011	Residential/ Commercial/ Office	27 blocks out of 29 blocks have been topped up	128,683	299,520	100%	299,520
Xiamen Mingfa Harbor Resort	Located at south of Wu Yuan Wan Bridge, west of Huan Wan Road, and along the seaview strip of Huli District, Xiamen, Fujian Province	Dec-2011	Hotel	Start construction in April 2010	58,952	161,705	100%	161,705

Project Name	Address	Actual/ Estimated Completion Date	Type of Properties	Status	Site Area *(sq.m.)* *(Note 3)*	Approximate Leasable and Saleable GFA as at 30.6.2011 *(sq.m.)* *(Note 4)*	Group's Interest	Attributable GFA *(sq.m.)*
Zhangzhou Mingfa Shopping Mall	Located at Longjiang Road East, Shuixian Street North, No. 6 Road West, Xinpu Road South, Zhangzhou, Fujian Province	May-2013	Residential/ Commercial/ Office/Hotel	Start construction in February 2010	223,589	575,967	100%	575,967
Honglai Mingfa Commercial Center	Located at Longlai District, Nanan, Fujian Province	Dec-2011	Residential/ Commercial	Start construction in December 2010	27,065	77,153	100%	77,153
Zhenjiang Jinxiu Yinshan	Located in the centre of Zhenjiang City, Jiangsu Province	Dec-2012	Residential/ Commercial/ Hotel	Start construction in December 2010	296,702	404,678	100%	404,678
Xiamen Mingfa Xiang Wan Peninsula	Located at East part of Xiang'an Road, Xiang'an, Fujian Province	Dec-2012	Residential/ Commercial	Start construction in December 2010	104,380	292,557	100%	292,557
Wuxi Mingfa International New Town	Located south of Yanqiao Town, Huishan District, Wuxi, Jiangsu Province	Dec-2012	Residential/ Commercial	Vacant	258,297	549,561	100%	549,561
Sub-total					**1,472,764**	**3,166,068**		**3,028,231**

Project Name	Address	Actual/ Estimated Completion Date	Type of Properties	Status	Site Area (sq.m.) (Note 3)	Approximate Leasable and Saleable GFA as at 30.6.2011 (sq.m.) (Note 4)	Group's Interest	Attributable GFA (sq.m.)
Properties with land use rights certificate for future development								
Nanjing Mingfa Business Park	Located in Nanjing High-Tech Development Zone, Pukou District, Nanjing, Jiangsu Province	Dec-2013	Industrial	Vacant	547,215	827,762	100%	827,762
Xiamen Yuanchang Villa	Longshan, Lianqian Road, Xiamen, Fujian Province	Dec-2013	Residential	Vacant	52,606	290,950	50%	145,475
New project in Huizhou	Huizhou City West Train Station, Guangdong Province	Dec-2014	Residential/ Commercial	Vacant	332,335	708,157	80%	566,526
Sub-total					932,156	1,826,869		1,539,763
Properties with signed land use rights contract for future development								
Xiamen Mingfeng Town	Located at Douling, Siming District, Xiamen, Fujian Province	Dec-2012	Industrial	Vacant	19,909	103,921	100%	103,921
Yangzhou Mingfa Lan Wan International Town	Located at East of Xuzhuang Road, North of Kaifa East Road, West of Liaojiagou Road, South of Ming Cheng Road, Yangzhou, Jiangsu Province	Dec-2012	Residential	Vacant	158,238	221,533	100%	221,533
Huaian Mingfa Shopping Mall (C Block)	Located in Weihai East Road, Huaian, Jiangsu Province	Dec-2012	Residential	Vacant	51,345	154,035	100%	154,035
Huaian Mingfa Shopping Mall (A Block)	Located in Shenzhen South Road, Huaian, Jiangsu Province	Dec-2012	Commercial	Vacant	66,669	166,673	100%	166,673
Quanzhou Mingfa Huachang International Town	Located in Guanqiao Town Neicuo Village, Nanan	Dec-2013	Commercial	Vacant	276,120	698,507	50%	349,253
Shenyang Creative Park	Located in Shenbei Xinqu Daoyi Development Zone	Dec-2013	Residential/ Commercial	Vacant	154,024	462,072	100%	462,072
Shenyang Commercial and Residential Projects	Located in Shenbei Xinqu Daoyi Development Zone	Dec-2012	Residential/ Commercial	Vacant	61,222	306,110	100%	306,110
Shanghai Mingfa Commercial Centre	Located in Hu Yi Highway East, Baiyin Road of South, Boundary of West, Gaotai Road North, Shanghai	Jun-2013	Commercial	Vacant	53,779	169,305	100%	169,305
Beijing Mingfa Commercial Centre	Located in Beizang Village, Daxing District, Beijing	Jun-2013	Residential/ Commercial	Vacant	45,414	127,159	100%	127,159
Sub-total					**886,720**	**2,409,315**		**2,060,061**
Total land bank					**5,111,837**	**8,388,122**		**7,600,532**

Notes:

1. Completed properties refer to the properties in respect of which (a) the certificates of completion, (b) the permits for commencement of construction works, and (c) the land use rights certificates have been obtained as at 30 June 2011.

2. Properties under development refer to the properties in respect of which (a) the permits for commencement of construction works and (b) the land use rights certificates have been obtained as at 30 June 2011.

3. The site area is in respect of the whole project (regardless of GFA that have been sold).

4. The approximate leasable and saleable GFA have excluded the GFA that have been sold/leased.

Summary of Properties held by the Group for Investment

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

Name of Property/ Project	Address/Lot No	Existing Usage	Attributable GFA *(sq.m.)*	Term of Leases with Tenants	Percentage of Interest in the Properties Attributable to the Group
Xiamen Mingfa Shopping Mall	Located to the northwest of Jiahe Road and Lianqian Road, Siming District, Xiamen, Fujian Province.	Commercial	104,339	8–20 years	70%
Nanjing Mingfa Shopping Mall	Located at the intersection of Dingqiang Road and Yulan Road in Yuhuatai District, Nanjing, Jiangsu Province.	Commercial	135,436	10–15 years	100%
Xiamen Mingfa Technology Park	Located in Kaiyuan Xing'an Industrial Park, Tong'an District, Xiamen, Fujian Province.	Industrial	62,131	18 years	100%
Nanjing Mingfa Riverside New Town	Located in Taishan Village, Pukou District, Nanjing, Jiangsu Province.	Commercial	4,121	3–9 years	100%
Xiamen Mingfa Hotel	Located at No. 413 Lianqian East Road, Xiamen, Fujian Province.	Hotel	10,925	10 years	100%
Xiamen Mingfa Industrial Park	Located at No. 2 Honglian Road West, Siming District, Xiamen, Fujian Province.	Industrial	11,588	8–15 years	100%
Xiamen Lianfeng Furniture Park	Located on Honglian Road, Siming District, Xiamen, Fujian Province.	Industrial	26,120	20 years	100%
Zhangzhou Mingfa Shopping Mall	Located at Longjiang Road East, Shuixian Street North, No. 6 Road West, Xinpu Road South, Zhangzhou, Fujian Province.	Commercial	112,416	Under construction	100%
Lianfeng Building Room 401	Located on Lianqian East Road, Siming District, Xiamen, Fujian Province.	Office	2,028	8 years	100%

Name of Property/ Project	Address/Lot No	Existing Usage	Attributable GFA *(sq.m.)*	Term of Leases with Tenants	Percentage of Interest in the Properties Attributable to the Group
Nanjing Mingfa International Industrial Material Park	Located in Yuhua Economic Development Zone, Nanjing, Jiangsu Province.	Industrial	463,298	3 years	100%
Wuxi Mingfa Shopping Mall	Located in Sitou Village and Tangtou Village, Yanqiao Town, Huishan District, Wuxi, Jiangsu Province.	Commercial	4,687	15 years	70%
Hefei Mingfa Shopping Mall	Located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang District, Hefei, Anhui Province.	Commercial	18,583	15–20 years	100%
Quanzhou Mingfa Hotel	Located at No.1 Huojucun Road South, Licheng District, Quanzhou, Fujian Province.	Hotel	13,707	5 years	100%
Total			**969,379**		

ACQUISITION FRAMEWORK AGREEMENTS

As at 30 June 2011, the Group had entered into ten memoranda of understanding (the "MOUs" or each "MOU") with various PRC governmental authorities after being approached by them in relation to urban renewal and redevelopment programs in different cities and locations. Nine of them were executed before 2011 and one was executed in 2011 before the publication of this report. These MOUs are not binding and there is no assurance that the Group will be granted with the land use rights upon signing of the same. On the contrary, the MOUs only set out the parties' intention of cooperation in future development of land and the Group still has to go through the public tender, auction or listing-for-sale procedures pursuant to the relevant PRC rules and regulations in order to obtain the land use rights from the PRC governmental authorities for the future land development. Notwithstanding the same, the Group considers these as opportunities for the Group to establish a closer strategic and working relationship with the relevant PRC governmental authorities which are in the interest and to the benefit of the Group in the long run. Summary of these redevelopment programs to which the ten MOUs relate are listed as follows:

Project Name	Location	Date of MOU	Site Area *(sq.m.)*	GFA *(sq.m.)*
Nanjing Mingfa Riverside New Town, District II	Nanjing City, Jiangsu Province	16 August 2007	230,001	400,000
Nanjing Mingfa Furniture Centre	Nanjing City, Jiangsu Province	1 May 2005	83,334	53,408
Huai'an Mingfa International Industrial Material Park and Mingfa International Town *(Note 1)*	Huaian City, Jiangsu Province	28 November 2007	666,670	1,180,219

Project Name	Location	Date of MOU	Site Area *(sq.m.)*	GFA *(sq.m.)*
Tianjin Jingjin Mingfa International Town	Tianjin City	6 December 2009	1,533,341	3,000,000
Shenyang Creative Park *(Note 2)*	Shenyang City, Liaoning Province	28 January 2010	912,005	2,000,000
Shenyang Residential and Commercial Complex *(Note 3)*	Shenyang City, Liaoning Province	28 January 2010	142,800	714,000
Panjin Mingfa City Square	Panjin City, Liaoning Province	20 October 2010	427,332	1,281,996
Changsha Wangcheng District Binshui New Town Commercial Centre Project	Changsha City, Hunan Province	1 December 2010	316,154	1,106,539
Jiangsu Taizhou Mingfa City Complex Project *(Note 4)*	Taizhou City, Jiangsu Province	22 December 2010	1,466,674	3,666,685
Tianjin City Complex Project *(Note 5)*	Tianjin City	9 March 2011	280,000	560,000
Total			**6,058,311**	**13,962,847**

Notes:

(1) The Group had acquired two plots of land in 2010 under the MOU signed on 28 November 2007. The land is located at Weihai East Road, Huai'an and Shenzhen South Road, Huai'an. Total land area and GFA is approximately 118,014.0 sq.m. and approximately 320,707.5 sq.m. respectively.

(2) The Group had acquired the land in 2010 under the MOU signed on 28 January 2010. The land is located at Shenbei Xinqu Daoyi Development Zone, Shenyang. Total land area and GFA is approximately 154,024.0 sq.m. and approximately 462,072.0 sq.m. respectively.

(3) The Group had acquired the land in 2010 under the MOU signed on 28 January 2010. The land is located at Shenbei Xinqu Daoyi Development Zone, Shenyang. Total land area and GFA was approximately 61,222.0 sq.m. and approximately 306,110.0 sq.m. respectively.

(4) The Group had acquired two plots of land in 2011 under the MOU signed on 22 December 2010. The land is located at Machang Zhonggou West, Huangang Avenue South, Taizhou and Diaodong Zhonggou East, Huangang Avenue South, Taizhou. Total land area and GFA is approximately 292,487 sq.m. and approximately 731,300 sq.m. respectively.

(5) The Group had acquired three plots of land under the MOU signed on 9 March 2011 which are located at Tanggu Marine Hi-Tech Development Zone, Tinjin. Total land area and GFA is approximately 209,048.0 sq.m. and approximately 418,082.6 sq.m. respectively.

PROSPECTS AND OUTLOOK

Being a balanced prudent property developer, the Group has started to develop various types of products including commercial, residential and industrial properties since 1994. The Group believes that the balanced property portfolio is essential for the stable and healthy development of the Group in general even in the unstable environment. As at 30 June 2011, residential properties represented approximately 47.2% of the Group's total GFA.

Despite the uncertain environment changes to be encountered, the Group will keep on having countrywide expansion by applying prudent investment and development strategies. The Group will focus on the property market along the Greater Yangtze River Delta, and those rapidly developing regions in the PRC such as Taizhou, Tianjin, Shenyang, Changsha and Panjin. In addition, the Group has further explored its business in Beijing and Shanghai through land acquisitions in January 2011. Meanwhile, the Group entered into contract to acquire 80% of the issued share capital in a project company in April 2011 that owns a parcel of land in Huizhou, Guangdong Province through its subsidiaries. Such regional diversification will further strengthen the quality of the Group's land banks in long run. The Group will closely monitor and adjust its investment and development strategies from time to time in response to the market pace and condition.

In order to ensure the continuous development in tight credit environment in PRC, the Group has issued HK$1,560 million convertible bonds to the public in May 2011. The convertible bonds bear interest at 5.25% per annum which is payable semi-annually. The proceeds will be used to finance land acquisition and general working capital.

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

In order to diversify and stabilize the sources of income, the Group will continue to allocate approximately 30%–50% of its commercial properties as investment properties to be held by the Group. Furthermore, the Group is going to lease out the industrial properties to generate rental income. As at 30 June 2011, Nanjing Mingfa International Industrial Material Park has been fully rented out upon completion and its annual rental income will increase to approximately RMB83.3 million.

Notwithstanding the unfavourable impact of the austerity measures especially for the 'Purchase Restriction' Policies that will lead to volatility in China's residential property market in 2011, in the long run, the Group believes the housing demand in China will remain strong. Such policies introduced by the PRC central government will not only speed up the consolidation of the industry, strengthen the market mechanism that weeds out the weak companies and keeps the strong ones, but will also enhance the healthy development of the whole industry and create a better business environment for competent developers. On the other hand, such policies are not applied to commercial and industrial properties which represented approximately 45.6% of the Group's total land bank as at 30 June 2011.

Looking forward, the Group is fully confident that its financial and business outlook in the challenging year 2011 will remain strong notwithstanding the austerity measures launched and implemented by the PRC government in the real estate market.

CONVERTIBLE BONDS

Details of the convertible bonds issued by the Company are set out in Note 6 to the condensed consolidated interim financial information included in this announcement.

CAPITAL COMMITMENTS

As at 30 June 2011, the contracted capital commitments of the Group were approximately RMB4,325.6 million (31 December 2010: approximately RMB3,084.8 million), which were mainly the capital commitments for property development and acquisition of the project companies and land. It is expected that the Group will finance such commitments from internally generated fund and resources and/or bank loans.

SUBSEQUENT EVENTS

There was no matter that would cause material impact on the Group between the balance sheet date (i.e. 30 June 2011) and the date of this announcement.

INTERIM DIVIDEND

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2011.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the directors of the Company's securities transactions on terms no less than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Ltd. (the "Stock Exchange"). Having made specific enquiries of all directors by the Company, all directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding the directors' securities transactions for the six months ended 30 June 2011.

CORPORATE GOVERNANCE PRACTICES

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

For the six months ended 30 June 2011, save for the non-executive director of the Company who was not appointed for a specific term, the Board has complied with the code provisions of the Code in so far they are applicable.

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

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") consists of three independent non-executive directors, namely Mr. Qu Wenzhou (the chairman), Mr. Wong Po Yan and Mr. Dai Yiyi. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, this interim report and the unaudited condensed consolidated financial statements for the six months ended 30 June 2011.

By order of the Board
Mingfa Group (International) Company Limited
WONG WUN MING
Chairman

Hong Kong, 26 August 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.