# 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 2014

**FINANCIAL HIGHLIGHTS**

The unaudited consolidated revenue of the Group was approximately RMB1,525.5 million for the six months ended 30 June 2014, representing a decrease of 47.1% from the corresponding period in 2013.

The unaudited consolidated profit attributable to equity holders of the Company was approximately RMB352.7 million for the six months ended 30 June 2014, representing a decrease of 30.9% from the corresponding period in 2013.

The unaudited basic and diluted earnings per share were RMB5.8 cents and RMB5.3 cents respectively for the six months ended 30 June 2014, representing a decrease of 31.0% and 24.3% respectively as compared to the corresponding period in 2013.

The Board does not recommend payment of interim dividend for the six months ended 30 June 2014.

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 2014 together with comparative figures for the corresponding period in 2013.

## CONDENSED CONSOLIDATED BALANCE SHEET

*As at 30 June 2014*

| | Note | **Unaudited 30 June 2014 *RMB'000*** | Audited 31 December 2013 *RMB'000* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **1,557,093** | 1,521,738 |
| Investment properties | | **9,054,809** | 8,704,268 |
| Land use rights | | **162,904** | 155,829 |
| Intangible assets | | **7,176** | 7,177 |
| Associated companies | | **257,211** | 210,435 |
| Joint ventures | | **263,261** | 264,895 |
| Deferred income tax assets | | **403,003** | 414,044 |
| Available-for-sale financial assets | | **20,000** | 20,000 |
| Amounts due from non-controlling interests | | **200,000** | 265,000 |
| Other receivables | 4 | **13,986** | 13,589 |
| Other non-current assets | | **3,132,673** | 2,245,062 |
| | | **15,072,116** | 13,822,037 |
| **Current assets** | | | |
| Land use rights | | **7,071,834** | 6,783,714 |
| Properties under development | | **5,982,557** | 4,132,947 |
| Completed properties held for sale | | **5,795,296** | 6,296,805 |
| Inventories | | **12,264** | 6,834 |
| Trade and other receivables and prepayments | 4 | **1,351,709** | 1,447,959 |
| Prepaid income taxes | | **129,783** | 230,992 |
| Amounts due from related parties | | **358,935** | 53,879 |
| Amounts due from non-controlling interests | | **187,056** | 496,620 |
| Restricted cash | | **2,519,730** | 1,128,500 |
| Cash and cash equivalents | | **643,220** | 971,184 |
| | | **24,052,384** | 21,549,434 |
| **Total assets** | | **39,124,500** | 35,371,471 |

| | Note | Unaudited 30 June 2014 RMB'000 | Audited 31 December 2013 RMB'000 |
|---|---|---|---|
| **EQUITY** | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | |
| Share capital | 5 | **536,281** | 536,281 |
| Reserves | | **10,073,203** | 9,717,806 |
| | | **10,609,484** | 10,254,087 |
| **Non-controlling interests in equity** | | **986,135** | 988,671 |
| **Total equity** | | **11,595,619** | 11,242,758 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred government grants | | **1,492,059** | 1,515,479 |
| Borrowings | 6 | **3,939,006** | 2,031,671 |
| Deferred income tax liabilities | | **2,093,015** | 1,949,336 |
| | | **7,524,080** | 5,496,486 |
| **Current liabilities** | | | |
| Trade and other payables | 9 | **7,084,462** | 6,670,142 |
| Advanced proceeds received from customers | | **3,301,707** | 2,775,825 |
| Amounts due to related parties | | **392,029** | 348,209 |
| Amounts due to non-controlling interests | | **179,117** | 160,564 |
| Income tax payable | | **1,924,678** | 2,017,813 |
| Borrowings | 6 | **7,110,100** | 6,609,730 |
| Derivative financial instruments | 8 | **6,286** | 46,230 |
| Provision for other liabilities and charges | | **6,422** | 3,714 |
| | | **20,004,801** | 18,632,227 |
| **Total liabilities** | | **27,528,881** | 24,128,713 |
| **Total equity and liabilities** | | **39,124,500** | 35,371,471 |
| **Net current assets** | | **4,047,583** | 2,917,207 |
| **Total assets less current liabilities** | | **19,119,699** | 16,739,244 |

## CONDENSED CONSOLIDATED INCOME STATEMENT

*For the six months ended 30 June 2014*

| | Note | Unaudited Six months ended 30 June 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|---|
| **Revenues** | 3 | **1,525,498** | 2,886,152 |
| Cost of sales | 11 | **(919,691)** | (1,832,639) |
| **Gross profit** | | **605,807** | 1,053,513 |
| Fair value gains on investment properties | | **345,459** | 222,897 |
| Fair value gains on derivative financial instruments | | **2,464** | 18,231 |
| Other gains | 10 | **75,547** | 58,563 |
| Selling and marketing costs | 11 | **(82,855)** | (95,594) |
| Administrative expenses | 11 | **(173,465)** | (156,265) |
| Other operating expenses | 11 | **(83,476)** | (25,092) |
| **Operating profit** | | **689,481** | 1,076,253 |
| Finance income | 12 | **7,988** | 9,758 |
| Finance costs | 12 | **(43,792)** | (129,653) |
| Finance costs — net | 12 | **(35,804)** | (119,895) |
| Share of results of | | | |
| — Associated companies | | **(1,227)** | (3,729) |
| — Joint ventures | | **(1,635)** | (2,016) |
| | | **(2,862)** | (5,745) |
| **Profit before income tax** | | **650,815** | 950,613 |
| Income tax expense | 13 | **(300,603)** | (449,492) |
| **Profit for the period** | | **350,212** | 501,121 |
| **Attributable to:** | | | |
| Equity holders of the Company | | **352,748** | 510,278 |
| Non-controlling interests | | **(2,536)** | (9,157) |
| | | **350,212** | 501,121 |
| **Earnings per share for profit attributable to equity holders of the Company** (RMB cents) | | | |
| — Basic | 14 | **5.8** | 8.4 |
| — Diluted | 14 | **5.3** | 7.0 |
| **Dividend** | 15 | **—** | — |

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2014*

| | Unaudited Six months ended 30 June | |
|---|---|---|
| | **2014** | 2013 |
| | ***RMB'000*** | *RMB'000* |
| **Profit for the period** | **350,212** | 501,121 |
| **Other comprehensive gain/(loss), which may be reclassified subsequently to profit or loss** | | |
| — Currency translation differences | **2,649** | (9,620) |
| **Total comprehensive income for the period** | **352,861** | 491,501 |
| **Attributable to** | | |
| Equity holders of the Company | **355,397** | 500,658 |
| Non-controlling interests | **(2,536)** | (9,157) |
| | **352,861** | 491,501 |

# NOTES TO THE FINANCIAL INFORMATION

*For the six months ended 30 June 2014 (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 Floor 4, Willow House, Cricket Square, P O Box 2804, 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 began to list 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 2014 are prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets 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 2013, 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 2013.

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

**Amendments and interpretation adopted by the Group in 2014**

The following amendments to existing standards and interpretation are mandatory for the first time for the financial year beginning on 1 January 2014 and are relevant to the Group's operations.

- HKAS 32 (Amendment) "Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014). The amendment clarifies the requirements for offsetting financial instruments on the balance sheet: (i) the meaning of 'currently has a legally enforceable right of set-off'; and (ii) that some gross settlement systems may be considered as equivalent to net settlement systems.

- HKFRS 10, 12 and HKAS 27 (Amendments) regarding consolidation for investment entities (effective for annual periods beginning on or after 1 January 2014). These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made HKFRS 12 to introduce disclosures that an investment entity needs to make.

- HKAS 36 (Amendment) "Impairment of Assets" on recoverable amount disclosures (effective for annual periods beginning on or after 1 January 2014). This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- HK(IFRIC) 21 "Levies" (effective for annual periods beginning on or after 1 January 2014). This is an interpretation of HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets". HKAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The adoption of the above amendments to existing standards and interpretation in 2014 does not have any significant impact on the Group's consolidated financial statements.

The Group has not early adopted any new accounting and financial reporting standards, amendments to existing standards and interpretations which have been issued but are not yet effective for the financial year ending on 31 December 2014.

## 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** | |
|---|---:|---:|
| | **2014** | 2013 |
| | ***RMB'000*** | *RMB'000* |
| Sale of properties | | |
| — commercial | **372,901** | 647,480 |
| — residential | **943,553** | 2,075,082 |
| | **1,316,454** | 2,722,562 |
| Hotel operating income | **50,062** | 33,636 |
| Rental income | | |
| — from investment properties | **135,632** | 113,100 |
| — others | **9,068** | 4,344 |
| Property management fee income | **14,282** | 12,510 |
| | **1,525,498** | 2,886,152 |

**(b) Segment information**

The unaudited segment results for the six months ended 30 June 2014 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 | **372,901** | **943,553** | **52,528** | **158,982** | — | — | **1,527,964** |
| Inter-segment revenues | — | — | **(2,466)** | — | — | — | **(2,466)** |
| Revenues | **372,901** | **943,553** | **50,062** | **158,982** | — | — | **1,525,498** |
| Operating profit/(loss) | **73,320** | **242,571** | **(18,337)** | **422,416** | **(30,489)** | — | **689,481** |
| Finance costs — net | | | | | | | **(35,804)** |
| Share of results of associated companies | **(791)** | **(436)** | — | — | — | — | **(1,227)** |
| Share of results of joint ventures | **(438)** | **(1,200)** | — | **3** | — | — | **(1,635)** |
| Profit before income tax | | | | | | | **650,815** |
| Income tax expense | | | | | | | **(300,603)** |
| Profit for the period | | | | | | | **350,212** |
| **Other segment information** | | | | | | | |
| Capital and property development expenditure | **968,986** | **2,324,765** | **14,627** | **5,518** | — | — | **3,313,896** |
| Depreciation | **1,861** | **7,355** | **9,938** | **1,067** | **2,278** | — | **22,499** |
| Amortisation of land use rights as expenses | **1,551** | **962** | — | — | — | — | **2,513** |
| Fair value gains on investment properties | — | — | — | **345,459** | — | — | **345,459** |
| Fair value gains on derivative financial instruments | — | — | — | — | **2,464** | — | **2,464** |
| Net gain from redemption of 2015 and 2016 Bonds | — | — | — | — | **23,988** | — | **23,988** |
| Impairment of goodwill recognised as expenses | — | **1** | — | — | — | — | **1** |

The unaudited segment results for the six months ended 30 June 2013 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 | 647,480 | 2,075,082 | 35,727 | 129,954 | — | — | 2,888,243 |
| Inter-segment revenues | — | — | (2,091) | — | — | — | (2,091) |
| Revenues | 647,480 | 2,075,082 | 33,636 | 129,954 | — | — | 2,886,152 |
| Operating profit/(loss) | 369,599 | 405,381 | (25,423) | 275,525 | 51,171 | — | 1,076,253 |
| Finance costs — net | | | | | | | (119,895) |
| Share of results of associated companies | (515) | (3,214) | — | — | — | — | (3,729) |
| Share of results of joint ventures | (541) | (1,482) | — | 7 | — | — | (2,016) |
| Profit before income tax | | | | | | | 950,613 |
| Income tax expense | | | | | | | (449,492) |
| Profit for the period | | | | | | | 501,121 |
| **Other segment information** | | | | | | | |
| Capital and property development expenditure | 358,020 | 1,357,195 | 10,525 | 49,212 | — | — | 1,774,952 |
| Depreciation | 1,400 | 6,450 | 16,282 | 735 | 2,247 | — | 27,114 |
| Amortisation of land use rights as expenses | 2,245 | 451 | — | — | — | — | 2,696 |
| Fair value gains on investment properties | — | — | — | 222,897 | — | — | 222,897 |
| Fair value gains on derivative financial instruments | — | — | — | — | 18,231 | — | 18,231 |
| Net loss from repurchase and redemption of 2016 Bonds | — | — | — | — | 11,442 | — | 11,442 |
| Impairment of goodwill recognised as expenses | — | 4 | — | — | — | — | 4 |

The unaudited segment assets and liabilities as at 30 June 2014 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 | **17,970,721** | **26,566,395** | **2,260,540** | **10,492,156** | **8,054,713** | **(27,273,283)** | **38,071,242** |
| Associated companies | **205,383** | **51,828** | **—** | **—** | **—** | **—** | **257,211** |
| Joint ventures | **69,740** | **191,029** | **—** | **2,492** | **—** | **—** | **263,261** |
| | **18,245,844** | **26,809,252** | **2,260,540** | **10,494,648** | **8,054,713** | **(27,273,283)** | **38,591,714** |
| Unallocated: | | | | | | | |
| Deferred income tax assets | | | | | | | **403,003** |
| Prepaid income taxes | | | | | | | **129,783** |
| Total assets | | | | | | | **39,124,500** |
| Segment liabilities | **10,131,604** | **19,001,260** | **300,402** | **884,606** | **9,411,207** | **(27,273,283)** | **12,455,796** |
| Unallocated: | | | | | | | |
| Deferred income tax liabilities | | | | | | | **2,093,015** |
| Borrowings | | | | | | | **11,049,106** |
| Derivative financial instruments | | | | | | | **6,286** |
| Income tax payable | | | | | | | **1,924,678** |
| Total liabilities | | | | | | | **27,528,881** |

The audited segment assets and liabilities as at 31 December 2013 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 | 15,550,412 | 19,290,502 | 2,052,058 | 10,228,574 | 6,708,059 | (19,578,500) | 34,251,105 |
| Associated companies | 160,801 | 49,634 | — | — | — | — | 210,435 |
| Joint ventures | 70,178 | 192,228 | — | 2,489 | — | — | 264,895 |
| | 15,781,391 | 19,532,364 | 2,052,058 | 10,231,063 | 6,708,059 | (19,578,500) | 34,726,435 |
| Unallocated: | | | | | | | |
| Deferred income tax assets | | | | | | | 414,044 |
| Prepaid income taxes | | | | | | | 230,992 |
| Total assets | | | | | | | 35,371,471 |
| Segment liabilities | 8,641,066 | 13,421,939 | 218,653 | 606,539 | 8,164,236 | (19,578,500) | 11,473,933 |
| Unallocated: | | | | | | | |
| Deferred income tax liabilities | | | | | | | 1,949,336 |
| Borrowings | | | | | | | 8,641,401 |
| Derivative financial instruments | | | | | | | 46,230 |
| Income tax payable | | | | | | | 2,017,813 |
| Total liabilities | | | | | | | 24,128,713 |

## 4 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

| | **30 June 2014** *RMB'000* | 31 December 2013 *RMB'000* |
|---|---|---|
| Trade receivables *(note)* | **341,765** | 298,733 |
| Less: Provision for impairment of trade receivables | **(48,890)** | (49,136) |
| Trade receivables — net | **292,875** | 249,597 |
| Deposits for resettlement costs | **2,755** | 2,755 |
| Deposits for land purchases | **18,050** | 28,050 |
| Advances to third parties | **176,073** | 280,826 |
| Receivable in connection with the disposal of a joint venture | **204,479** | 204,479 |
| Other receivables | **302,703** | 269,382 |
| Prepayments for construction costs | **176,098** | 257,016 |
| Prepaid business tax and other levies on pre-sale proceeds | **192,662** | 169,443 |
| | **1,365,695** | 1,461,548 |
| Less: Non-current portion of other receivables | **(13,986)** | (13,589) |
| Current portion | **1,351,709** | 1,447,959 |

As at 30 June 2014, the fair values of trade receivables, deposits for resettlement costs and land purchases, advances to third parties, receivable in connection with a disposal of equity interest 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 2014** *RMB'000* | 31 December 2013 *RMB'000* |
|---|---|---|
| Within 90 days | **56,335** | 74,298 |
| Over 90 days and within 1 year | **125,062** | 92,235 |
| Over 1 year and within 2 years | **105,887** | 85,346 |
| Over 2 years | **54,481** | 46,854 |
| | **341,765** | 298,733 |

As at 30 June 2014, provision for impairment of trade receivables was approximately RMB48,890,000 (31 December 2013: approximately RMB49,136,000).

## 5 SHARE CAPITAL

Details of share capital of the Company are as follows:

| | Par value<br>*HK$* | Number of ordinary shares | Nominal value of ordinary shares<br>*HK$* | Equivalent<br>*RMB* |
|---|---|---|---|---|
| Authorised: | | | | |
| At 1 January 2013, 31 December 2013 and 30 June 2014 | 0.1 | 12,000,000,000 | 1,200,000,000 | |
| Issued and fully paid: | | | | |
| At 1 January 2013, 31 December 2013 and 30 June 2014 | 0.1 | 6,093,451,026 | 609,345,103 | 536,280,877 |

## 6 BORROWINGS

| | **30 June 2014**<br>***RMB'000*** | 31 December 2013<br>*RMB'000* |
|---|---|---|
| Borrowings included in non-current liabilities | | |
| Bank borrowings — secured | **7,172,695** | 4,523,475 |
| Convertible bonds *(notes (a) and (b))* | **—** | 1,343,682 |
| Senior notes *(note (c))* | **633,445** | 626,053 |
| Other borrowings — secured | **175,000** | 180,000 |
| | **7,981,140** | 6,673,210 |
| Less: Amounts due within one year | **(4,042,134)** | (4,641,539) |
| | **3,939,006** | 2,031,671 |
| Borrowings included in current liabilities | | |
| Bank borrowings — secured | **2,101,027** | 1,368,085 |
| Other borrowings — guaranteed and secured | **534,939** | 600,106 |
| Other borrowings — unsecured | **432,000** | — |
| Current portion of long-term borrowings | **4,042,134** | 4,641,539 |
| | **7,110,100** | 6,609,730 |

*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 & 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 the bondholder 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 and the conversion, redemption options as well as the warrants were determined at issuance of the bonds. Subsequently, the liability component is measured at amortised cost and the embedded derivatives are measured at fair value at each balance sheet date.

On 15 January 2014, the Company paid HK$1,723,355,000 (equivalent to RMB1,355,815,000) to redeem all of the 2015 Bonds with principal amount of HK$1,551,580,000 upon the request of the bondholders.

**(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 and the conversion and redemption options were determined at issuance of the bonds. 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 of the 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 year ended 31 December 2012, some of the 2016 Bonds with principal amount of HK$89,000,000 were converted to 29,980,057 ordinary shares 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, were transferred to share capital and share premium as consideration for the shares issued.

On 8 February 2013, the Company repurchased some of the 2016 Bonds with an aggregate principal amount of HK$70,000,000 by way of over the counter purchase with cash consideration of HK$76,453,000 (equivalent to RMB61,915,000).

On 23 June 2013, the Company paid HK$1,522,519,000 (equivalent to RMB1,212,763,000) to redeem some of the 2016 Bonds with principal amount of HK$1,379,000,000 upon the request of the bondholders.

On 10 March 2014, the Company paid HK$12,457,000 (equivalent to RMB9,842,000) to redeem all of the remaining 2016 Bonds with principal amount of HK$11,000,000.

**(c) Senior notes issued on 1 February 2013 ("2018 Notes")**

The Company issued US$100,000,000 senior notes on 1 February 2013 ("**February closing date**"). The 2018 Notes bear interest at 13.25% per annum, which is payable semi-annually. The 2018 Notes mature in five years from the February closing date.

At any time and from time to time on or after 1 February 2016, the Company may at its option redeem the 2018 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve month period beginning on 1 February of each of the years indicated below:

| **Period** | **Redemption price** |
|---|---|
| 2016 | 106.6250% |
| 2017 and thereafter | 103.3125% |

At any time and from time to time prior to 1 February 2016, the Company may at its option redeem the 2018 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2018 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

At any time and from time to time prior to 1 February 2016, the Company may redeem up to 35% of the aggregate principal amount of the 2018 Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 113.25% of the principal amount of the 2018 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2018 Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The 2018 Notes contain a liability component and the above early redemption options:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

(ii) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on issue date of the bonds, as at 31 December 2013 and 30 June 2014, and is therefore not recognised.

## 7 PLEDGED ASSETS

| | **30 June 2014** *RMB'000* | 31 December 2013 *RMB'000* |
|---|---|---|
| Completed properties held for sale | **2,774,770** | 1,115,571 |
| Property, plant and equipment | **570,654** | 315,599 |
| Properties under development | **984,830** | 498,144 |
| Land use rights | **2,760,641** | 2,572,355 |
| Investment properties | **5,962,270** | 3,849,948 |
| Restricted cash | **2,519,730** | 1,128,500 |
| | **15,572,895** | 9,480,117 |

## 8 DERIVATIVE FINANCIAL INSTRUMENTS

| | **30 June 2014** *RMB'000* | 31 December 2013 *RMB'000* |
|---|---|---|
| 2015 Bonds — Embedded derivatives *(note (a))* | — | 43,299 |
| 2016 Bonds — Embedded derivatives *(note (a))* | — | 800 |
| Warrants *(note (b))* | **6,286** | 2,131 |
| | **6,286** | 46,230 |

*Notes:*

(a) The embedded derivatives in connection with the 2015 Bonds and the 2016 Bonds mainly include bondholders' redemption option and conversion option.

During the six months ended 30 June 2014, all of the 2015 Bonds with principal amount of HK$1,551,580,000 and outstanding 2016 Bonds with principal amount of HK$11,000,000 were redeemed by the Company and corresponding embedded derivatives with total carrying amount of HK$46,617,000 (equivalent to RMB36,676,000) and HK$1,017,000 (equivalent to RMB804,000) respectively were disposed along with the liability component, resulted in a net gain of RMB23,988,000 to the Group (Note 10).

During the six months ended 30 June 2013, some of the 2016 Bonds with principal amount of HK$70,000,000 and HK$1,379,000,000 were repurchased and redeemed by the Company respectively and corresponding embedded derivatives with total carrying amount of HK$219,563,000 (equivalent to RMB175,122,000) were disposed along with the liability component, resulted in a net loss of RMB11,442,000 to the Group (Note 11).

(b) The warrants are issued together with the 2015 Bonds (Note 6(a)) on 10 December 2010, which are valued at HK$2,710,000 (equivalent to RMB2,131,000) at 31 December 2013 and HK$7,920,000 (equivalent to RMB6,286,000) at 30 June 2014 respectively by DTZ. The fair value change is made through profit and loss.

## 9 TRADE AND OTHER PAYABLES

| | **30 June 2014** *RMB'000* | 31 December 2013 *RMB'000* |
|---|---|---|
| Trade payables *(note (a))* | **4,261,422** | 4,071,332 |
| Other payables *(note (b))* | **2,655,548** | 2,384,808 |
| Other taxes payable | **167,492** | 214,002 |
| | **7,084,462** | 6,670,142 |

*Notes:*

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

| | **30 June 2014** | 31 December 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 90 days | **4,153,890** | 3,920,959 |
| Over 90 days and within 1 year | **107,532** | 150,373 |
| | **4,261,422** | 4,071,332 |

(b) Other payables comprise:

| | **30 June 2014** | 31 December 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Deposits received from tenants | **63,551** | 64,292 |
| Advances from third parties *(note (i))* | **2,054,204** | 1,928,710 |
| Consideration payable on acquisition of a joint venture | **50,000** | 50,000 |
| Consideration payable on acquisition of subsidiaries | **96,979** | 96,138 |
| Payable to a joint operation partner Baolong | **24,340** | 22,766 |
| Miscellaneous | **366,474** | 222,902 |
| | **2,655,548** | 2,384,808 |

(i) The advances from third parties are non-trade in nature, unsecured, interest-free and have no fixed repayment terms except for advances of RMB58,000,000 (31 December 2013: RMB68,000,000) made from Nanjing Guoding Investment Property Company, HK$464,000,000 (equivalent to RMB368,300,000) (31 December 2013: HK$835,000,000, equivalent to RMB656,502,000) made from Mr. Zeng Huansha and RMB30,000,000 made from Nanjing Jinzhao Construction System Engineering Co. Ltd. (31 December 2013: Nil) which bear interest at 12%, 15.5% and 13.5% per annum respectively and are due for repayment upon receiving demand from the lender.

## 10 OTHER GAINS

| | **Six months ended 30 June** | |
|---|---|---|
| | **2014** | 2013 |
| | ***RMB'000*** | *RMB'000* |
| Government grants | **398** | 387 |
| Net exchange gain | **—** | 55,923 |
| Compensation income *(note)* | **50,154** | — |
| Net gain from redemption of 2015 and 2016 Bonds | **23,988** | — |
| Miscellaneous | **1,007** | 2,253 |
| | **75,547** | 58,563 |

*Note:*

During the six months ended 30 June 2014, the Group received total compensation of RMB50,154,000 from the buyers representating overdue interest for late payment of purchase consideration as agreed in the sales and purchase contracts in connection with the Group's disposal in 2012 of its 49% equity interest in a subsidiary and its entire 50% equity interest in a joint venture.

## 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 | |
|---|---|---|
| | **2014** | 2013 |
| | ***RMB'000*** | *RMB'000* |
| Staff costs — including directors' emoluments | **102,389** | 87,792 |
| Auditor's remuneration | **1,500** | 1,500 |
| Depreciation | **22,499** | 27,114 |
| Amortisation of land use rights | **2,513** | 2,696 |
| Advertising, promotion and commission costs | **59,408** | 64,425 |
| Cost of properties sold | **716,404** | 1,577,062 |
| Business tax and other levies on sales of properties | **74,773** | 155,339 |
| Direct outgoings arising from investment properties that generate rental income | **36,185** | 36,750 |
| Operating lease expenses on land and buildings | **25,671** | 16,559 |
| Hotel operating expenses | **49,540** | 40,364 |
| Charitable donations | **1,056** | 4,394 |
| Office expenses | **43,840** | 38,097 |
| Professional fees | **5,594** | 7,617 |
| Provision for impairment of receivables | **445** | 1,365 |
| Impairment of goodwill | **1** | 4 |
| Provision for delay in delivering properties | **12,288** | 5,811 |
| Net exchange loss | **43,781** | — |
| Net loss from repurchase and redemption of 2016 Bonds | **—** | 11,442 |
| Miscellaneous | **61,600** | 31,259 |
| Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses | **1,259,487** | 2,109,590 |

## 12 FINANCE INCOME AND COSTS

| | Six months ended 30 June | |
|---|---|---|
| | **2014** | 2013 |
| | ***RMB'000*** | *RMB'000* |
| Finance income | | |
| — interest income on bank deposits | **7,988** | 9,758 |
| Interest on bank borrowings and overdrafts | | |
| — wholly repayable within five years | **(261,170)** | (174,379) |
| — wholly repayable over five years | **(33,124)** | (20,875) |
| Interest expense on other borrowings and advances from third parties | **(94,808)** | (50,035) |
| Interest expense on convertible bonds and senior notes | **(50,007)** | (192,851) |
| Less: Interest capitalised | **395,317** | 308,487 |
| Finance costs | **(43,792)** | (129,653) |
| Net finance costs | **(35,804)** | (119,895) |

## 13 INCOME TAX EXPENSE

| | Six months ended 30 June | |
|---|---|---|
| | **2014** | 2013 |
| | ***RMB'000*** | *RMB'000* |
| Current income tax | | |
| — PRC enterprise income tax | **35,875** | 177,577 |
| — PRC land appreciation tax | **110,008** | 237,593 |
| | **145,883** | 415,170 |
| Deferred income tax | | |
| — PRC enterprise income tax | **145,277** | 30,765 |
| — PRC withholding income tax | **9,443** | 3,557 |
| | **154,720** | 34,322 |
| | **300,603** | 449,492 |

**(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 2014 (2013: Nil).

**(b) PRC enterprise income tax**

PRC enterprise income tax is provided for at 25% (2013: 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.

**(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 Enterprise Income Tax Law of the PRC 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 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share for the six months ended 30 June 2014 and 2013 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 | |
|---|---|---|
| | **2014** | 2013 |
| Profit attributable to equity holders of the Company *(RMB'000)* | **352,748** | 510,278 |
| Weighted average number of ordinary shares in issue *(thousands)* | **6,093,451** | 6,093,451 |
| Basic earnings per share *(RMB cents)* | **5.8** | 8.4 |

### (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.

For the six months ended 30 June 2014 and 2013, as the average market share price of the ordinary shares during the 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 | |
|---|---|---|
| | **2014** | 2013 |
| | ***RMB'000*** | *RMB'000* |
| Profit attributable to equity holders of the Company | **352,748** | 510,278 |
| Interest expense on convertible bonds (net of tax) | **564** | 21,184 |
| Exchange losses/(gains) on convertible bonds — liability component | **890** | (40,048) |
| Changes in fair value of convertible bonds — embedded derivatives | **(6,619)** | (18,700) |
| Net (gain)/loss from repurchase and redemption of 2015 and 2016 Bonds | **(23,988)** | 11,442 |
| Profit used to determine diluted earnings per share | **323,595** | 484,156 |
| Weighted average number of ordinary shares in issue *(thousands)* | **6,093,451** | 6,093,451 |
| Adjustment for conversion of convertible bonds *(thousands)* | **45,946** | 795,281 |
| Weighted average number of ordinary shares for diluted earnings per share *(thousands)* | **6,139,397** | 6,888,732 |
| Diluted earnings per share *(RMB cents)* | **5.3** | 7.0 |

## 15 DIVIDEND

The Board does not recommend payment of interim dividend for the six months ended 30 June 2014 (2013: Nil).

## 16 FINANCIAL GUARANTEES

| | **30 June 2014** *RMB'000* | 31 December 2013 *RMB'000* |
|---|---|---|
| Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties *(note)* | **4,698,270** | 4,147,595 |

*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 decreased by 47.1% to approximately RMB1,525.5 million (corresponding period in 2013: approximately RMB2,886.2 million) for the six months ended 30 June 2014. During the period under review, the unaudited consolidated profit attributable to equity holders of the Company was approximately RMB352.7 million (corresponding period in 2013: approximately RMB510.3 million), representing a decrease of 30.9% from the corresponding period in 2013. The unaudited basic and diluted earnings per share were RMB5.8 cents and RMB5.3 cents respectively for the six months ended 30 June 2014, representing a decrease of 31.0% and 24.3% respectively compared to the corresponding period in 2013.

The Board does not recommend payment of interim dividend for the six months ended 30 June 2014 (30 June 2013: Nil).

## INDUSTRY REVIEW

The previous year has been fruitful for the industry and set a high base for its performance in 2014. The spike in demand and transactions started to slow down entering the first quarter of 2014. Both sales volume and selling prices dropped in part due to restrictions on mortgage loans and rising inventory. In addition, market sentiment deteriorated and investors hesitated because of downside expectations, unanticipated depreciation in the RMB and a vague US quantitative easing schedule, as well as uncertainties in the timing of raising interest rates.

The growth rate of contracted sales decelerated in the first half of 2014. Supply conditions and property price levels continued to polarize in first tier and lower tier cities. The overall real estate sector in the PRC was lackluster and faced challenges to alleviate risk of potential illiquidity. Disruption in cash flow and rising offshore funding costs were particularly harmful to highly leveraged property developers. To improve liquidity and generate inflow, the prevailing supply glut caused developers to reduce inventory by adjustment of sales and marketing strategies. Subsequently, prices were cut for properties in some cities to maintain cash flow and sales began to pick up afterwards as a result. Yet, the extent of price cutting appeared to be strictly controlled in order to avoid a sharp decline in general property price levels and minimize market turbulence.

In the meantime, the market was expecting an easing of housing policy restrictions which might serve as a positive catalyst to the industry. A number of cities have been refining the local housing policy restrictions, adhering to the basic principles of supporting first-time home purchasers and curbing speculative demand. Overall, fundamental demand in properties stayed strong in the market and with revenue realized from sales of previous periods, the industry managed to make it through the downtrend, underlining the importance of liquidity for developers to weather the difficult conditions.

## BUSINESS REVIEW

### Sales and Earnings

The unaudited consolidated revenue for the six months ended 30 June 2014 was approximately RMB1,525.5 million (corresponding period in 2013: approximately RMB2,886.2 million), representing a decrease of 47.1%. The decrease was due to less gross floor area ("**GFA**") had been delivered to the buyers for the six months ended 30 June 2014 as compared to the corresponding period in 2013.

The unaudited consolidated gross profit for the six months ended 30 June 2014 was approximately RMB605.8 million (corresponding period in 2013: approximately RMB1,053.5 million), representing a decrease of 42.5%. The gross profit decreased in line with the reduced revenue which was mainly due to less GFA had been delivered to the buyers for the six months ended 30 June 2014 as compared to the corresponding period in 2013.

The unaudited consolidated profit attributable to the equity holders of the Company for the six months ended 30 June 2014 was approximately RMB352.7 million (corresponding period in 2013: approximately RMB510.3 million), representing a decrease of 30.9% from the corresponding period in 2013. The change was mainly due to the decrease in gross profit of approximately RMB447.7 million for the six months ended 30 June 2014 which was arisen from the decrease in property delivery.

Regarding the recognised sales for the six months ended 30 June 2014, the average sales price ("**ASP**") per sq.m. achieved by the Group was RMB8,237.7, representing a decrease of 8.0% from RMB8,955.7 per sq.m. for the corresponding period in 2013. Such drop was due to the change in product mix. In addition, the GFA sold and delivered for the six months ended 30 June 2014 was 159,809 sq.m., representing a decrease of 47.4%, from 304,004 sq.m. for the corresponding period in 2013.

In the first half of 2014, the Group has achieved contracted sales of RMB991.6 million (corresponding period in 2013: approximately RMB2,546.2 million). The ASP for the contracted sales has decreased by 9.8% to RMB6,613.4 per sq.m. during the period under review (corresponding period in 2013: approximately RMB7,330.0 per sq.m.).

**Segment Information**

Turnover generated from various 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 2014 | 372.9 | 943.6 | 159.0 | 50.0 | **1,525.5** |
| 30 June 2013 | 647.5 | 2,075.1 | 130.0 | 33.6 | **2,886.2** |

The change in turnover generated from commercial and residential properties was mainly due to less GFA was delivered for the six months ended 30 June 2014 as compared to the corresponding period in 2013.

**Pre-sold Properties**

As at 30 June 2014, the GFA of pre-sold properties not yet delivered to the buyers was 511,810 sq.m. (approximately 549,434 sq.m. as at 31 December 2013). Set out below are the details of the properties, the Group's interest and the attributable GFA pre-sold by the Group:

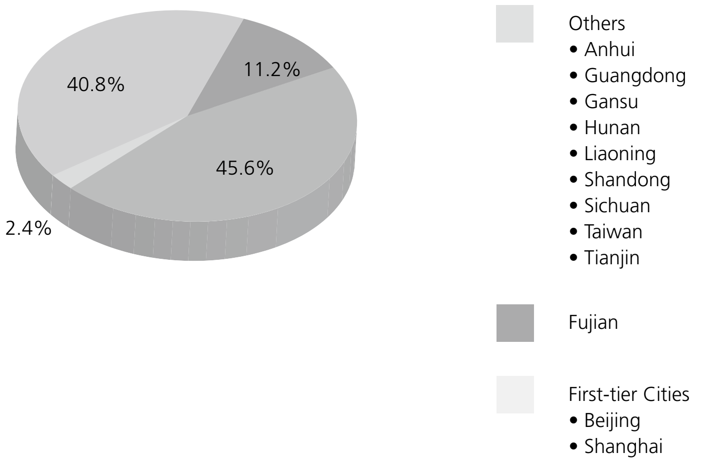
| City | Property | Group's Interest | Attributable Pre-sold GFA *(sq.m.)* |
|---|---|---|---|
| Beijing | Beijing Mingfa Mall | 100% | 67,087 |
| Hefei | Hefei Mingfa Shopping Mall | 100% | 25,146 |
| Honglai | Honglai Mingfa Commercial Centre | 100% | 5,378 |
| Huai'an | Huai'an Mingfa Shopping Mall | 100% | 28,315 |
| Nanjing | Nanjing Mingfa City Square | 100% | 7,579 |
| Nanjing | Nanjing Mingfa Pearl Spring Resort | 100% | 6,508 |
| Nanjing | Nanjing Mingfa Riverside New Town | 100% | 19,141 |
| Nanjing | Nanjing Mingfa Shopping Mall | 100% | 1,368 |
| Shenyang | Shenyang Mingfa Jinxiuhwa City | 100% | 75,738 |
| Taizhou | Taizhou Mingfa City Complex | 100% | 55,688 |
| Wuxi | Wuxi Mingfa International New Town | 100% | 97,157 |
| Wuxi | Wuxi Mingfa Shopping Mall | 70% | 3,079 |
| Xiamen | Xiamen Mingfa Harbour Resort | 100% | 4,610 |
| Xiamen | Xiamen Mingfa Shopping Mall | 70% | 13,582 |
| Xiamen | Xiamen Mingfa Xiang Wan Peninsula | 100% | 8,113 |
| Yangzhou | Yangzhou Mingfa Jiangwan City | 100% | 56,393 |
| Yangzhou | Yangzhou Mingfa Shopping Mall | 100% | 1,221 |
| Zhangzhou | Zhangzhou Mingfa Shopping Mall | 100% | 12,726 |
| Zhangzhou | Zhangzhou Longhai Mingfa Mall | 100% | 9,185 |
| Zhengjiang | Zhengjiang Jinxiu Yishan | 100% | 8,590 |
| Others | | | 5,206 |
| | | | 511,810 |

**Summary of Land Bank**

As at 30 June 2014, land bank of the Group increased by 15.0% to approximately 12.3 million sq.m. (approximately 10.7 million sq.m. as at 31 December 2013), consisting of 50 projects (44 projects as at 31 December 2013) in total.

| | No. of Projects | Attributable GFA *(million sq.m.)* |
|---|---|---|
| Completed projects | 18 | 1.7 |
| Projects under development | 17 | 6.4 |
| Projects for future development | 15 | 4.2 |
| **Total** | **50** | **12.3** |

**Total Land Bank by Location as at 30 June 2014**




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

| Property | Location | Actual/ Estimated Completion Date | Type of Property | Status | Site Area *(sq.m.)* *(Note 3)* | Approximate Leasable and Saleable GFA *(sq.m.)* *(Note 4)* | Group's Interest | 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 | 478 | 100% | 478 |
| Xiamen Mingfa Noble Place | Located at Jiangtou Residential, Huli District, Xiamen, Fujian Province | Dec/2004 | Residential/ Commercial/ Office | Completed | 5,529 | 1,672 | 100% | 1,672 |
| Xiamen Mingfa Garden | Located at Huanhuli South, Lvling Road, Siming District, Xiamen, Fujian Province | Apr/2005 | Residential/ Commercial | Completed | 18,697 | 15,094 | 100% | 15,094 |
| Xiamen Jianqun Elegant Garden | Located at Qianpu Lianqian East Road North, Huli District, Xiamen, Fujian Province | Apr/2005 | Residential/ Office | Completed | 10,257 | 1,524 | 100% | 1,524 |
| Xiamen Mingfa International New Town | Located at Qianpu Lianqian Road South, Siming District, Xiamen, Fujian Province | Feb/2002 | Residential/ Commercial/ Office | Completed | 26,016 | 10,686 | 100% | 10,686 |
| Xiamen Mingfa Shopping Mall | Located at the northwest of Jiahe Road and Lianqian Road, Siming District, Xiamen, Fujian Province | Oct/2007 | Commercial/ Office/Hotel | Completed | 166,775 | 35,754 | 70% | 25,028 |
| 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 |
| Nanjing Pearl Spring Resort | Located in Pearl Spring Resort, Pukou District, Nanjing, Jiangsu Province | Dec/2008 | Residential/ Hotel | Completed | 112,973 | 29,779 | 100% | 29,779 |
| Nanjing Mingfa Riverside New Town | Located in Taishan Village, Pukou District, Nanjing, Jiangsu Province | Nov/2009 | Residential/ Commercial | Completed | 1,072,182 | 112,335 | 100% | 112,335 |
| 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 | 112,186 | 100% | 112,186 |

| Property | Location | Actual/ Estimated Completion Date | Type of Property | Status | Site Area *(sq.m.)* *(Note 3)* | Approximate Leasable and Saleable GFA *(sq.m.)* *(Note 4)* | Group's Interest | Attributable GFA *(sq.m.)* |
|---|---|---|---|---|---|---|---|---|
| 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 | 437,840 | 70% | 306,488 |
| 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 | 208,042 | 100% | 208,042 |
| Yangzhou Mingfa Shopping Mall | Located at south of Yunhe Road East and west of Baolin Road, Guangling District, Yangzhou, Jiangsu Province | Dec/2011 | Residential/ Commercial/ Hotel | Completed | 145,267 | 234,737 | 100% | 234,737 |
| Nanjing Mingfa City Square | Located on Dingshan Road, Pukou District, Nanjing, Jiangsu Province | Dec/2012 | Residential/ Commercial/ Office | Completed | 128,683 | 96,913 | 100% | 96,913 |
| Honglai Mingfa Commercial Centre | Located at Honglai District, Nanan, Fujian Province | Jun/2012 | Residential/ Commercial | Completed | 27,065 | 18,966 | 100% | 18,966 |
| Xiamen Mingfa Xiang Wan Peninsula | Located at east part of Xiang'an Road, Xiang'an, Fujian Province | Dec/2012 | Residential/ Commercial | Completed | 104,380 | 40,926 | 100% | 40,926 |
| Zhangzhou Mingfa Shopping Mall | Located at east of Longjiang Road, north of Shuixian Street, west of No. 6 Road, south of Xinpu Road, Zhangzhou, Fujian Province | Dec/2013 | Residential/ Commercial/ Office/Hotel | Completed | 223,589 | 259,679 | 100% | 259,679 |
| Xiamen Mingfa Harbor Resort | Located at south of Wu Yuan Wan Bridge, west of Huan Wan Road, and along the seaview strip of Huli District, Xiamen, Fujian Province | Dec/2013 | Hotel | Completed | 58,952 | 161,705 | 100% | 161,705 |
| **Sub-total** | | | | | **2,707,420** | **1,793,713** | | **1,651,635** |

| Property | Location | Actual/ Estimated Completion Date | Type of Property | Status | Site Area *(sq.m.)* *(Note 3)* | Approximate Leasable and Saleable GFA *(sq.m.)* *(Note 4)* | Group's Interest | Attributable GFA *(sq.m.)* |
|---|---|---|---|---|---|---|---|---|
| **Properties under development** *(Note 2)* | | | | | | | | |
| Zhenjiang Jinxiu Yinshan | Located in the centre of Zhenjiang City, Jiangsu Province | Dec/2015 | Residential/ Commercial/ Hotel | Completion certificate had been granted for GFA of 108,277 sqm in December 2013. The remaining GFA of 296,401 sqm will be completed in December 2015 | 296,702 | 319,493 | 100% | 319,493 |
| Huai'an Mingfa Shopping Mall (Block A) | Located at Shenzhen South Road, Huai'an, Jiangsu Province | Dec/2014 | Commercial | Approximately 60% of construction has been completed | 133,110 | 266,335 | 100% | 266,335 |
| Huai'an Mingfa Shopping Mall (Block C) | Located at Weihai East Road, Huai'an, Jiangsu Province | Dec/2015 | Residential | Completion certificate had been granted for GFA of 86,022 sqm in December 2013. The remaining GFA of 68,014 sqm will be completed in December 2015 | 51,345 | 84,256 | 100% | 84,256 |
| Shenyang Mingfa Jinxiuhwa City | Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province | Dec/2014 | Residential/ Commercial | Approximately 80% of construction has been completed | 61,222 | 306,110 | 100% | 306,110 |
| Wuxi Mingfa International New Town | Located at south of Yanqiao Town, Huishan District, Wuxi, Jiangsu Province | Dec/2014 | Residential/ Commercial | Completion certificate had been granted for GFA of 221,630 sqm in December 2012. The remaining GFA of 327,931 sqm will be completed in December 2014 | 258,297 | 367,523 | 100% | 367,523 |
| Yangzhou Mingfa Jiangwan City | Located at east of Xuzhuang Road, north of Kaifa East Road, west of Liaojiagou Road, south of Ming Cheng Road,Yangzhou, Jiangsu Province | Dec/2014 | Residential | Approximately 80% of construction has been completed | 158,238 | 221,533 | 100% | 221,533 |

| Property | Location | Actual/ Estimated Completion Date | Type of Property | Status | Site Area (sq.m.) (Note 3) | Approximate Leasable and Saleable GFA (sq.m.) (Note 4) | Group's Interest | Attributable GFA (sq.m.) |
|---|---|---|---|---|---|---|---|---|
| Quanzhou Mingfa Huachang International Town | Located in Guanqiao Town, Neicuo Village, Nanan, Fujian Province | Dec/2015 | Commercial | Approximately 50% of construction has been completed | 276,120 | 698,507 | 50% | 349,253 |
| Taizhou Mingfa City Complex | Located at west of Machang Zhonggou, south of Huangang Avenue, Gaogang Distrct, Taizhou, Jiangsu Province | Dec/2015 | Residential/ Commercial | Completion certificate had been granted for GFA of 40,930 sqm in December 2013. The remaining GFA of 690,370 sqm will be completed in December 2015 | 292,487 | 695,890 | 100% | 695,890 |
| Zhangzhou Longhai Mingfa Mall | Located in Bangshan Town, Kekeng Village, Longhai, Zhangzhou, Fujian Province | Dec/2015 | Residential/ Commercial | Approximately 80% of construction has been completed | 32,163 | 277,762 | 100% | 277,762 |
| Nanjing Mingfa Business Park | Located in Nanjing High-Tech Development Zone, Pukou District, Nanjing, Jiangsu Province | Dec/2016 | Industrial | Approximately 35% of construction has been completed | 520,122 | 1,560,366 | 100% | 1,560,366 |
| Beijing Mingfa Mall | Located in Beizang Village, Daxing District, Beijing | Dec/2015 | Residential/ Commercial | Approximately 80% of construction has been completed | 45,414 | 127,159 | 100% | 127,159 |
| Shanghai Mingfa Shopping Mall | Located at east of Hu Yi Highway, south of Baiyin Road, west boundary of Gaotai North Road, of Shanghai | Dec/2015 | Commercial | Approximately 20% of construction has been completed | 53,779 | 169,305 | 100% | 169,305 |
| Pingliang Mingfa European city | Located in Water Bridge West, Linjing Road North, Kongdong District, Pingliang, Gansu Province | Dec/2015 | Residential | Approximately 40% of construction has been completed | 117,594 | 268,259 | 60% | 160,955 |
| Nanjing Mingfa Zhihui City (Phase 1 C2) | Located in Software Park of West, Gaoxin District, Nanjing, Jiangsu Province | Dec/2015 | Office | Vacant | 11,244 | 85,052 | 90% | 76,547 |
| Nanjing Mingfa Zhihui City (Phase 2 A1) | Located in Software Park of West, Gaoxin District, Nanjing, Jiangsu Province | Dec/2015 | Office | Vacant | 12,097 | 82,126 | 90% | 73,913 |
| Nanjing Mingfa New City Finance Building | Located in New Town Business Avenue North, Pukou District, Nanjing, Jiangsu Province | Jun/2016 | Residential/ Commercial | Vacant | 59,042 | 401,297 | 100% | 401,297 |
| Changsha Mingfa Shopping Mall | Located in Star Cheng Town, Wangcheng County, Changsha, Hunan Province | Dec/2016 | Residential/ Commercial | Vacant | 285,594 | 928,837 | 100% | 928,837 |
| **Sub-total** | | | | | **2,664,570** | **6,859,810** | | **6,386,534** |

| Property | Location | Actual/ Estimated Completion Date | Type of Property | Status | Site Area (sq.m.) (Note 3) | Approximate Leasable and Saleable GFA (sq.m.) (Note 4) | Group's Interest | Attributable GFA (sq.m.) |
|---|---|---|---|---|---|---|---|---|
| **Properties with land use rights certificate for future development** | | | | | | | | |
| Huizhou Mingfa Gaobang New City | Huizhou City West Train Station, Guangdong Province | Dec/2015 | 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/2015 | Industrial | Vacant | 41,434 | 103,585 | 100% | 103,585 |
| Lanzhou Mingfa Zhongke Ecological park | Located in Weijia Village of Southwest region, Gansu Province | Dec/2015 | Residential/ Commercial | Vacant | 1,371,786 | 1,371,786 | 51% | 699,611 |
| Tianjin Binhai Mingfa Shopping Mall | Located in Tanggu Marine Hi-Tech Development Zone, Tianjin | Dec/2015 | Commercial | Vacant | 209,048 | 418,096 | 100% | 418,096 |
| Nanjing Mingfa Wealth Center | Located in New City Headquarters Avenue on the north side of 05 plots, Pukou District, Nanjing, Jiangsu Province | Dec/2016 | Commercial/ Office | Vacant | 56,694 | 283,470 | 100% | 283,470 |
| **Sub-total** | | | | | **2,011,297** | **2,885,094** | | **2,071,288** |

| Property | Location | Actual/ Estimated Completion Date | Type of Property | Status | Site Area (sq.m.) (Note 3) | Approximate Leasable and Saleable GFA (sq.m.) (Note 4) | Group's Interest | 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/2015 | Industrial | Vacant | 19,909 | 103,921 | 100% | 103,921 |
| Shenyang Creative Industrial Estate | Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province | Dec/2015 | Residential/ Commercial | Vacant | 154,024 | 462,072 | 100% | 462,072 |
| Hong Six Highway rebuilding property | Located at Xixia Village, Honglai Town, Nanan, Fujian Province | Dec/2015 | Residential/ Commercial | Vacant | 22,784 | 92,298 | 100% | 92,298 |
| Shandong Zibo World Trade Center | Located in People's road to the north, Shanghai Road to the east, Zhangdian District, Zibo, Shandong Province | Dec/2016 | Residential/ Commercial | Vacant | 147,371 | 618,958 | 100% | 618,958 |
| New property in Nanjing Pukou | Located in along the Mountain Road to the south, Caiba Road East, Pukou District, Nanjing, Jiangsu Province | Dec/2016 | Residential | Vacant | 115,876 | 185,402 | 100% | 185,402 |
| Taiwan Taoyuan 54 Block | Located in Air Passenger Park, Taoyuan, Taiwan | Dec/2016 | Commercial | Vacant | 13,710 | 32,905 | 40% | 13,162 |
| Taiwan Taoyuan 169 Block | Located in Air Passenger Park, Taoyuan, Taiwan | Dec/2016 | Commercial | Vacant | 16,110 | 38,663 | 40% | 15,465 |
| Nanjing Zhongrui G08 Block | Located in along the Mountain Road South, Jiangpu Street, Nanjing, Jiangsu Province | Dec/2016 | Residential | Vacant | 32,787 | 59,016 | 100% | 59,016 |
| Guang'an Mingfa City Complex Project (GC2013-45 Block) | Located in Bridge Group, Guang'an, Sichuan Province | Dec/2016 | Residential/ Commercial | Vacant | 76,153 | 304,612 | 100% | 304,612 |
| Guang'an Mingfa City Complex Project (ChaMa Road B1-1 Block) | Located in Binjiang Road, Guang'an District, Guanan, Sichuan Province | Dec/2016 | Residential/ Commercial | Vacant | 76,363 | 305,452 | 100% | 305,452 |
| **Sub-total** | | | | | **675,087** | **2,203,299** | | **2,160,358** |
| **Total land bank** | | | | | **8,058,374** | **13,741,916** | | **12,269,815** |

*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 2014.

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 2014.

3. The site area is in respect of the whole property (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 summarizes the details of the Group's major properties held for investment:

| Property | Location | 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 at the northwest of Jiahe Road and Lianqian Road, Siming District, Xiamen, Fujian Province | Commercial | 103,096 | 8–20 years | 70%–100% |
| 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 | 10–15 years | 100% |
| Nanjing Mingfa International Industrial Materal Park | Located in Yuhua Economic Development Zone, Nanjing, Jiangsu Province | Industrial | 234,481 | 3 years | 51% |
| Wuxi Mingfa Shopping Mall | Located in Sitou Village and Tangtou Village, Yanqiao Town, Huishan District, Wuxi, Jiangsu Province | Commercial | 4,687 | 15–20 years | 70% |
| Hefei Mingfa Shopping Mall | Located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang District, Hefei, Anhui Province | Commercial | 131,248 | 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 | 44,869 | 15 years | 100% |

| Property | Location | Existing Usage | Attributable GFA (sq.m.) | Term of Leases with Tenants | Percentage of Interest in the Properties Attributable to the Group |
|---|---|---|---|---|---|
| Tianjin Binhai Mingfa Shopping Mall | Located in Tanggu Marine Hi-Tech Development Zone, Tianjin | Commercial | 62,631 | Under construction | 100% |
| Changsha Wancheng District Binshui New Town Commercial Centre property | Located in Star Cheng Town, Wangcheng County, Changsha, Hunan Province | Commercial | 70,742 | Under construction | 100% |
| | | | **1,028,198** | | |

## ACQUISITION FRAMEWORK AGREEMENTS

As at 30 June 2014, the Group had entered into 11 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 signed in or before 2013. These MOUs are not legally-binding and there is no assurance that the Group will be granted with the land use rights after signing of the MOUs. 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.) | *Note* |
|---|---|---|---|---|---|
| Huai'an Mingfa International Industrial Material Park and Mingfa International Town (淮安明發國際工業原料城和明發國際城) | Huai'an City, Jiangsu Province | 28-Nov-07 | 666,670 | 1,180,219 | *(1)* |
| Tianjin Jingjin Mingfa International Town (天津京津明發國際城) | Tianjin City | 6-Dec-09 | 1,533,341 | 3,000,000 | |
| Shenyang Creative Park (瀋陽創意產業園) | Shenyang City, Liaoning Province | 28-Jan-10 | 912,005 | 2,000,000 | *(2)* |
| Shenyang Residential and Commercial Complex Project (瀋陽商住項目) | Shenyang City, Liaoning Province | 28-Jan-10 | 142,800 | 714,000 | *(3)* |
| Panjin Mingfa City Square (盤錦明發城市廣場) | Panjin City, Liaoning Province | 20-Oct-10 | 427,332 | 1,281,996 | |
| Jiangsu Taizhou Mingfa City Complex Project (江蘇泰州明發城市綜合體項目) | Taizhou City, Jiangsu Province | 22-Dec-10 | 1,466,674 | 3,666,685 | *(4)* |

| Project Name | Location | Date of MOU | Site Area *(sq.m.)* | GFA *(sq.m.)* | *Note* |
|---|---|---|---|---|---|
| Shenyang Mingfa Integrated Science and Technology Park (瀋陽明發綜合科技園) | Shenyang City, Liaoning Province | 23-Sep-11 | 1,344,007 | 1,830,000 | |
| Nanjing Software Park Starting Area Project (南京軟件園啟動區項目) | Nanjing City, Jiangsu Province | 14-Jan-12 | 220,001 | 800,000 | |
| Nanjing Zijin (Pukou) Technology Entrepreneurship Special Community 2# Block Project (南京紫金(浦口)科技創業特別社區2#地塊項目) | Nanjing City, Jiangsu Province | 9-Oct-12 | 200,001 | 800,000 | |
| Nanjing Software Valley Technology City Project (南京軟件谷科技城項目) | Nanjing City, Jiangsu Province | 6-Dec-12 | 106,667 | 373,335 | *(5)* |
| Anhui Hexian Wujiang New Town (安徽和縣明發烏江新城) | Maanshan City, Anhui Province | 28-Apr-13 | 2,000,010 | 7,000,035 | |
| Total | | | **9,019,508** | **22,646,270** | |

*Notes:*

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

(2) The Group had acquired one plot of land in 2010 under the MOU signed on 28 January 2010. The land is located in Shenbei Xinqu Daoyi Development Zone, Shenyang. Total land area and GFA is approximately 154,024 sq.m. and approximately 462,072 sq.m. respectively.

(3) The Group had acquired two plots of land in 2010 under the MOU signed on 28 January 2010. The land is located in Shenbei Xinqu Daoyi Development Zone, Shenyang. Total land area and GFA is approximately 61,222 sq.m. and approximately 306,110 sq.m. respectively.

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

(5) The Group had acquired one plot of land under the MOU signed on 6 December 2012. The land is located at west of Software Park, Gaoxin District, Nanjing, Jiangsu Province. Total land area and GFA is approximately 11,244 sq.m. and approximately 67,465 sq.m. respectively.

Save as disclosed in this announcement, there has been no material change in respect of the business of the Group since the publication of the latest annual report of the Company.

## PROSPECTS AND OUTLOOK

The Group managed to maintain its sound foundation with a diversified and balanced portfolio mix during the softening property market. The Group maintained a balanced proportion of residential and commercial properties in its land bank, accounting for 33.4% and 40.9% respectively as at 30 June 2014. To ensure stable income stream, revenues from property sales will be generated by more than 20 projects avoiding over-reliance on any particular project. Allocating part of the Group's shopping mall portfolio as investment properties provides a regular revenue stream as rental income and property management fees which amounted to approximately RMB159.0 million in total during the first half of 2014, representing an increase of 22.3% as compared to the corresponding period in 2013. The Group is expecting this source of income to grow steadily.

By applying a coherent and prudent land acquisition strategy, the Group is enriching its land bank at a reasonable cost and locating land parcels with high potential. Land reserve of the Group has been increased by 15.0% from attributable GFA of approximately 10.7 million sq.m. as at 31 December 2013 to approximately 12.3 million sq.m. as at 30 June 2014. Such land reserves will be sufficient for anticipated growth in five to six years.

In regards to refinancing, in January 2014 the Group has completely redeemed the convertible bonds due 2015, which was a private issuance to Warburg Pincus in 2010, of approximately HK$1.72 billion by internal resources and bank loans. With the majority of bank loans in the Group's debt profile as opposed to funding from capital markets, such debt structure enables the Group to finance projects in a more efficient and cost-effective way.

As a mature developer with a long history, the Group has been selected and included under MSCI China Index as a MSCI Global Small Cap Index constituent since May 2014. This is an indication that the Group's performance has been positively recognized in the respective markets. Riding on the Group's existing advantages and expectation of a more affirmative housing policy across different cities in the PRC, the Group's outlook towards the real estate industry remains positive and it firmly believes that the industry is one of the most important pillars of the national economy.

## CAPITAL COMMITMENTS

As at 30 June 2014, the contracted capital commitments of the Group were approximately RMB7,482.7 million (31 December 2013: approximately RMB5,459.2 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.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Pursuant to the mandatory call option in the terms and conditions of the 2016 Bonds, the Company paid HK$12,457,000 to redeem all of the remaining 2016 Bonds (listed on the Singapore Exchange) with principal amount of HK$11,000,000 on 10 March 2014. Details can be made reference to the announcement of the Company dated 7 February 2014. Save for abovementioned, during the six months ended 30 June 2014 neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's or its subsidiaries' listed securities.

## SUBSEQUENT EVENTS

There was no matter between the balance sheet date (i.e. 30 June 2014) and the date of this announcement that would cause material impact to 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 in Appendix 10 of 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 for the six months ended 30 June 2014.

## CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2014, 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 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.

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. Dai Yiyi and Mr. Lau Kin Hon. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, the interim results and the unaudited condensed consolidated financial statements for the six months ended 30 June 2014.

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

Hong Kong, 22 August 2014

*As at the date of this announcement, the Board comprises:*

*Executive Directors: Mr. Wong Wun Ming, Mr. Huang Qingzhu, Mr. Huang Lianchun and Mr. Huang Li Shui*

*Independent Non-Executive Directors: Mr. Dai Yiyi, Mr. Qu Wenzhou and Mr. Lau Kin Hon*