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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

PERFORMANCE HIGHLIGHTS

The consolidated revenue for 2011 was approximately RMB2,978.8 million, representing a slight decrease of 1.0% over 2010.

The profit attributable to equity holders of the Company was approximately RMB1,597.0 million in 2011, representing an increase of approximately 36.7% over 2010.

The basic and diluted earnings per share was RMB26.5 cents and RMB26.2 cents respectively in 2011, representing increase of 35.9% and 34.4% respectively over 2010.

The Board recommended payment of a final dividend of HK5.0 cents per share for the year ended 31 December 2011.

The board of directors (the "Board") of Mingfa Group (International) Company Limited (the "Company") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 together with comparative figures as follows. The consolidated annual results have been reviewed by the Company's audit committee.

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2011	2010
	Note	***RMB'000***	*RMB'000*
Revenues	*3*	**2,978,828**	3,007,872
Cost of sales	*5*	**(1,459,032)**	(1,779,804)
Gross profit		**1,519,796**	1,228,068
Fair value gains on investment properties		**1,753,846**	812,050
Other gains	*4*	**63,122**	75,566
Selling and marketing costs	*5*	**(116,192)**	(96,835)
Administrative expenses	*5*	**(250,985)**	(183,247)
Other operating expenses	*5*	**(35,018)**	(13,974)
Fair value losses on derivative financial instruments		**(183,693)**	(30,285)
Operating profit		**2,750,876**	1,791,343
Finance income	*6*	**14,066**	11,156
Finance costs	*6*	**(210,217)**	(87,148)
Finance costs — net	*6*	**(196,151)**	(75,992)
Share of results of			
— An associated company		**(14,010)**	—
— Jointly controlled entities		**(4,958)**	(2,092)
		(18,968)	(2,092)
Profit before income tax		**2,535,757**	1,713,259
Income tax expense	*7*	**(930,102)**	(548,834)
Profit for the year		**1,605,655**	1,164,425
Attributable to:			
Equity holders of the Company		**1,596,967**	1,167,848
Non-controlling interests		**8,688**	(3,423)
		1,605,655	1,164,425
Earnings per share for profit attributable to equity holders of the Company (RMB cents)			
— Basic	*8*	**26.5**	19.5
— Diluted	*8*	**26.2**	19.5
Dividends	*9*	**245,783**	382,905

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Profit for the year	**1,605,655**	1,164,425
Other comprehensive income:		
Revaluation surplus upon the transfer of an owner-occupied property to investment property, net of tax	**106,336**	—
Total comprehensive income for the year	**1,711,991**	1,164,425
Attributable to:		
Equity holders of the Company	**1,703,303**	1,167,848
Non-controlling interests	**8,688**	(3,423)
	1,711,991	1,164,425

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December **2011** *RMB'000*	2010 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**324,710**	266,325
Investment properties		**6,847,156**	4,004,372
Land use rights		**22,533**	23,147
Intangible assets		**7,220**	14,723
Associated company		**83,689**	—
Jointly controlled entities		**179,716**	446,318
Deferred income tax assets		**380,754**	328,585
Other receivables	*10*	**12,235**	19,209
Other non-current assets		**4,151,201**	1,176,631
		12,009,214	6,279,310
Current assets			
Land use rights		**3,701,235**	2,709,973
Properties under development		**3,853,177**	4,045,167
Completed properties held for sale		**5,462,995**	2,352,272
Inventories		**4,451**	10,512
Trade and other receivables and prepayments	*10*	**465,066**	509,880
Prepaid income taxes		**145,398**	111,427
Amounts due from related parties		**9,080**	442
Amounts due from non-controlling interests		**—**	120,018
Restricted cash		**385,034**	148,599
Cash and cash equivalents		**512,993**	1,922,617
Non-current asset classified as held for sale		**314,144**	—
		14,853,573	11,930,907
Total assets		**26,862,787**	18,210,217
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*11*	**533,843**	528,540
Reserves		**6,471,880**	5,008,933
		7,005,723	5,537,473
Non-controlling interests in equity		**264,106**	89,867
Total equity		**7,269,829**	5,627,340

	Note	As at 31 December 2011 RMB'000	2010 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred government grants		**1,069,013**	107,060
Borrowings	*12*	**4,597,189**	3,607,587
Deferred income tax liabilities		**1,304,391**	768,435
		6,970,593	4,483,082
Current liabilities			
Trade and other payables	*13*	**6,201,171**	3,193,600
Advanced proceeds received from customers		**2,063,371**	2,005,759
Amounts due to related parties		**31,127**	20,930
Amounts due to non-controlling interests		**80,692**	23,625
Income tax payable		**1,695,010**	1,717,964
Borrowings	*12*	**1,865,238**	916,253
Derivative financial instruments	*14*	**670,344**	217,834
Provision for other liabilities and charges		**15,412**	3,830
		12,622,365	8,099,795
Total liabilities		**19,592,958**	12,582,877
Total equity and liabilities		**26,862,787**	18,210,217
Net current assets		**2,231,208**	3,831,112
Total assets less current liabilities		**14,240,422**	10,110,422

Notes:

1 GENERAL INFORMATION

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

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

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

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

2 BASIS OF PREPARATION

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies.

Revised standard and amended standards adopted by the Group in 2011

The following revised standard and amendments to existing 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 requirements of HKAS 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. On the other hand, certain parties are no longer considered as related under the new definition as stated in the revised HKAS 24.

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 existing standards in 2011 does not have any significant impact on the Group's consolidated financial statements except for the disclosures on related party transactions and balances as joint venture partners and non-controlling interests are no longer regarded as related parties. Comparative figures have been reclassified to align with the current year's presentation.

3 REVENUES AND SEGMENT INFORMATION

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

(i) the property development segment engages in real estate development, and is further segregated into commercial and residential;

(ii) the hotel segment engages in hotel operation;

(iii) the property investment and management segment invests in properties for their rental income potential and/or for capital appreciation, and provides management and security services to residential, hotel and commercial properties.

Other operating segments mainly include investment holding, manufacture and sale of furniture, which are not included within the reportable operating segments, as they are not included in the reports provided to the management. The results of these operations are included in the "all other segments" column.

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

Inter-segment revenues are eliminated on consolidation.

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

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

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

(a) Revenues

Turnover of the Group comprises revenues recognised as follows:

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Sale of properties		
— commercial	**1,587,082**	1,915,279
— residential	**1,239,061**	964,181
	2,826,143	2,879,460
Hotel operating income	**50,051**	46,376
Rental income from investment properties	**102,634**	82,036
	2,978,828	3,007,872

(b) Segment Information

The segment results and other segment items for the year ended 31 December 2011:

	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	1,587,082	1,239,061	52,976	104,934	—	—	2,984,053
Inter-segment revenues	—	—	(2,925)	(2,300)	—	—	(5,225)
Revenues	1,587,082	1,239,061	50,051	102,634	—	—	2,978,828
Operating profit/(loss)	826,741	294,757	(13,766)	1,790,592	(147,448)	—	2,750,876
Finance costs — net							(196,151)
Share of results of jointly controlled entities	(597)	(4,355)	—	(6)	—	—	(4,958)
Share of results of an associated company	—	(14,010)	—	—	—	—	(14,010)
Profit before income tax							2,535,757
Income tax expense							(930,102)
Profit for the year							1,605,655
Other segment information							
Capital and property development expenditure	3,440,573	5,571,067	520	89,820	—	—	9,101,980
Depreciation	2,656	10,400	14,805	1,179	5,733	—	34,773
Amortisation of land use rights as expenses	3,993	1,141	—	—	—	—	5,134
Fair value gains on investment properties	—	—	—	1,753,846	—	—	1,753,846
Fair value losses on derivative financial instruments	—	—	—	—	183,693	—	183,693
Impairment of goodwill recognized as expenses	—	540	6,963	—	—	—	7,503

The segment assets and liabilities as at 31 December 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	**14,966,559**	**11,095,763**	**200,412**	**7,265,475**	**5,451,792**	**(13,220,915)**	**25,759,086**
Associated company	—	**83,689**	—	—	—	—	**83,689**
Jointly controlled entities	**47,396**	**129,826**	—	**2,494**	—	—	**179,716**
Non-current asset classified as held for sale	—	**314,144**	—	—	—	—	**314,144**
	15,013,955	**11,623,422**	**200,412**	**7,267,969**	**5,451,792**	**(13,220,915)**	**26,336,635**
Unallocated:							
Deferred income tax assets							**380,754**
Prepaid income taxes							**145,398**
Total assets							**26,862,787**
Segment liabilities	**8,392,892**	**7,362,153**	**174,145**	**339,962**	**6,412,549**	**(13,220,915)**	**9,460,786**
Unallocated:							
Deferred income tax liabilities							**1,304,391**
Borrowings							**6,462,427**
Derivative financial instruments							**670,344**
Income tax payable							**1,695,010**
Total liabilities							**19,592,958**

The segment results and other segment items for the year ended 31 December 2010:

	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	1,915,279	964,181	48,834	87,936	—	—	3,016,230
Inter-segment revenues	—	—	(2,458)	(5,900)	—	—	(8,358)
Revenues	1,915,279	964,181	46,376	82,036	—	—	3,007,872
Operating profit/(loss)	979,628	28,104	(16,693)	876,000	(75,696)	—	1,791,343
Finance costs — net							(75,992)
Share of results of jointly controlled entities	(178)	(1,914)	—	—	—	—	(2,092)
Profit before income tax							1,713,259
Income tax expense							(548,834)
Profit for the year							1,164,425
Other segment information							
Capital and property development expenditure	2,860,880	2,917,862	375	195,890	74,260	—	6,049,267
Depreciation	2,449	6,135	15,790	298	1,358	—	26,030
Amortisation of land use rights as expenses	5,340	1,230	—	—	—	—	6,570
Fair value gains on investment properties	—	—	—	812,050	—	—	812,050
Fair value losses on derivative financial instruments	—	—	—	—	30,285	—	30,285

The 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 OTHER GAINS

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Government grants *(Note (a))*	**1,808**	12,713
Gains from disposal of property, plant and equipment	**9**	—
Reversal of provision for delay in delivering properties	**—**	29,494
Net exchange gain	**58,155**	16,140
Gains from disposal of investment properties	**209**	14,449
Miscellaneous	**2,941**	2,770
	63,122	75,566

Note:

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

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

5 EXPENSES BY NATURE

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

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Staff costs — including directors' emoluments *(Note (a))*	**119,295**	98,301
Auditor's remuneration	**2,750**	2,800
Depreciation	**34,773**	26,030
Amortisation of land use rights	**5,134**	6,570
Advertising, promotion and commission costs	**90,402**	80,766
Cost of properties sold	**1,216,195**	1,348,203
Subsequent property upgrading expenses charged to cost of sales	**—**	209,818
Business tax and other levies on sales of properties *(Note (b))*	**157,507**	145,217
Direct outgoings arising from investment properties that generate rental income	**15,920**	11,639
Hotel operating expenses	**44,666**	41,619
Charitable donations	**2,384**	2,502
Office expenses	**67,708**	46,625
Professional fees	**21,341**	13,810
Additional/(Reversal of) provision for impairment of receivables	**4,409**	(146)
Impairment of goodwill	**7,503**	—
Provision for delay in delivering properties	**14,688**	—
Miscellaneous	**56,552**	40,106
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses	**1,861,227**	2,073,860

Notes:

(a) Staff costs (including directors' emoluments)

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Wages and salaries	**101,838**	93,039
Pension costs — statutory pension	**8,870**	3,764
Other allowances and benefits	**8,587**	1,498
	119,295	98,301

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

The PRC companies of the Group are subject to business tax of 5% and other levies on their revenues from sale of properties. These expenses are included in cost of sales.

6 FINANCE INCOME AND COSTS

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Finance income		
— interest income on bank deposits	**14,066**	11,085
— interest income on held-to-maturity investments	**—**	71
	14,066	11,156
Interest on bank borrowings and overdrafts		
— wholly repayable within five years	**(266,996)**	(167,995)
— wholly repayable over five years	**(20,713)**	(23,794)
Interest expense on convertible bonds	**(244,129)**	(5,410)
Less: Interest capitalised	**321,621**	110,051
Finance costs	**(210,217)**	(87,148)
Net finance costs	**(196,151)**	(75,992)

7 INCOME TAX EXPENSE

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Current income tax		
— PRC enterprise income tax	**243,850**	325,675
— PRC land appreciation tax	**237,911**	43,755
	481,761	369,430
Deferred income tax		
— PRC enterprise income tax	**356,428**	115,671
— PRC withholding income tax	**91,913**	63,733
	448,341	179,404
	930,102	548,834

Hong Kong profits tax

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profit in Hong Kong for the year ended 31 December 2011 (2010: Nil).

PRC enterprise income tax

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

PRC enterprise income tax is provided for 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% for the year ended 31 December 2011 (2010: 22%).

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.

For the years ended 31 December 2011 and 2010, a property project in Jiangsu province was subject to land appreciation tax calculated at a rate 4.5% on the proceeds from sales of properties, as agreed with the local tax authority.

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.

8 EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the years ended 31 December 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 year.

	Year ended 31 December 2011	2010
Profit attributable to equity holders of the Company *(RMB'000)*	**1,596,967**	1,167,848
Weighted average number of ordinary shares in issue *(thousands)*	**6,037,173**	6,000,000
Basic earnings per share *(RMB cents)*	**26.5**	19.5

(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 years ended 31 December 2011 and 2010, as the average market share price of the ordinary shares during the relevant year/period was lower than the subscription price, the impact of exercise of warrants on earnings per share is anti-dilutive.

	Year ended 31 December 2011 *RMB'000*	2010 *RMB'000*
Profit attributable to equity holders of the Company	**1,596,967**	1,167,848
Interest expense on convertible bonds (net of tax)	**102,397**	—
Exchange gains on convertible bonds — liability component	**(83,444)**	—
Changes in fair value of convertible bonds — embedded derivatives	**184,189**	—
Profit used to determine diluted earnings per share	**1,800,109**	1,167,848
Weighted average number of ordinary shares in issue *(thousands)*	**6,037,173**	6,000,000
Adjustment for conversion of convertible bonds *(thousands)*	**833,849**	—
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**6,871,022**	6,000,000
Diluted earnings per share *(RMB cents)*	**26.2**	19.5

9 DIVIDENDS

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Proposed final dividend of HK5.0 cents (2010: HK7.5 cents) per ordinary share	**245,783**	382,905

At a Board meeting held on 26 March 2012, the directors proposed a final dividend of HK5.0 cents per ordinary share (2010: HK7.5 cents) using the share premium account. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of share premium for the year ending 31 December 2012 upon approval by the shareholders at the forthcoming annual general meeting of the Company.

10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS — GROUP

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
Trade receivables *(Note (a))*	**103,505**	92,087
Less: Provision for impairment of trade receivables *(Note (d))*	**(52,589)**	(48,206)
Trade receivables — net	**50,916**	43,881
Deposits for resettlement costs	**738**	9,422
Advances to third parties *(Note (c))*	**68,363**	153,706
Other receivables	**122,811**	142,337
Prepayments for construction costs	**111,664**	70,472
Prepaid business tax on pre-sale proceeds	**122,809**	109,271
	477,301	529,089
Less: Non-current portion of other receivables *(Note (b))*	**(12,235)**	(19,209)
Current portion	**465,066**	509,880

As at 31 December 2011 and 2010, the fair values of trade receivables, deposits for resettlement costs, advances to third parties and other receivables approximate their carrying amounts.

Notes:

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

The ageing analysis of trade receivables is as follows:

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
Within 90 days	**18,189**	30,393
Over 90 days and within 1 year	**26,727**	17,325
Over 1 year and within 2 years	**20,743**	24,539
Over 2 years	**37,846**	19,830
	103,505	92,087

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

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
Within 90 days	**6,386**	5,353
Over 90 days and within 1 year	**1,518**	3,154
Over 1 year and within 2 years	**—**	1,551
	7,904	10,058

As at 31 December 2011, trade receivables of RMB7,904,000 (2010: RMB10,058,000) which were past due but not impaired have been received subsequent to the year end.

As at 31 December 2011, trade receivables of RMB52,589,000 (2010: RMB48,206,000) are considered impaired.

(b) Non-current other receivables represent the unsettled proceeds from the sale of a building included in property, plant and equipment which are to be collected over a period of seven years. The receivables were initially recognised at fair value based on cash flows discounted using a rate of 5.94%.

(c) The advances to third parties are unsecured and interest-free except for an advance of RMB40,000,000 as at 31 December 2010 which carried interest at 12% per annum and was repaid on 31 July 2011.

(d) Movements on provision for impairment of trade receivables are as follows:

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Opening balance	**48,206**	51,329
Additional/(Reversal of) provision for receivable impairment	**4,409**	(146)
Receivables written off during the year as uncollectible	**(26)**	(2,977)
Ending balance	**52,589**	48,206

11 SHARE CAPITAL

	Par value *HK$*	Number of ordinary shares	Nominal value of ordinary shares *HK$*	Equivalent *RMB*
Authorised:				
At 1 January 2010, 31 December 2010 and at 31 December 2011	0.1	12,000,000,000	1,200,000,000	
Issued and fully paid:				
At 1 January 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 *(Note a)*	0.1	60,000,000	6,000,000	5,019,000
Issue of shares in connection with conversion of convertible bonds *(Note b)*	0.1	3,470,969	347,097	283,442
At 31 December 2011	0.1	6,063,470,969	606,347,097	533,842,510

Notes:

(a) The Company 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.

(b) During the year ended 31 December 2011, a total of 3,470,969 ordinary shares at par value of HK$0.1 per share were issued upon the request for conversion by the bondholders (Note 12(b)) with the conversion price of HK$3.168 per share. The ordinary shares issued have the same rights as the other shares in issue.

Subsequent to 31 December 2011 and up to 26 March 2012, a total of further 29,980,057 ordinary shares at par value of HK$0.1 per share were issued upon the request for conversion by the bondholders. The ordinary shares issued have the same rights as the other shares in issue.

12 BORROWINGS

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
Borrowings included in non-current liabilities		
Bank borrowings — secured	**3,954,785**	3,315,299
Convertible bonds *(Notes (a) and (b))*	**2,205,674**	1,134,604
	6,160,459	4,449,903
Less: Amounts due within one year	**(1,563,270)**	(842,316)
	4,597,189	3,607,587
Borrowings included in current liabilities		
Bank overdrafts	**15,461**	16,771
Bank borrowings — secured	**62,714**	57,166
Bank borrowings — unsecured	**223,793**	—
Current portion of long-term borrowings	**1,563,270**	842,316
	1,865,238	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 nominal value 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 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 2015 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 Stock Exchange 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 options 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 principal amount together with accrued and unpaid interest thereon on 23 May 2016 or can be converted at the option of the bondholder 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 options were determined at issuance of the bond.

During the year ended 31 December 2011, some 2016 Bonds with principal amount of HK$11,000,000 were converted to 3,470,969 ordinary shares at a price of HK$3.168 per share. The corresponding liability component of the 2016 Bonds with carrying amount of HK$9,220,000 (equivalent to RMB7,514,000) were transferred to share capital and share premium as consideration for the shares issued.

13 TRADE AND OTHER PAYABLES

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	**3,684,693**	2,168,083
Other payables *(Note (b))*	**2,391,807**	871,806
Other taxes payable	**124,671**	153,711
	6,201,171	3,193,600

Notes:

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

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
Within 90 days	**3,486,284**	2,085,437
Over 90 days and within 1 year	**198,409**	82,646
	3,684,693	2,168,083

(b) Other payables comprise:

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
Deposits and advances from constructors	**1,365**	1,133
Excess proceeds and deposits received from customers	**458**	22,543
Deposits received from tenants	**34,182**	8,877
Advances from third parties *(Note i)*	**879,816**	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
Consideration payable on acquisition of subsidiaries	**88,802**	—
Unpaid professional fees	**—**	13,459
Prepayments received in connection with the disposal of a jointly controlled entity *(Note ii)*	**1,136,359**	—
Payable to a joint venture partner Baolong	**92,925**	69,176
Miscellaneous	**87,900**	58,809
	2,391,807	871,806

Note:

(i) The advances from third parties are non-trade in nature, unsecured, interest-free and have no fixed repayment terms except for an advance of RMB150,000,000 made from Nanjing Guoding Investment Property Company ("Guoding") which bears interest at 12% per annum and is due for repayment upon receiving demand from Guoding.

(ii) The prepayments received are related to the disposal of the Group's entire 50% equity interest in a jointly controlled entity which requires certain conditions be met before it can proceed.

14 DERIVATIVE FINANCIAL INSTRUMENTS

	2011	2010
	RMB'000	*RMB'000*
2015 Bonds — Embedded derivatives *(Note (a))*	**235,867**	208,291
2016 Bonds — Embedded derivatives *(Note (a))*	**425,430**	—
Warrants *(Note (b))*	**9,047**	9,543
	670,344	217,834

Notes:

(a) The embedded derivatives in connection with the 2015 Bonds and the 2016 Bonds mainly include bondholders' redemption option and conversion option. The embedded derivatives of the 2015 Bonds issued on 10 December 2010 are valued at HK$244,789,000 (equivalent to RMB208,291,000) at 31 December 2010 and HK$290,943,000 (equivalent to RMB235,867,000) at 31 December 2011 respectively by DTZ Debenham Tie Leung Limited ("DTZ"). The embedded derivatives of the 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$524,769,000 (equivalent to RMB425,430,000) at 31 December 2011 by DTZ. The fair value changes are made through profit and loss.

In 2011, some 2016 Bonds with principal amount of HK$11,000,000 were converted to 3,470,969 ordinary shares at a price of HK$3.168 per share and the corresponding embedded derivatives with carrying amount of HK$3,726,000 (equivalent to RMB3,031,000) were transferred to share capital and share premium as consideration for the shares issued.

(b) The warrants are issued together with the 2015 Bonds on 10 December 2010, which are valued at HK$11,215,000 (equivalent to RMB9,543,000) at 31 December 2010 and HK$11,159,000 (equivalent to RMB9,047,000) at 31 December 2011 respectively by DTZ. The fair value change is made through profit and loss.

BUSINESS REVIEW

Sales and Earnings

The total area of properties sold and delivered to customers by the Group in 2011 in terms of GFA was approximately 290,445 sq.m., representing a decrease of approximately 9.1% over 2010 (2010: approximately 319,470 sq.m.). Such decrease was due to more commercial properties in Nanjing Mingfa Shopping Mall was delivered in 2010 upon completion.

During the year under review, the average selling price of the Group's properties delivered and recognized as sales in 2011 was RMB9,730.4 per sq.m. (2010: average selling price was RMB9,013.3 per sq.m.), representing an increase of approximately 8.0% over 2010. Such increase was mainly due to the general increase in average selling price for the delivered properties in Nanjing in 2011.

The GFA of the major property projects delivered by the Group in 2011 and the average selling price per sq.m. were as follows:

	Sales Revenue *(RMB million)*		**GFA Delivered** *(sq.m.)*		**Average Selling Price** *(RMB per sq.m.)*	
	2011	2010	**2011**	2010	**2011**	2010
Nanjing Mingfa Riverside New Town	**167.2**	667.4	**14,951.0**	97,291.0	**11,183.2**	6,859.8
Nanjing Mingfa Shopping Mall	**816.8**	1,746.9	**34,959.0**	124,556.0	**23,364.5**	14,025.0
Nanjing Mingfa City Square	**535.0**	0.0	**55,033.0**	0.0	**9,721.4**	N/A
Yangzhou Mingfa Shopping Mall	**735.1**	0.0	**116,304.9**	0.0	**6,320.5**	N/A
Hefei Mingfa Shopping Mall	**254.4**	368.7	**33,904.0**	91,396.0	**7,503.5**	4,034.1
Wuxi Mingfa Shopping Mall	**205.4**	0.0	**26,651.0**	0.0	**7,707.0**	N/A

The average cost of sales of the Group was RMB4,690.5 per sq.m. in 2011, representing a decrease of approximately 12.0% over 2010 (2010: average cost of sales was RMB5,331.5 per sq.m.). Such decrease was due to more residential properties which had a lower construction cost were delivered in 2011 as compared to 2010.

The gross profit of the Group amounted to approximately RMB1,519.8 million in 2011, representing an increase of approximately 23.8% over 2010 (2010: approximately RMB1,228.1 million). The major reason for the increase in the gross profit was attributable to the decrease in cost of sales per sq.m. for approximately 12.0% in 2011 compared with that in 2010, as well as the increase in average selling price for approximately 8.0% in 2011 as compared with that in 2010.

The audited profit attributable to the equity holders of the Company was approximately RMB1,597.0 million in 2011, representing an increase of approximately RMB429.1 million or approximately 36.7% from that of 2010. The major reason for the increase was attributable to the set off effect between the increase of approximately RMB706.4 million in the after tax fair value gains of the Group on investment properties in 2011 over 2010 (2011: approximately RMB1,315.4 million and 2010:

approximately RMB609.0 million) and the increase in the fair value losses on financial derivatives of approximately RMB153.4 million (2011: approximately RMB183.7 million and 2010: approximately RMB30.3 million).

Pre-sold Properties

As at 31 December 2011, the Group has pre-sold properties with an aggregate GFA of 412,365 sq.m. to the buyers. Set out below are the details of the properties, the Group's interests and the attributable GFA pre-sold by the Group:

City	**Property**	**Group's Interest**	**Attributable GFA Pre-sold** *(sq.m.)*
Nanjing	Nanjing Mingfa Riverside New Town	100%	21,981
Nanjing	Nanjing Mingfa Shopping Mall	100%	6,504
Nanjing	Nanjing Mingfa City Square	100%	15,260
Wuxi	Wuxi Mingfa Shopping Mall	70%	3,912
Wuxi	Wuxi Mingfa International New Town	100%	16,383
Xiamen	Xiamen Mingfa Shopping Mall	70%	5,866
Xiamen	Xiamen Mingfa Xiang Wan Peninsula	100%	16,314
Yangzhou	Yangzhou Mingfa Shopping Mall	100%	4,240
Hefei	Hefei Mingfa Shopping Mall	100%	8,902
Zhangzhou	Zhangzhou Mingfa Shopping Mall	100%	208,385
Honglai	Honglai Mingfa Commercial Centre	100%	49,956
Zhengjiang	Zhengjiang Jinxiu Yishan	100%	28,457
Huai'an	Huai'an Mingfa Shopping Mall	100%	4,042
Shenyang	Shenyang Mingfa Jinxiu Hwa City	100%	22,163
			412,365

Summary of Land Bank

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

Name of Property	Address	Actual/Estimated Completion Date	Type of Properties	Status	Site Area	Approximate Leasable and Saleable GFA	Group's Interest	Attributable GFA
					(sq.m.) *(Note 3)*	*(sq.m.)* *(Note 4)*	*(sq.m.)*	*(sq.m.)*
Completed properties (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	3,744	100%	3,744
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
Xiamen Jianqun Elegant Garden	Located at Qianpu Lianqian East Road North, Huli District, Xiamen, Fujian Province	Apr/2005	Residential/Office	Completed	10,257	2,309	100%	2,309
Xiamen Mingfa International New Town	Located at Qianpu Lianqian Road South, Siming District, Xiamen, Fujian Province	Feb/2002	Residential/Commercial/Office	Completed	26,016	22,522	100%	22,522
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	42,207	70%	29,545
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	656	100%	656
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	271,388	100%	271,388
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	118,137	100%	118,137
Wuxi Mingfa Shopping Mall	Located in Sitou Village and Tangtou Village, Yanqiao Town, Huishan District, Wuxi, Jiangsu Province	Dec/2011	Residential/Commercial/Hotel	Completed	216,643	441,727	70%	309,209
Hefei Mingfa Shopping Mall	Located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang District, Hefei, Anhui Province	Dec/2011	Residential/Commercial/Office/Hotel	Completed	176,698	428,575	100%	428,575
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	Completed	145,267	253,479	100%	253,479
Sub-total					2,182,107	1,649,416		1,504,236

Name of Property	Address	Actual/Estimated Completion Date	Type of Properties	Status	Site Area (sq.m.) (Note 3)	Approximate Leasable and Saleable GFA (sq.m.) (Note 4)	Group's Interest (sq.m.)	Attributable GFA (sq.m.)
Properties under development *(Note 2)*								
Xiamen Mingfa Group Mansion	Located in Qianpu Industrial Park, Xiamen, Fujian Province	Dec/2012	Commercial/Office	The construction has been completed and under decoration	13,186	36,346	100%	36,346
Nanjing Mingfa City Square	Located on Dingshan Road, Pukou District, Nanjing, Jiangsu Province	Dec/2012	Residential/ Commercial/ Office	Completion certificate had been granted for GFA of 128,345 sq.m. in December 2011. The remaining GFA of 171,175 sq.m. will be completed in December 2012	128,683	244,487	100%	244,487
Xiamen Mingfa Harbor Resort	Located at south of Wu Yuan Wan Bridge, west of Huan Wan Road, and along the seaview strip of Huli District, Xiamen, Fujian Province	Mar/2013	Hotel	Approximately 25% of construction has been completed	58,952	161,705	100%	161,705
Zhangzhou Mingfa Shopping Mall	Located at Longjiang Road East, Shuixian Street North, No. 6 Road West, Xinpu Road South, Zhangzhou, Fujian Province	Dec/2012	Residential/ Commercial/ Office/Hotel	Approximately 50% of construction has been completed	223,589	575,967	100%	575,967
Honglai Mingfa Commercial Center	Located at Honglai District, Nanan, Fujian Province	Dec/2012	Residential/ Commercial	The buildings have been completed and applied for the completion certificate	27,065	77,153	100%	77,153
Zhenjiang Jinxiu Yinshan	Located in the centre of Zhenjiang City, Jiangsu Province	Dec/2014	Residential/ Commercial/ Hotel	Approximately 20% of construction has been completed	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	The buildings have been topped up and all major structural construction has been completed	104,380	292,557	100%	292,557
Huai'an Mingfa Shopping Mall (Phase C)	Located in Weihai East Road, Huai'an, Jiangsu Province	Jun/2013	Residential	Approximately 20% of construction has been completed	51,345	154,035	100%	154,035
Shenyang Mingfa Jinxiu Hua City	Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province	Dec/2013	Residential/ Commercial	Approximately 20% of construction has been completed	61,222	306,110	100%	306,110
Wuxi Mingfa International New Town	Located south of Yanqiao Town, Huishan District, Wuxi, Jiangsu Province	Dec/2013	Residential/ Commercial	Approximately 20% of construction has been completed	258,297	549,561	100%	549,561
Sub-total					1,223,421	2,802,599		2,802,599

Name of Property	Address	Actual/Estimated Completion Date	Type of Properties	Status	Site Area (sq.m.) (Note 3)	Approximate Leasable and Saleable GFA (sq.m.) (Note 4)	Group's Interest (sq.m.)	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/2014	Industrial	Vacant	547,215	827,762	100%	827,762
Xiamen Yuanchang Villa	Located at Longshan, Lianqian Road, Xiamen, Fujian Province	Dec/2013	Residential	Vacant	52,606	290,950	50%	145,475
Quanzhou Mingfa Huachang International Town	Located in Guanqiao Town Neicuo Village, Nan'an, Fujian Province	Dec/2013	Commercial	Vacant	276,120	698,507	50%	349,253
New project in Huizhou	Located at Huizhou City West Train Station, Guangdong Province	Dec/2014	Residential	Vacant	332,335	708,157	80%	566,526
Nanjing Mingfa Furniture City	Located in Huangyao Village, Taishan Street, Pukou District, Nanjing, Jiangsu Province	Dec/2014	Industrial	Vacant	41,434	62,151	100%	62,151
Sub-total					1,249,710	2,587,527		1,951,167
Properties with signed land use rights contract for future development								
Xiamen Mingfeng Town	Located at Lingdou, Siming District, Xiamen, Fujian Province	Dec/2014	Industrial	Vacant	19,909	103,921	100%	103,921
Yangzhou Mingfa lan wan International	Located at east of Xuzhuang Road, north of Kaifa East Road, west of Liaojiagou Road, south of Ming Cheng Road, Yangzhou, Jiangsu Province	Dec/2013	Residential	Vacant	158,238	221,533	100%	221,533
Huai'an Mingfa Shopping Mall (Phase A)	Located in Shenzhen South Road, Huai'an, Jiangsu Province	Dec/2014	Commercial	Vacant	66,669	166,673	100%	166,673
Shenyang Creative Industrial Estate	Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province	Dec/2014	Residential/ Commercial	Vacant	154,024	462,072	100%	462,072
Shanghai Mingfa Shopping Mall	Located in Hu Yi Highway East, Baiyin Road of south, Boundary of west, Gaotai Road North, Shanghai	Dec/2014	Commercial	Vacant	53,779	169,305	100%	169,305
Beijing Mingfa Mall	Located in Beizang Village, Daxing District, Beijing	Dec/2014	Residential/ Commercial	Vacant	45,414	127,159	100%	127,159
Taizhou Mingfa City Complex	Located in Machang Zhonggou of west, Huangang Avenue South, Gaogang Distrct, Taizhou, Jiangsu Province	Dec/2014	Residential/ Commercial	Vacant	292,487	731,300	100%	731,300
Tianjin Mingfa City Complex	Located in Tanggu Marine Hi-Tech Development Zone, Tianjin	Dec/2014	Commercial	Vacant	209,048	418,096	100%	418,096
Huai'an Mingfa Shopping Mall (Phase A)	Located in east of Guangzhou Road, Huai'an, Jiangsu Province	Dec/2014	Commercial	Vacant	66,441	99,662	100%	99,662
Sub-total					1,066,009	2,499,721		2,499,721
Total land bank					5,721,247	9,539,263		8,757,723

Notes:

1. Completed properties refer to the properties in respect of which (a) the certificates of completion, (b) the permits for commencement of construction works, and (c) the land use rights certificates have been obtained as at 31 December 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 31 December 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 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	Address	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	102,931	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%

Name of Property	Address	Existing Usage	Attributable GFA *(sq.m.)*	Term of Leases with Tenants	Percentage of Interest in the Properties Attributable to the Group
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%
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	6,695	15–20 years	100%
Hefei Mingfa Shopping Mall	Located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang District, Hefei, Anhui Province	Commercial	24,735	15–20 years	100%
Quanzhou Mingfa Hotel	Located in Jiangnan Torch Village, Licheng District, Quanzhou, Fujian Province	Hotel	13,707	5 years	100%
Yangzhou Mingfa Shopping Mall	Located at the south of Yunhe Road East and west of Baolin Road, Guangling District, Yangzhou, Jiangsu Province	Commercial	29,569	15–20 years	100%
			1,005,700		

Properties to be completed in 2012

Set out below is the details of the properties expected to be completed by the Group in 2012. The total GFA available for sale/leasing by the Group will be approximately 1,265,614 sq.m. including those already pre-sold as at 31 December 2011.

	Expected Completion Date	GFA Available for Sale/Leasing *(sq.m.)*	Percentage of Interest in the Project Attributable to the Group	Usage
Xiamen Mingfa Group Mansion	Dec/2012	36,346	100%	Commercial & office
Nanjing Mingfa City Square	Dec/2012	171,175	100%	Commercial & residential & office
Zhangzhou Mingfa Shopping Mall	Dec/2012	688,383	100%	Commercial & residential & office
Honglai Mingfa Commercial Centre	Dec/2012	77,153	100%	Commercial & residential
Xiamen Mingfa Xiang Wan Peninsula	Dec/2012	292,557	100%	Commercial & residential
		1,265,614		

ACQUISITION FRAMEWORK AGREEMENTS

As at the date hereof, the Group had entered into eleven memoranda of understanding (the "**MOUs**" and each a "**MOU**") with various local governmental bodies of the PRC after being approached by them in relation to various urban renewal and redevelopment programs in different cities and locations. Nine of them were executed before 2011, two of them were executed in 2011. 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 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 such lands. Notwithstanding that, the Company considers these as the 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 the eleven MOUs and the related projects are listed as follows:

Project Name	**Location**	**Date of MOU**	**Site Area** *(sq.m.)*	**GFA** *(sq.m.)*	*Note*
Nanjing Mingfa Furniture Centre	Nanjing City, Jiangsu Province	1-May-05	83,334	53,408	(1)
Nanjing Mingfa Riverside New Town, District II	Nanjing City, Jiangsu Province	16-Aug-07	230,001	400,000	
Huai'an Mingfa International Industrial Material Park and Mingfa International Town	Huai'an City, Jiangsu Province	28-Nov-07	666,670	1,180,219	(2)
Tianjin Jingjin Mingfa International Town	Tianjin City	6-Dec-09	1,533,341	3,000,000	
Shenyang Creative Park	Shenyang City, Liaoning Province	28-Jan-10	912,005	2,000,000	(3)
Shenyang Residential and Commercial Complex	Shenyang City, Liaoning Province	28-Jan-10	142,800	714,000	(4)
Panjin Mingfa City Square	Panjin City, Liaoning Province	20-Oct-10	427,332	1,281,996	
Changsha Wangcheng County Binshui New Town Commercial Center Project	Changsha City, Hunan Province	1-Dec-10	316,154	1,106,539	
Jiangsu Taizhou Mingfa City Complex Project	Taizhou City, Jiangsu Province	22-Dec-10	1,466,674	3,666,685	(5)

Project Name	Location	Date of MOU	Site Area *(sq.m.)*	GFA *(sq.m.)*	*Note*
Tianjin Mingfa City Complex Project	Tianjin City	9-Mar-11	280,000	560,000	(6)
Shenyang Mingfa Integrated Science and Technology Park	Shenyang City, Liaoning Province	23-Sep-11	1,344,007	1,830,000	
Total			7,402,318	15,792,847	

Notes:

(1) The Group had acquired one plot of land in October 2011 under the MOU signed on 1 May 2005. The land is located at Huangyao Village, Taishan Street, Pukou District, Nanjing. Total land area and GFA is approximately 41,434 sq.m. and 62,151 sq.m. respectively.

(2) The Group had acquired three plots of land in 2010 and 2011 under the MOU signed on 28 December 2007. The land is located at Wei Hai East Road, Huai'an and Shenzhen South Road, Huai'an. Total land area and GFA is approximately 184,455 sq.m. and 420,370 sq.m. respectively.

(3) The Group had acquired one plot of 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 sq.m. and 462,072 sq.m. respectively.

(4) The Group had acquired one plot of 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 61,222 sq.m. and 306,110 sq.m. respectively.

(5) 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 Zhouggou East, Huangang Avenue South, Taizhou. Total land area and GFA is approximately 292,487 sq.m. and 731,300 sq.m. respectively.

(6) The Group had acquired three plots of land in 2011 under the MOU signed on 9 March 2011 which are located at Tanggu Marine Hi-Tech Development Zone, Tianjin. Total land area and GFA is approximately 209,048 sq.m. and 418,082 sq.m. respectively.

USE OF PROCEEDS OF GLOBAL OFFERING

In November 2009, the Company issued 900,000,000 shares at HK$2.39 per share by way of the global offering. The net proceeds after deducting the relevant expenses were approximately HK$2,023 million. The amount applied to the intended use and the residual amount to be used as at 31 December 2011 were as follows:

Usage	Intended use of proceeds *(HK$ million)*	Accumulated actual use of proceeds *(HK$ million)*	Remark
Ma On Shan project	166.0	0.0	The project has been cancelled due to high land cost during the public auction
Nanjing Riverside New Town, District II	21.0	0.0	Relocation has not been started
Other land acquisitions	1,121.0	1,121.0	Land acquisitions in Shenyang and Xiamen have been incurred and the corresponding cost is approximately RMB957.5 million
Development of Wuxi Mingfa Shopping Mall	83.0	83.0	Finance the partial construction cost
Development of Hefei Mingfa Shopping Mall	83.0	83.0	Finance the partial construction cost
Development of Zhangzhou Mingfa Shopping Mall	166.0	166.0	Finance the partial construction cost
Development of Nanjing Mingfa Business Park	228.0	0.0	The project has not been started
Land cost for Shenyang Creative Park	0.0	187.0	The funding for Ma On Shan project and Nanjing Riverside New Town, District II has been transferred to this land acquisition
Working capital	155.0	383.0	
Total	2,023.0	2,023.0	

PROSPECTS

Being a balanced properties mix developer, the Group had achieved a satisfactory result even in the under-performed market conditions in 2011. The Group will continue to apply "prudent and balanced" strategy to operate the business in the future.

Despite the continuous stringent real estate measures applied to the residential properties market, the Group believes that such measures will not extend to the commercial properties sector in the coming year.

The Group, in response, will further strengthen its foundation in the commercial properties sector as well as the residential properties sector in 2nd and 3rd-tiers cities. In order to diversify the income stream, the Group will continue to allocate approximately 30% to 50% commercial properties as well as investment properties which will generate a stable and regular income to the Group.

In December 2011, some anchor tenants, Sunning Electrical Appliance and Yong Hui Supermarket, have moved in the Group's shopping malls in Nanjing and Hefei respectively. The Group expects that most of the anchor tenants will start their business in such shopping malls in 2012 and the rental income will be increased accordingly.

Nanjing government intends to develop an international software city and expects to generate the revenue of approximately RMB400 billion in 2015 by launching the policy "One Valley and Two Parks" in 2011. In response to this policy, 49% equity interests of a project company was sold to an investment arm of Nanjing government in January 2012. Properties owned by such project company will be used as the pilot project for developing a software city in Nanjing.

The Group selectively builds up its land reserve primarily through public auction of land arranged by the PRC government or through acquisition of the project companies which hold land use rights. In addition, the Group will also act proactively and seize opportunities to approach, discuss and enter into MOUs with the relevant PRC governmental bodies in relation to various development of land designated for sizable commercial and residential complex in different cities and locations. Although these MOUs are not binding and there is no assurance that the Group will be granted the land use rights upon signing of the same, the Group considers signing of these MOUs as the opportunities for the Group to establish a closer strategic and working relationship with the relevant PRC government authorities which are in the interest and to the benefit of the Group in the long run.

Looking forward, the Group will continue to maintain a balanced properties mix and cooperate with the local governments of the PRC to speed up urbanization through the execution of the MOUs and believes that though the real estate measures will not be loosened in the near future, the Group's financial and business outlook will perform steadily in 2012.

FINANCIAL ANALYSIS

The gross profit of the Group amounted to approximately RMB1,519.8 million in 2011, representing an increase of approximately 23.8% over 2010 (2010: approximately RMB1,228.1 million). The major reason for the increase in the gross profit was attributable to the decrease in cost of sales per sq.m. for approximately 12.0% in 2011 compared with that in 2010, as well as the increase in average selling price for approximately 8.0% in 2011 as compared with that in 2010.

The audited profit attributable to the equity holders of the Company was approximately RMB1,597.0 million in 2011, representing an increase of approximately RMB429.1 million or approximately 36.7% from that of 2010. The major reason for the increase was attributable to the set off effect between the increase of approximately RMB706.4 million in the after tax fair value gains of the Group on investment properties in 2011 over 2010 (2011: approximately RMB1,315.4 million and 2010: approximately RMB609.0 million) and the increase in the fair value losses on financial derivatives of approximately RMB153.4 million (2011: approximately RMB183.7 million and 2010: approximately RMB30.3 million).

CAPITAL STRUCTURE

As at 31 December 2011, the Group had aggregated cash and cash equivalents (excluding restricted cash) of approximately RMB513.0 million (31 December 2010: approximately RMB1,922.6 million).

The current ratio as at 31 December 2011 was 1.18 (31 December 2010: 1.47).

As at 31 December 2011, the bank loans and other borrowings of the Group repayable within one year and after one year were approximately RMB1,865.2 million and RMB4,597.2 million respectively (31 December 2010: approximately RMB916.3 million and RMB3,607.6 million respectively).

The interest expenses including the capitalized bank interest expenses and the finance costs arising from the 2015 Bonds and the 2016 Bonds amounted to approximately RMB531.8 million (2010: approximately RMB197.2 million) in total.

In addition, interests with an amount of approximately RMB321.6 million (2010: approximately RMB110.1 million) were capitalized in 2011. Interest cover (including amount of interests capitalized) was 5.2 times (2010: 9.1 times).

As at 31 December 2011, the ratio of total liabilities to total assets of the Group was 72.9% (31 December 2010: 69.1%).

As at 31 December 2011, the ratio of bank loans and other borrowings to shareholder's funds of the Group was 92.2% (31 December 2010: 81.7%). As at 31 December 2011, the ratio of non-current bank loans and other borrowings to total assets was 17.1% (31 December 2010: 19.8%).

As at 31 December 2011, the gearing ratio of the Group (defined as net debt divided by the sum of shareholder's funds and net debt) was 47.7% (31 December 2010: 33.4%).

In conclusion, the Group has utilized its fund to increase its land banks and raised bank loans to finance construction in order to ensure the continuous growth in the business of the Group.

CAPITAL COMMITMENTS

As at 31 December 2011, the contracted capital commitments of the Group were approximately RMB4,744.1 million (31 December 2010: approximately RMB3,084.8 million), which were mainly the capital commitments for property development and acquisition of the project companies. It is expected that the Group will finance such commitments from internally generated fund and resources.

GUARANTEES AND CONTINGENT LIABILITIES

As at 31 December 2011, the contingent liabilities of the Group were approximately RMB3,227.3 million (31 December 2010: approximately RMB1,861.2 million), which were mainly the guarantees given by the Group in favour of certain banks for the grant of mortgage loans to buyers of the Group's properties. Such guarantees will be released following completion of transfer of property title by the Group to the buyers.

PLEDGE OF ASSETS

As at 31 December 2011, investment properties of the Group with net book value of approximately RMB3,638.4 million (31 December 2010: approximately RMB1,650.8 million), buildings of approximately RMB127.4 million (31December 2010: 150.1 million), land use rights of approximately RMB2,301.3 million (31 December 2010: approximately RMB2,141.1 million), completed properties held for sale of approximately RMB2,193.7 million (31 December 2010: approximately RMB119.9 million), properties under development of RMB Nil (31 December 2010: approximately RMB1,269.0 million) and restricted bank deposits of approximately RMB100.0 million (31 December 2010: approximately RMB100.0 million) were pledged to secure the banking facilities of the Group. Cash deposits of approximately RMB40.4 million (31 December 2010: approximately RMB48.6 million) were restricted and deposited in certain banks as security for project construction. Another cash deposits of approximately RMB244.6 million (31 December 2010: nil) were restricted and deposited in certain banks as security for bank notes.

FOREIGN EXCHANGE RISK

As at 31 December 2011, the balance of the bank deposits maintained by the Group (including restricted bank balances) consisted of Renminbi, Hong Kong dollars and US dollars in the respective proportions of 85.0%, 14.6% and 0.4% (31 December 2010: Renminbi, Hong Kong dollars and US dollars accounted for 67.7%, 29.8% and 2.5% respectively of the total bank balances of the Group). The bank loans and other borrowings maintained by the Group consisted of Renminbi and Hong Kong dollars in respective proportions of 62.8% and 37.2% (31 December 2010: Renminbi and Hong Kong dollars accounted for 73.4% and 26.6% respectively of the total bank loans and other borrowings of the Group).

As the sales, purchase and bank borrowings of the Group in 2011 were made mainly in Renminbi and Hong Kong dollars, and it is expected that the majority of future development and transactions carried out by the Group will be made and transacted mainly in Renminbi, the Group will convert bank balances currently maintained in Hong Kong dollars into Renminbi as and when required to minimize any foreign exchange risk. The Group did not adopt any foreign exchange hedging instruments to hedge against foreign exchange risk in 2011, and the Group believes that the foreign exchange risk exposed to the Group was relatively minimal.

INTEREST RATE RISK

As at 31 December 2011, the majority of the bank borrowings of the Group is floating rate borrowings and is denominated in Renminbi or Hong Kong dollars, whereby any upward fluctuations in interest rates will increase the interest costs of the Group in connection with such loans or any new loans obtained by the Group calculated on a floating interest rate basis. The Group currently does not use any derivative instruments to hedge against its interest rate risk.

SUBSEQUENT EVENTS

Pursuant to the equity transfer agreement entered in between the Group and a third party on 18 January 2012, the Group agreed to sell 49% equity interest in Jiangsu Mingfa Industrial Raw Material Co., Ltd, a wholly owned subsidiary of the Group to the third party at a consideration of RMB1,053,500,000.

Pursuant to a resolution by the Board on 26 March 2012, the Group decided to dispose of its entire 50% equity interest in a jointly-controlled entity to a third party at a consideration of RMB1,118,440,000. The investment related to the jointly controlled entity with an aggregate carrying amount of RMB314,144,000 has been classified as non-current asset held for sale as at 31 December 2011.

CLOSURE OF REGISTER OF MEMBERS AND ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on Friday, 18 May 2012. The notice of the AGM which constitutes part of the circular to shareholders will be sent together with the annual report in due course. The notice of the AGM and the proxy form will be published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.ming-fa.com) and be despatched to the shareholders within the prescribed time and in such manner as required under the Listing Rules.

The register of members of the Company will be closed and no transfer of shares will be registered during the following periods:

To determine the identity of shareholders who are entitled to attend and vote at the AGM

Latest time for lodging transfers	:	4:30 p.m. on Tuesday, 15 May 2012
Closure of register of members	:	Wednesday, 16 May 2012 to Friday, 18 May 2012, both days inclusive
Date of the AGM	:	Friday, 18 May 2012

To determine the shareholders' entitlement to the proposed final dividend

Latest time for lodging transfers	:	4:30 p.m. on Thursday, 24 May 2012
Closure of register of members	:	Friday, 25 May 2012 to Tuesday, 29 May 2012, both days inclusive
Record date	:	Friday, 29 May 2012

To qualify for attending and voting at the AGM and for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than the latest time for lodging transfers as stated above.

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 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") by adopting the code provisions of the Code.

During the year ended 31 December 2011, save for the non-executive Director who was not appointed for a specific term pursuant to code A.4.1, the Board has complied with the code provisions of the Code in so far they are applicable. The appointment of the non-executive Director is in effect until such appointment is terminated in accordance with the articles of association of the Company. His appointment is a condition to the issue of the 2015 bonds and is in line with the common practice of Warburg Pincus to send board representative to its invested entities, and as the issue of convertible bonds can strengthen the financial positions of the Company, the Company considers that the non-compliance with code A.4.1 is acceptable.

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 Listing Rules. 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 during the year ended 31 December 2011.

PURCHASE, REDEMPTION OR SALE OF LISTED SHARES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2011.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2011, the Group employed a total of 1,962 staff (31 December 2010: 1,779 staff). The staff cost includes basic salary and welfare expenses, whereby employees' welfare includes medical insurance plan, pension plan, unemployment insurance plan, and pregnancy insurance plan. The Group's employees are engaged according to the terms and provisions of their employment contracts and the Group normally conducts review on the remuneration packages and performance appraisal once every year for its employees, the results of which will be applied in annual salary review for considering the grant of annual bonus or not and in promotion assessment.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises of all independent non-executive directors, Mr. Qu Wenzhou, Mr. Wong Po Yan and Mr. Dai Yiyi. The duties of the Audit Committee include making recommendations to the Board in relation to the independency and engagement of external auditor, monitoring the integrity, accuracy and fairness of financial statements and reviewing the system of financial control, internal control and risk management. The Audit Committee had reviewed the annual results of the Group for the year ended 31 December 2011.

PUBLICATION OF ANNUAL REPORT

The 2011 annual report of the Company will be despatched to the shareholders of the Company and published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (http://ming-fa.com) in due course.

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

Hong Kong, 26 March 2012

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