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 2012

FINANCIAL HIGHLIGHTS

The unaudited consolidated revenue of the Group was approximately RMB852.3 million for the six months ended 30 June 2012, representing a decrease of 46.3% from the corresponding period in 2011.

The unaudited consolidated profit attributable to equity holders of the Company was approximately RMB593.8 million for the six months ended 30 June 2012, representing a decrease of 55.7% from the corresponding period in 2011.

The unaudited basic earnings per share was RMB9.8 cents for the six months ended 30 June 2012, representing a decrease of 56.1% from the corresponding period in 2011.

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2012.

The board of directors (the "**Board**") of Mingfa Group International Company Limited (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2012 together with comparative amounts for the corresponding period.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2012

	Note	Unaudited 30 June 2012 RMB'000	Audited 31 December 2011 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**335,935**	324,710
Investment properties		**7,542,682**	6,847,156
Land use rights		**22,226**	22,533
Intangible assets		**7,187**	7,220
Associated companies		**181,812**	83,689
Jointly controlled entities		**170,152**	179,716
Deferred income tax assets		**123,845**	380,754
Other receivables	*4*	**12,593**	12,235
Other non-current assets		**3,661,020**	4,151,201
		12,057,452	12,009,214
Current assets			
Land use rights		**4,735,516**	3,701,235
Properties under development		**5,106,249**	3,853,177
Completed properties held for sale		**6,087,335**	5,462,995
Inventories		**4,080**	4,451
Trade and other receivables and prepayments	*4*	**562,723**	465,066
Prepaid income taxes		**120,727**	145,398
Amounts due from related parties		**33,333**	9,080
Restricted cash		**441,374**	385,034
Cash and cash equivalents		**931,975**	512,993
Non-current asset classified as held for sale		**314,144**	314,144
		18,337,456	14,853,573
Total assets		**30,394,908**	26,862,787

	Note	Unaudited 30 June 2012 RMB'000	Audited 31 December 2011 RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	5	**536,281**	533,843
Reserves		**6,893,967**	6,471,880
		7,430,248	7,005,723
Non-controlling interests in equity		**260,691**	264,106
Total equity		**7,690,939**	7,269,829
LIABILITIES			
Non-current liabilities			
Deferred government grants		**1,673,528**	1,069,013
Borrowings	6	**3,761,127**	4,597,189
Deferred income tax liabilities		**1,154,123**	1,304,391
		6,588,778	6,970,593
Current liabilities			
Trade and other payables	9	**8,021,551**	6,201,171
Advanced proceeds received from customers		**2,756,021**	2,063,371
Amounts due to related parties		**15,550**	31,127
Amounts due to non-controlling interests		**80,692**	80,692
Income tax payable		**1,573,952**	1,695,010
Borrowings	6	**3,374,276**	1,865,238
Derivative financial instruments	8	**278,118**	670,344
Provision for other liabilities and charges		**15,031**	15,412
		16,115,191	12,622,365
Total liabilities		**22,703,969**	19,592,958
Total equity and liabilities		**30,394,908**	26,862,787
Net current assets		**2,222,265**	2,231,208
Total assets less current liabilities		**14,279,717**	14,240,422

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

		Unaudited	
		Six months ended 30 June	
		2012	2011
	Note	***RMB'000***	*RMB'000*
Revenues	*3*	**852,337**	1,587,453
Cost of sales	*11*	**(453,509)**	(789,848)
Gross profit		**398,828**	797,605
Fair value gains on investment properties		**291,459**	1,559,171
Fair value gains on derivative financial instruments		**373,097**	50,603
Other gains	*10*	**2,268**	17,822
Selling and marketing costs	*11*	**(53,120)**	(46,554)
Administrative expenses	*11*	**(120,811)**	(133,465)
Other operating expenses	*11*	**(17,272)**	(22,378)
Operating profit		**874,449**	2,222,804
Finance income	*12*	**7,250**	4,578
Finance costs	*12*	**(87,921)**	(136,101)
Finance costs — net	*12*	**(80,671)**	(131,523)
Share of results of			
— Associated companies		**(3,373)**	—
— Jointly controlled entities		**(1,564)**	(1,822)
		(4,937)	(1,822)
Profit before income tax		**788,841**	2,089,459
Income tax expense	*13*	**(198,486)**	(737,543)
Profit for the period		**590,355**	1,351,916
Attributable to:			
Equity holders of the Company		**593,770**	1,340,942
Non-controlling interests		**(3,415)**	10,974
		590,355	1,351,916
Earnings per share for profit attributable to equity holders of the Company *(RMB cents)*			
— Basic	*15*	**9.8**	22.3
— Diluted	*15*	**3.4**	20.4
Dividend	*14*	**—**	—

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Unaudited Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Profit for the period	**590,355**	1,351,916
Other comprehensive income/(loss)		
— Revaluation surplus upon the transfer of an owner-occupied property to investment property, net of tax	**—**	106,336
— Currency translation differences	**(1,504)**	—
Total comprehensive income for the period	**588,851**	1,458,252
Attributable to:		
Equity holders of the Company	**592,266**	1,447,278
Non-controlling interests	**(3,415)**	10,974
	588,851	1,458,252

NOTES TO THE FINANCIAL INFORMATION

For the six months ended 30 June 2012 (Unaudited)

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 (the "Stock Exchange") on 13 November 2009.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2012 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 2011, 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 2011.

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

Amended standard adopted by the Group in 2012

The following amendment to existing standard is mandatory for the first time for the financial year beginning on 1 January 2012 and is relevant to the Group's operations.

- In December 2010, the HKICPA amended HKAS 12 'Income Taxes' to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted. The Group has adopted this amendment in 2012 but this amendment has no significant impact on the Group's consolidated financial statements, as the investment properties of the Group are held with a business model to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly, the presumption is rebutted and related deferred tax is not remeasured.

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 the financial year ending on 31 December 2012.

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	
	2012	2011
	RMB'000	*RMB'000*
Sale of properties		
— commercial	**311,236**	898,709
— residential	**417,448**	612,091
	728,684	1,510,800
Hotel operating income	**22,120**	27,829
Rental income from investment properties	**86,458**	41,239
Property management fee income	**15,075**	7,585
	852,337	1,587,453

3 REVENUES AND SEGMENT INFORMATION (continued)

(b) Segment information

The unaudited segment results for the six months ended 30 June 2012 are as follows:

	Property development — commercial	Property development — residential	Hotel	Property investment and management	All other segments	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total segment revenues	**311,236**	**417,448**	**22,938**	**101,533**	**—**	**—**	**853,155**
Inter-segment revenues	**—**	**—**	**(818)**	**—**	**—**	**—**	**(818)**
Revenues	**311,236**	**417,448**	**22,120**	**101,533**	**—**	**—**	**852,337**
Operating profit/(loss)	**163,722**	**38,520**	**(11,689)**	**335,262**	**348,634**	**—**	**874,449**
Finance costs — net							**(80,671)**
Share of results of associated companies	**(494)**	**(2,879)**	**—**	**—**	**—**	**—**	**(3,373)**
Share of results of jointly controlled entities	**(415)**	**(1,137)**	**—**	**(12)**	**—**	**—**	**(1,564)**
Profit before income tax							**788,841**
Income tax expense							**(198,486)**
Profit for the period							**590,355**
Other segment information							
Capital and property development expenditure	**1,393,571**	**1,653,561**	**8**	**136,144**	**—**	**—**	**3,183,284**
Depreciation	**1,730**	**5,628**	**7,339**	**198**	**1,849**	**—**	**16,744**
Amortisation of land use rights as expenses	**2,705**	**642**	**—**	**—**	**—**	**—**	**3,347**
Fair value gains on investment properties	**—**	**—**	**—**	**291,459**	**—**	**—**	**291,459**
Fair value gains on derivative financial instruments	**—**	**—**	**—**	**—**	**373,097**	**—**	**373,097**
Impairment of goodwill recognised as expenses	**—**	**33**	**—**	**—**	**—**	**—**	**33**

3 REVENUES AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

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
Fair value gains on investment properties	—	—	—	1,559,171	—	—	1,559,171
Fair value gains on derivative financial instruments	—	—	—	—	50,603	—	50,603
Impairment of goodwill recognised as expenses	—	472	6,963	—	—	—	7,435

3 REVENUES AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

The unaudited segment assets and liabilities as at 30 June 2012 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	**14,143,239**	**15,303,421**	**195,136**	**8,333,583**	**5,578,048**	**(14,069,199)**	**29,484,228**
Associated companies	**102,506**	**79,306**	—	—	—	—	**181,812**
Jointly controlled entities	**44,842**	**122,828**	—	**2,482**	—	—	**170,152**
Non-current asset classified as held for sale	—	**314,144**	—	—	—	—	**314,144**
	14,290,587	**15,819,699**	**195,136**	**8,336,065**	**5,578,048**	**(14,069,199)**	**30,150,336**
Unallocated:							
Deferred income tax assets							**123,845**
Prepaid income taxes							**120,727**
Total assets							**30,394,908**
Segment liabilities	**8,567,383**	**10,462,936**	**165,992**	**389,962**	**7,045,299**	**(14,069,199)**	**12,562,373**
Unallocated:							
Deferred income tax liabilities							**1,154,123**
Borrowings							**7,135,403**
Derivative financial instruments							**278,118**
Income tax payable							**1,573,952**
Total liabilities							**22,703,969**

The audited 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

4 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
Trade receivables *(note)*	**163,425**	103,505
Less: Provision for impairment of trade receivables	**(50,889)**	(52,589)
Trade receivables — net	**112,536**	50,916
Deposits for resettlement costs	**738**	738
Advances to third parties	**68,363**	68,363
Other receivables	**159,671**	122,811
Prepayments for construction costs	**71,797**	111,664
Prepaid business tax on pre-sale proceeds	**162,211**	122,809
	575,316	477,301
Less: Non-current portion of other receivables	**(12,593)**	(12,235)
Current portion	**562,723**	465,066

As at 30 June 2012, 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 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:

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
Within 90 days	**55,146**	18,189
Over 90 days and within 1 year	**47,230**	26,727
Over 1 year and within 2 years	**16,444**	20,743
Over 2 years	**44,605**	37,846
	163,425	103,505

As at 30 June 2012, provision for impairment of trade receivables was approximately RMB50,889,000 (31 December 2011: approximately RMB52,589,000).

5 SHARE CAPITAL

Details of share capital of the Company are as follows:

	Par value *HK$*	Number of ordinary shares	Nominal value of ordinary shares *HK$*	Equivalent *RMB*
Authorised:				
At 30 June 2011, 31 December 2011 and at 30 June 2012	0.1	12,000,000,000	1,200,000,000	
Issued and fully paid:				
At 31 December 2011	0.1	6,063,470,969	606,347,097	533,842,510
Issue of shares in connection with conversion of convertible bonds *(note (a))*	0.1	29,980,057	2,998,006	2,438,367
At 30 June 2012	0.1	6,093,451,026	609,345,103	536,280,877
At 1 January 2011	0.1	6,000,000,000	600,000,000	528,540,068
Issue of shares in connection with acquisition of a subsidiary *(note (b))*	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

Notes:

(a) During the six months ended 30 June 2012, 19,253,066 and 10,726,991 ordinary shares at par value of HK$0.1 per share were issued upon the request for conversion by the bondholders (Note 6 (b)) with the conversion price of HK$3.168 and HK$2.61 per share respectively. The ordinary shares issued have the same rights as the other shares in issue.

(b) 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.

6 BORROWINGS

	30 June 2012 ***RMB'000***	31 December 2011 *RMB'000*
Borrowings included in non-current liabilities		
Bank borrowings — secured	**4,442,959**	3,954,785
Convertible bonds *(notes (a) and (b))*	**2,248,516**	2,205,674
	6,691,475	6,160,459
Less: Amounts due within one year	**(2,930,348)**	(1,563,270)
	3,761,127	4,597,189
Borrowings included in current liabilities		
Bank overdrafts	**16,023**	15,461
Bank borrowings — secured	**102,204**	62,714
Bank borrowings — unsecured	**325,701**	223,793
Current portion of long-term borrowings	**2,930,348**	1,563,270
	3,374,276	1,865,238

6 BORROWINGS (continued)

(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 & Co.. 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 & Co., 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 were determined at issuance of the bond. Subsequently, the liability component is measured at amortised cost and the embedded derivatives are measured at fair value at each balance sheet date.

(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 which has been reset to HK$2.61 per share on 10 March 2012.

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 were determined at issuance of the bond. Subsequently, the liability component is measured at amortised cost and the embedded derivatives are measured at fair value at each balance sheet date.

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), together with corresponding embedded derivatives, were transferred to share capital and share premium as consideration for the shares issued.

During the six months ended 30 June 2012, some 2016 Bonds with principal amount of HK$89,000,000 were converted to 29,980,057 ordinary shares (Note 5) at a price of HK$3.168 or HK$2.61 per share. The corresponding liability component of the 2016 Bonds with carrying amount of HK$74,947,000 (equivalent to RMB60,951,000), together with corresponding embedded derivatives (Note 8), were transferred to share capital and share premium as consideration for the shares issued.

7 PLEDGED ASSETS

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
Completed properties held for sale	**2,658,072**	2,193,677
Property, plant and equipment	**121,316**	127,366
Land use rights	**2,995,452**	2,301,259
Investment properties	**3,465,484**	3,638,378
Restricted cash	**441,374**	385,034
	9,681,698	8,645,714

8 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
2015 Bonds — Embedded derivatives *(note (a))*	**100,524**	235,867
2016 Bonds — Embedded derivatives *(note (a))*	**171,964**	425,430
Warrants *(note (b))*	**5,630**	9,047
	278,118	670,344

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$290,943,000 (equivalent to RMB235,867,000) at 31 December 2011 and HK$123,312,000 (equivalent to RMB100,524,000) at 30 June 2012 respectively by DTZ Debenham Tie Leung Limited ("DTZ"). The embedded derivatives of the 2016 Bonds issued on 23 May 2011 are valued at HK$524,769,000 (equivalent to RMB425,430,000) at 31 December 2011 and HK$210,947,000 (equivalent to RMB171,964,000) at 30 June 2012 by DTZ. The fair value changes are made through profit and loss.

During the six months ended 30 June 2012, some 2016 Bonds with principal amount of HK$89,000,000 were converted to 29,980,057 ordinary shares (Note 5) at a price of HK$3.168 or HK$2.61 per share and the corresponding embedded derivatives with carrying amount of HK$23,523,000 (equivalent to RMB19,129,000) were transferred to share capital and share premium as consideration for the shares issued.

(b) The warrants are issued together with the 2015 Bonds (Note 6(a)) on 10 December 2010 which are valued at HK$11,159,000 (equivalent to RMB9,047,000) at 31 December 2011 and HK$6,908,000 (equivalent to RMB5,630,000) at 30 June 2012 respectively by DTZ. The fair value change is made through profit and loss.

9 TRADE AND OTHER PAYABLES

	30 June 2012 RMB'000	31 December 2011 RMB'000
Trade payables *(note (a))*	**4,818,587**	3,684,693
Dividend payable *(Note 14)*	**248,369**	—
Other payables *(note (b))*	**2,798,191**	2,391,807
Other taxes payable	**156,404**	124,671
	8,021,551	6,201,171

Notes:

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

	30 June 2012 RMB'000	31 December 2011 RMB'000
Within 90 days	**4,545,406**	3,486,284
Over 90 days and within 180 days	**273,181**	198,409
	4,818,587	3,684,693

(b) Other payables comprise:

	30 June 2012 RMB'000	31 December 2011 RMB'000
Deposits and advances from constructors	**1,618**	1,365
Excess proceeds and deposits received from customers	—	458
Deposits received from tenants	**41,364**	34,182
Advances from third parties *(note (i))*	**1,137,956**	879,816
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**	88,802
Prepayments received in connection with the disposal of a jointly controlled entity *(note (ii))*	**1,136,359**	1,136,359
Payable to a joint venture partner Baolong	**110,599**	92,925
Prepayments received in connection with the disposal of minority interest in a subsidiary *(note (iii))*	**100,000**	—
Miscellaneous	**111,493**	87,900
	2,798,191	2,391,807

(i) The advances from third parties are non-trade in nature, unsecured, interest-free and have no fixed repayment terms except for advances of RMB165,049,000 made from Nanjing Guoding Investment Property Company and RMB255,587,000 made from Mr. Zeng Huansha which bear interest at 12% and 15.5% per annum respectively and are due for repayment upon receiving demand from the lender.

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

(iii) Pursuant to the equity transfer agreement entered into between the Group and a third party on 18 January 2012, the Group agreed to sell 49% equity interest in Jiangsu Mingfa Industrial Material Co., Ltd, a wholly owned subsidiary of the Group to the third party at a consideration of RMB1,053,500,000, of which RMB100,000,000 has been received as at 30 June 2012.

10 OTHER GAINS

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Government grants	**1,782**	1,601
Net exchange gain	**—**	15,480
Miscellaneous	**486**	741
	2,268	17,822

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	
	2012	2011
	RMB'000	*RMB'000*
Staff costs — including directors' emoluments	**61,724**	57,307
Auditor's remuneration	**1,500**	2,100
Depreciation	**16,744**	17,275
Amortisation of land use rights	**3,347**	1,966
Advertising, promotion and commission costs	**37,842**	37,055
Cost of properties sold	**361,239**	661,437
Business tax and other levies on sales of properties	**41,188**	85,396
Direct outgoings arising from investment properties that generate rental income	**17,957**	7,271
Hotel operating expenses	**27,190**	22,879
Charitable donations	**670**	2,217
Office expenses	**31,979**	34,715
Professional fees	**4,609**	7,583
(Reversal of)/Additional provision for impairment of receivables	**(298)**	1,078
Impairment of goodwill	**33**	7,435
Provision for delay in delivering properties	**1,116**	3,372
Net exchange loss	**13,358**	—
Miscellaneous	**24,514**	43,159
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses	**644,712**	992,245

12 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Finance income		
— interest income on bank deposits	**7,250**	4,578
Interest on bank borrowings and overdrafts		
— wholly repayable within five years	**(174,624)**	(99,938)
— wholly repayable over five years	**(8,849)**	(10,191)
Interest expense on convertible bonds	**(154,520)**	(93,929)
Less: Interest capitalised	**250,072**	67,957
Finance costs	**(87,921)**	(136,101)
Net finance costs	**(80,671)**	(131,523)

13 INCOME TAX EXPENSE

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Current income tax		
— PRC enterprise income tax	**53,742**	179,616
— PRC land appreciation tax	**73,571**	95,125
	127,313	274,741
Deferred income tax		
— PRC enterprise income tax	**68,386**	387,757
— PRC withholding income tax	**2,787**	75,045
	71,173	462,802
	198,486	737,543

(a) Hong Kong profits tax

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profit in Hong Kong during the six months ended 30 June 2012 (2011: 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 tax rate of the subsidiaries established in Xiamen of the PRC has been increased to 25% during the six months ended 30 June 2012 (2011: 24%).

13 INCOME TAX EXPENSE (continued)

(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.

A property project in Jiangsu province is subject to land appreciation tax calculated at a rate of 4.5% on the proceeds from sales of properties, as agreed with the local tax authority.

(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 2012 (2011: Nil).

A final dividend in respect of 2011 of HK5 cents per ordinary share, amounting to approximately HK$304,673,000 (equivalent to approximately RMB247,821,000) has been approved at the annual general meeting of the Company held on 18 May 2012. The dividend remained unpaid as at 30 June 2012 (Note 9).

15 EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the six months ended 30 June 2012 and 2011 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	
	2012	2011
Profit attributable to equity holders of the Company *(RMB'000)*	**593,770**	1,340,942
Weighted average number of ordinary shares in issue *(thousands)*	**6,085,329**	6,016,000
Basic earnings per share *(RMB cents)*	**9.8**	22.3

(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 and any exchange and fair value movements. 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.

15 EARNINGS PER SHARE (continued)

(b) Diluted (continued)

For the six months ended 30 June 2012 and 2011, as the average market share price of the ordinary shares during the relevant period was lower than the subscription price, the impact of exercise of warrants on earnings per share is anti-dilutive.

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**593,770**	1,340,942
Interest expense on convertible bonds (net of tax)	**6,259**	93,929
Exchange losses/(gains) on convertible bonds — liability component	**12,162**	(31,115)
Changes in fair value of convertible bonds — embedded derivatives	**(369,680)**	(46,700)
Profit used to determine diluted earnings per share	**242,511**	1,357,056
Weighted average number of ordinary shares in issue *(thousands)*	**6,085,329**	6,016,000
Adjustment for conversion of convertible bonds *(thousands)*	**1,102,537**	638,984
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**7,187,866**	6,654,984
Diluted earnings per share *(RMB cents)*	**3.4**	20.4

16 FINANCIAL GUARANTEES

	30 June	31 December
	2012	2011
	RMB'000	*RMB'000*
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	**2,587,466**	3,227,283

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 RMB852.3 million for the six months ended 30 June 2012, representing a decrease of 46.3% from the corresponding period in 2011. The unaudited consolidated profit attributable to equity holders of the Company was approximately RMB593.8 million for the six months ended 30 June 2012, representing a decrease of 55.7% from the corresponding period in 2011. The unaudited basic earnings per share was RMB9.8 cents for the six months ended 30 June 2012, representing a decrease of 56.1% from the corresponding period in 2011.

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2012.

BUSINESS REVIEW

Sales and Earnings

The sales for the six months ended 30 June 2012 was approximately RMB852.3 million (corresponding period in 2011: approximately RMB1,587.5 million), representing a decrease of 46.3%.

The gross profit for the six months ended 30 June 2012 was approximately RMB398.8 million, (corresponding period in 2011: approximately RMB797.6 million), representing a decrease of 50.0%. The reason for the decrease was mainly due to the decrease 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 2012 and the six months ended 30 June 2011 was 104,096 sq.m. and 179,586 sq.m. respectively, representing a decrease of 42.0%.

The average sales price ("**ASP**") per square metre achieved by the Group in respect of the sales recognised for the six months ended 30 June 2012 was RMB7,000, representing a decrease of 16.8% from the ASP per square metre of RMB8,412.7 for the corresponding period in 2011. The primary reason for the decrease was due to the change of property mix. About 57% of property sales was generated from residential sector for the six months ended 30 June 2012 while about 41% of property sales was generated from the same sector for the corresponding period in 2011. ASP for the residential properties was lower than those of commercial properties.

The unaudited consolidated profit attributable to the equity holders of the Company for the six months ended 30 June 2012 was approximately RMB593.8 million (corresponding period in 2011: approximately RMB1,340.9 million), representing a decrease of 55.7% from the corresponding period in 2011. The decrease was mainly due to the decrease in sales as well as gross profit which was driven by the decrease in the GFA delivered and the decrease in fair value gains on investment properties for the six months ended 30 June 2012.

Segment Information

Turnover generated from different sectors are analyzed as follows:

For the six months ended	Commercial Properties	Residential Properties	Property Investment and Management	Hotel	Total
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*
30 June 2012	311.2	417.5	101.5	22.1	**852.3**
30 June 2011	898.7	612.2	48.8	27.8	**1,587.5**

Pre-sold Properties

As at 30 June 2012, the Group has pre-sold properties to the buyers with an aggregate GFA of 565,345 sq.m. Set out below are the details of the properties, the Group's interest 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%	28,414
Nanjing	Nanjing Mingfa Shopping Mall	100%	2,526
Nanjing	Nanjing Mingfa City Square	100%	45,504
Wuxi	Wuxi Mingfa Shopping Mall	70%	3,410
Wuxi	Wuxi Mingfa International New Town	100%	61,868
Xiamen	Xiamen Mingfa Shopping Mall	70%	4,300
Xiamen	Xiamen Mingfa Xiang Wan Peninsula	100%	52,827
Yangzhou	Yangzhou Mingfa Shopping Mall	100%	4,166
Hefei	Hefei Mingfa Shopping Mall	100%	26,718
Zhangzhou	Zhangzhou Mingfa Shopping Mall	100%	236,397
Honglai	Honglai Mingfa Commercial Centre	100%	3,536
Zhengjiang	Zhengjiang Jinxiu Yishan	100%	33,477
Huai'an	Huai'an Mingfa Shopping Mall	100%	27,803
Shenyang	Shenyang Mingfa Jinxiuhwa City	100%	34,399
Total			**565,345**

Summary of Land Bank

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

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.)*
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	3,656	100%	3,656
Xiamen Mingfa Garden	Located at Huanhuli South, Lvling Road, Siming District, Xiamen, Fujian Province	Apr-2005	Residential/ Commercial	Completed	18,697	17,657	100%	17,657
Xiamen Jianqun Elegant Garden	Located at Qianpu Lianqian East Road North, Huli District, Xiamen, Fujian Province	Apr-2005	Residential/ Office	Completed	10,257	2,232	100%	2,232
Xiamen Mingfa International New Town	Located at Qianpu Lianqian Road South, Siming District, Xiamen, Fujian Province	Feb-2002	Residential/ Commercial/ Office	Completed	26,016	21,598	100%	21,598
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	39,398	70%	27,579
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	383	100%	383
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	255,610	100%	255,610
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	115,370	100%	115,370
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	439,694	70%	307,786
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	352,991	100%	352,991
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	251,233	100%	251,233
Honglai Mingfa Commercial Center	Located at Honglai District, Nanan, Fujian Province	Dec-2012	Residential/ Commercial	Completed	27,065	28,375	100%	28,375
Sub-total					**2,209,172**	**1,574,900**		**1,431,173**

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 and GFA of 39,805 sq.m. in June 2012. The remaining GFA of 131,370 sq.m. will be completed in December 2012	128,683	236,789	100%	236,789
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 50% 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 70% of construction has been completed	223,589	575,967	100%	575,967
Zhenjiang Jinxiu Yinshan	Located in the centre of Zhenjiang City, Jiangsu Province	Dec-2014	Residential/ Commercial/ Hotel	Approximately 40% of construction has been completed	296,702	392,847	100%	392,847
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 30% 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 40% of construction has been completed	258,297	549,561	100%	549,561
Taizhou Mingfa City Complex	Located in Machang Zhonggou of west, Huangang Avenue South, Gaogang District, Taizhou, Jiangsu Province	Dec-2014	Residential/ Commercial	Construction has been started in June 2012	292,487	845,316	100%	845,316
Sub-total					**1,488,843**	**3,551,233**		**3,551,233**

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
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-2013	Residential	Vacant	158,238	221,533	100%	221,533
Sub-total					**1,407,948**	**2,809,060**		**2,172,700**

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 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
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
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
Longhai City Ziyun Area Development Projects	Located in Kekeng Village, Bangshan Town, Longhai City, Zhangzhou, Fujian Province	Jun-2015	Residential/ Commercial	Vacant	78,622	277,762	100%	277,762
Sub-total					**693,906**	**1,824,650**		**1,824,650**
Total land bank					**5,799,869**	**9,759,843**		**8,979,756**

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 2012.

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 2012.

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:

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	102,952	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%
Nanjing Mingfa International Industrial Material Park	Located in Yuhua Economic Development Zone, Nanjing, Jiangsu Province	Industrial	463,298	3years	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	70%

Property	Address	Existing Usage	Attributable GFA *(sq.m.)*	Term of Leases with Tenants	Percentage of Interest in the Properties Attributable to the Group
Hefei Mingfa Shopping Mall	Located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang District, Hefei, Anhui Province	Commercial	92,465	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	37,362	15 years	100%
Total			**1,081,244**		

ACQUISITION FRAMEWORK AGREEMENTS

As at 30 June 2012, the Group had entered into eleven memoranda of understanding (the "**MOU(s)**") 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. All MOUs were executed before 2012. 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 such lands. Notwithstanding that, the Company 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 MOUs and the related projects are listed as follows:

Project Name	Location	Date of MOU	Site Area *(sq.m.)*	GFA *(sq.m.)*
Nanjing Mingfa Furniture Centre *(Note 1)*	Nanjing City, Jiangsu Province	1 May 2005	83,334	53,408
Nanjing Mingfa Riverside New Town, District II	Nanjing City, Jiangsu Province	16 August 2007	230,001	400,000
Huai'an Mingfa International Industrial Material Park and Mingfa International Town *(Note 2)*	Huai'an City, Jiangsu Province	28 November 2007	666,670	1,180,219
Tianjin Jingjin Mingfa International Town	Tianjin City	6 December 2009	1,533,341	3,000,000
Shenyang Creative Park *(Note 3)*	Shenyang City, Liaoning Province	28 January 2010	912,005	2,000,000
Shenyang Residential and Commercial Complex *(Note 4)*	Shenyang City, Liaoning Province	28 January 2010	142,800	714,000

Project Name	Location	Date of MOU	Site Area *(sq.m.)*	GFA *(sq.m.)*
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 5)*	Taizhou City, Jiangsu Province	22 December 2010	1,466,674	3,666,685
Tianjin City Complex Project *(Note 6)*	Tianjin City	9 March 2011	280,000	560,000
Shenyang Mingfa Integrated Science and Technology Park	Shenyang City, Liaoning Province	23 September 2011	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 two plots of land in 2010 under the MOU signed on 28 November 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 approximately 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 approximately 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 approximately 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 Zhonggou East, Huangang Avenue South, Taizhou. Total land area and GFA is approximately 292,487 sq.m. and approximately 731,300 sq.m. respectively.

(6) 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, Tianjin. Total land area and GFA is approximately 209,048 sq.m. and approximately 418,082 sq.m. respectively.

PROSPECTS AND OUTLOOK

Being a balanced prudent property developer, the Group has developed various types of properties including commercial, residential and industrial properties. The Group believes that the balanced property portfolio is essential for the stable and healthy development in general even in the unstable environment and expects that this policy will be continuously applied.

As at 30 June 2012, residential properties and commercial properties represented 46.1% and 35.7% respectively of the Group's total GFA. The Group intends to maintain similar proportion in carrying out its business.

The residential property market is still under austerity controls in the first half of 2012 notwithstanding the decrease in bank interest rate and bank deposit reserve ratio. In order to increase the cash level, the Group has decreased the ASP for 2 residential projects in Nanjing and Xiamen in mid-April 2012 and the demand increases steadily. The Group will continue to adjust the sales strategies according to the market conditions.

With respect to the commercial property sector, the Group believes that the stringent measures will not be applied to the commercial properties. In order to stabilize and diversify the recurring income stream, the Group continues to allocate 30% — 50% of shops in the shopping malls as investment properties which will generate stable rental income. On 13 July 2012, Yong Hui Supermarket has started business in Nanjing Mingfa Shopping Mall and the number of visitors for the first day has reached 50,000.

In January 2012, the Group has signed an agreement with the investment arm of Nanjing Government to sell 49% equity interest of a project company in Nanjing. The project company holds an industrial project in Nanjing which will become a pilot project for developing a software city in Nanjing. The buyer further agrees to pay the project company a guaranteed monthly income of RMB27.0 per square metre effective February 2012.

Looking forward, the Group is fully confident that its financial and business outlook in the challenging year 2012 will remain stable notwithstanding the austerity measures launched and implemented by the PRC government in the real estate market.

CAPITAL COMMITMENTS

As at 30 June 2012, the contracted capital commitments of the Group were approximately RMB4,614.6 million (31 December 2011: approximately RMB4,744.1 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 funds and resources.

CONVERTIBLE BONDS

Reference is made to the announcement of the Company dated 5 March 2012 in respect of resetting the conversion price of HK$1,560,000,000, 5.25% convertible bonds due 2016. Pursuant to the terms of the conditions of these convertible bonds, the conversion price was adjusted from HK$3.168 to HK$2.61 effective 10 March 2012.

Details of the convertible bonds issued by the Company are set out in Note 6 to the financial information.

INTERIM DIVIDEND

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SUBSEQUENT EVENTS

There was no matter between the balance sheet date (i.e. 30 June 2012) and the date of this announcement that would cause material impact on the Group.

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 2012.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the principles and the provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (the "**New CG Code**") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2012, except as noted hereunder.

During the period under review, the Company has not yet confirmed an insurance scheme for the Company's directors and officers as required by the code provision A.1.8 of the New CG Code. The Company has been undergoing the evaluation process and consulting with insurance service providers for arranging an appropriate insurance coverage for the directors and officers of the Company.

In respect of code provision A.6.7 of the New CG Code, two independent non-executive directors of the Company were unable to attend the annual general meeting of the Company held on 18 May 2012 due to other business commitment at the relevant time.

The non-executive director of the Company has not been appointed for a specific term pursuant to code provision A.4.1. The appointment of the non-executive director of the Company 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 provision A.4.1 is acceptable.

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

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive directors, namely Mr. Qu Wenzhou (the chairperson of the Audit Committee), Mr. Wong Po Yan and Mr. Dai Yiyi. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, the interim report and the unaudited condensed consolidated financial statements for the six months ended 30 June 2012.

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

Hong Kong, 27 August 2012

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.