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## **Mingfa Group (International) Company Limited**

**明發集團（國際）有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00846)**

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019**

The board (the “**Board**”) of directors (the “**Directors**”) of Mingfa Group (International) Company Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2019.

This announcement, containing the full text of the interim report of the Company for the six months ended 30 June 2019 (the “**2019 Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of the interim results.

The 2019 Interim Report will be despatched to shareholders of the Company and will also be available on the websites of the Company (<http://www.ming-fa.com>) and The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

On behalf of the Board  
**Mingfa Group (International) Company Limited**  
**Poon Wing Chuen**  
*Company Secretary*

Hong Kong, 27 August 2019

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

*Executive Directors: Mr. Huang Qingzhu, Mr. Huang Lianchun,  
Mr. Huang Li Shui and Mr. Liu Yuwei*

*Non-Executive Director: Mr. Wong Wun Ming (Chairman)*

*Independent Non-Executive Directors: Mr. Lau Kin Hon, Mr. Chu Kin Wang Peleus,  
Dr. Lam, Lee G. and Mr. Chan Sing Lai*

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Huang Qingzhu  
Mr. Huang Lianchun  
Mr. Huang Li Shui  
Mr. Liu Yuwei

### Non-Executive Director

Mr. Wong Wun Ming (*Chairman*)

### Independent Non-Executive Directors

Mr. Lau Kin Hon  
Mr. Chu Kin Wang Peleus  
Dr. Lam, Lee G.  
Mr. Chan Sing Lai

## COMPANY SECRETARY

Mr. Poon Wing Chuen (*FCCA*)

## AUDIT COMMITTEE

Mr. Chu Kin Wang Peleus (*chairperson of the committee*)  
Mr. Lau Kin Hon  
Dr. Lam, Lee G.

## NOMINATION COMMITTEE

Mr. Wong Wun Ming (*chairperson of the committee*)  
Mr. Lau Kin Hon  
Mr. Chu Kin Wang Peleus

## REMUNERATION COMMITTEE

Mr. Lau Kin Hon (*chairperson of the committee*)  
Mr. Chu Kin Wang Peleus  
Mr. Wong Wun Ming

## RISK MANAGEMENT COMMITTEE

Mr. Chan Sing Lai (*chairperson of the committee*)  
Mr. Lau Kin Hon  
Dr. Lam, Lee G.

## AUTHORISED REPRESENTATIVES

Mr. Wong Wun Ming  
Mr. Poon Wing Chuen (*FCCA*)

## REGISTERED OFFICE

Vistra (Cayman) Limited  
P.O. Box 31119 Grand Pavilion  
Hibiscus Way, 802 West Bay Road  
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Cayman Islands

## HEAD OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

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Pukou, Nanjing City  
Jiangsu Province  
PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Tsim Sha Tsui  
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### COMPANY'S WEBSITE

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### STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED (MAIN BOARD)

846

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Services Limited  
Shops 1712–1716  
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183 Queen's Road East  
Wanchai  
Hong Kong

### PRINCIPAL BANKERS

Hang Seng Bank Limited  
Bank of China (Hong Kong) Limited

### LEGAL ADVISER AS TO HONG KONG LAWS

Paul Hastings  
21–22/F, Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

### AUDITOR

BDO Limited  
25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

## Financial Highlights

|                                                                              | Unaudited<br>For the six months ended 30 June |         |                        |
|------------------------------------------------------------------------------|-----------------------------------------------|---------|------------------------|
|                                                                              | 2019                                          | 2018    | Percentage of decrease |
| Revenue ( <i>RMB' million</i> )                                              | <b>4,118.9</b>                                | 6,518.0 | (36.8%)                |
| Profit attributable to equity holders of the Company ( <i>RMB' million</i> ) | <b>418.3</b>                                  | 698.5   | (40.1%)                |
| Basic and diluted earnings per share ( <i>RMB cents</i> )                    | <b>6.9</b>                                    | 11.5    | (40.0%)                |

The Board of Directors ("**Board**") of Mingfa Group (International) Company Limited ("**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries ("**Group**") for the six months ended 30 June 2019 together with comparative amounts for the corresponding period in 2018.

# Management Discussion and Analysis

## RESULTS

The unaudited consolidated revenue of the Group decreased by 36.8% to approximately RMB4,118.9 million (corresponding period in 2018: approximately RMB6,518.0 million) for the six months ended 30 June 2019.

During the period under review, the unaudited consolidated profit attributable to equity holders of the Company was approximately RMB418.3 million (corresponding period in 2018: approximately RMB698.5 million), representing a decrease of 40.1% compared to the corresponding period in 2018.

The unaudited basic and diluted earnings per share were RMB6.9 cents for the six months ended 30 June 2019 (corresponding period in 2018: RMB11.5 cents per share), representing a decrease of 40.0% compared to the corresponding period in 2018.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2019 (30 June 2018: Nil).

## INDUSTRY REVIEW

The principle of “housing is for accommodation instead of speculation” was still applied in PRC in the first half year of 2019 and it is expected to be continued in the second half year of 2019. The overall real estate market remained stable in terms of transaction volume and value. The continuous development of Yangtze River Delta has driven certain cities located at the area to out-perform some major cities. These policies are expected to be essential for the healthy development of the real estate market.

## BUSINESS REVIEW

### Sales and Earnings

The unaudited consolidated revenue for the six months ended 30 June 2019 was approximately RMB4,118.9 million (corresponding period in 2018: approximately RMB6,518.0 million), representing a decrease of 36.8%. The decrease in revenue was due to the decrease in GFA delivered to the buyers from 734,342 sq.m. and in 2018 to 547,359 sq.m. in 2019.

The unaudited consolidated gross profit for the six months ended 30 June 2019 was approximately RMB1,269.1 million (corresponding period in 2018: approximately RMB1,618.6 million), representing a decrease of 21.6% which was mainly due to the decrease in revenue.

Fair value gains on investment properties decreased by 69.3% to approximately RMB220.0 million (corresponding period in 2018: approximately RMB715.6 million). The gain was mainly due to the additional GFA of 73,499 sq.m. was rented and classified as investment properties for the six months ended 30 June 2019.



# Management Discussion and Analysis

Other losses of approximately RMB37.9 million was incurred for the six months ended 30 June 2019 (corresponding period in 2018: approximately RMB98.2 million). Such changes was mainly due to the decrease in exchange losses arisen from currency translation of the offshore loans nominated in USD in 2019.

Selling and marketing costs were approximately RMB225.6 million for the six months ended 30 June 2019, representing decrease of 16.3% over 2018 (corresponding period in 2018: approximately RMB269.6 million). The decrease was mainly due to the decrease in sales commission which was resulted from the decrease in sales.

General and administrative expenses were approximately RMB304.2 million for the six months ended 30 June 2019, representing an increase of 5.4% over 2018 (corresponding period in 2018: approximately RMB288.5 million).

Finance income decreased by 6.7% to approximately RMB50.3 million for the six months ended 30 June 2019 (corresponding period in 2018: approximately RMB53.9 million). The decrease was mainly due to the decrease in cash balance in 2019 as compared to 2018.

As a result of the foregoing factors, unaudited consolidated profit attributable to the equity holders of the Company for the six months ended 30 June 2019 was approximately RMB418.3 million (corresponding period in 2018: approximately RMB698.5 million), representing a decrease of 40.1% from the corresponding period in 2018.

Regarding the recognised sales for the six months ended 30 June 2019, the average selling price ("**ASP**") per square metre ("**sq.m.**") achieved by the Group was RMB7,047.8 per sq.m., representing a decrease of 17.6% from RMB8,550.4 per sq.m. for the corresponding period in 2018. The drop in ASP in 2019 was mainly due to the delivery of the properties in Wujiang which had lower ASP as compared to the properties delivered in Nanjing in 2018.

## Contracted Sales

In the first half of 2019, the Group achieved contracted sales of approximately RMB5,317.3 million (corresponding period in 2018: approximately RMB9,605.0 million). The ASP for the contracted sales had decreased by 12.3% to RMB8,382 per sq.m. during the period under review (corresponding period in 2018: approximately RMB9,558.0 per sq.m.).



# Management Discussion and Analysis

## Segment Information

Revenue generated from various segments are analyzed as follows:

| For the six months ended | Commercial Properties<br>RMB'million | Residential Properties<br>RMB'million | Properties Investment and Management Income<br>RMB'million | Hotel<br>RMB'million | Others<br>RMB'million | Total<br>RMB'million |
|--------------------------|--------------------------------------|---------------------------------------|------------------------------------------------------------|----------------------|-----------------------|----------------------|
| <b>30 June 2019</b>      | <b>363.3</b>                         | <b>3,494.3</b>                        | <b>149.5</b>                                               | <b>110.0</b>         | <b>1.8</b>            | <b>4,118.9</b>       |
| 30 June 2018             | 87.6                                 | 6,191.4                               | 125.4                                                      | 108.6                | 5.0                   | 6,518.0              |

The decrease in revenue generated from commercial and residential properties was mainly due to less GFA having been delivered to the buyers from 734,342.4 sq.m. for the six months ended 30 June 2018 to 547,359.7 sq.m. for the six months ended 30 June 2019.

## Pre-sold Properties

As at 30 June 2019, the accumulated attributable GFA of pre-sold properties not yet delivered to the buyers was 2,958,035 sq.m. (2,685,253 sq.m. as at 31 December 2018). Set out below are the details of the properties, the Group's interest and the attributable pre-sold GFA of the Group:

| City     | Property                        | Group's Interest | Attributable Pre-sold GFA (sq.m.) |
|----------|---------------------------------|------------------|-----------------------------------|
| Changsha | Changsha Mingfa Shopping Mall   | 100%             | 293,798                           |
| Chizhou  | Taoyuan Mingzhu                 | 100%             | 61,442                            |
| Chizhou  | Taoyuan Xiangsong               | 100%             | 77,121                            |
| Dangtu   | Taoyuan Xi'an                   | 100%             | 35,185                            |
| Guang'an | Guang'an Mingfa Mall            | 100%             | 52,462                            |
| Guang'an | Guang'an Wealth Centre          | 100%             | 54,094                            |
| Hanshan  | Taoyuan Guandi                  | 100%             | 59,222                            |
| Hefei    | Hefei Mingfa Shopping Mall      | 100%             | 19,946                            |
| Huai'an  | Huai'an Mingfa Shopping Mall    | 100%             | 18,778                            |
| Huai'an  | Jinse Shui'an                   | 100%             | 47,354                            |
| Huizhou  | Huizhou Mingfa Gaobang New City | 80%              | 21,942                            |
| Jinzhai  | Mingfa City Lights              | 100%             | 37,602                            |
| Jinzhai  | Jinzhai Yueshanyuefu            | 100%             | 50,937                            |
| Jinzhai  | Jinzhai Mingfa City Square      | 100%             | 235,334                           |

# Management Discussion and Analysis

| City      | Property                         | Group's Interest | Attributable Pre-sold GFA (sq.m.) |
|-----------|----------------------------------|------------------|-----------------------------------|
| Laian     | Mingfa North Station Centre      | 100%             | 31,496                            |
| Laian     | Mingfa North Station New Town    | 70%              | 85,667                            |
| Ma'anshan | Hecheng Shoufu                   | 100%             | 12,743                            |
| Ma'anshan | Mingfa MingBo Town               | 100%             | 111,506                           |
| Nanjing   | Nanjing Rong Li                  | 51%              | 25,808                            |
| Nanjing   | Nanjing Mingfa Xianghill Wan     | 100%             | 30,325                            |
| Nanjing   | Nanjing Mingfa Shopping Mall     | 100%             | 30,547                            |
| Nanjing   | Minghong Xin Xing Yue Cheng      | 40%              | 33,318                            |
| Nanjing   | Nanjing Mingfa Yueshanyuefu      | 100%             | 56,779                            |
| Nanjing   | Nanjing Mingfa Wealth Centre     | 100%             | 120,221                           |
| Pingliang | Pingliang Mingfa European City   | 60%              | 25,932                            |
| Quanjiao  | Taoyuan Fudi                     | 70%              | 22,879                            |
| Quanjiao  | Taoyuan Guanlan                  | 70%              | 36,740                            |
| Quanjiao  | Taoyuan New Town                 | 100%             | 93,713                            |
| Quanzhou  | Quanzhou Mingfa Hua Chang City   | 100%             | 39,681                            |
| Shandong  | Shandong Zibo World Trade Center | 100%             | 80,415                            |
| Shenyang  | Shenyang Mingfa Jinxiuhwa City   | 100%             | 86,506                            |
| Sihong    | Shui Yun Taoyuan                 | 100%             | 96,752                            |
| Taizhou   | Taizhou Mingfa City Complex      | 100%             | 130,884                           |
| Wuhu      | Chun Gu Xi An                    | 100%             | 102,338                           |
| Wujiang   | Wujiang Mingfa Jiangwan New City | 100%             | 320,676                           |
| Xiamen    | Zhongao Town Buliding            | 51%              | 11,948                            |
| Xiamen    | Xiamen Mingfa Shopping Mall      | 70%              | 15,846                            |
| Zhangzhou | Zhangpu 2017SG15                 | 100%             | 12,634                            |
| Zhangzhou | Zhangzhou Longhai Mingfa Mall    | 100%             | 122,347                           |
| Zhenjiang | Zhenjiang Jinxiu Yishan          | 100%             | 65,212                            |
| Zibo      | Taohua Yuanzhu                   | 100%             | 23,400                            |
| Others    |                                  |                  | 66,505                            |
| Total     |                                  |                  | 2,958,035                         |

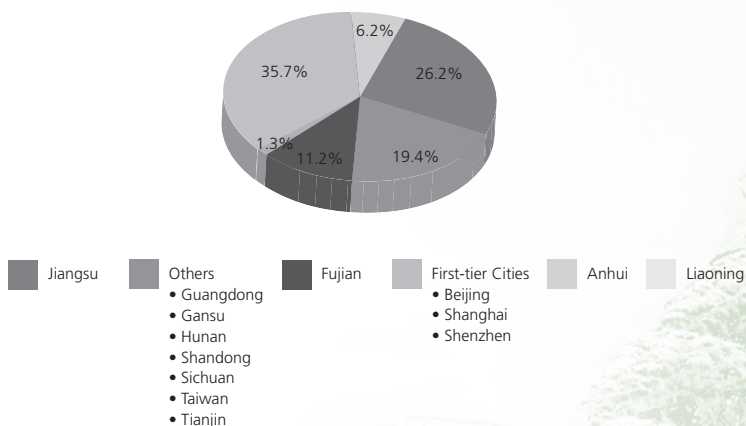
# Management Discussion and Analysis

## Summary of Land Bank

As at 30 June 2019, land bank attributable to the Group decreased by 4.9% to approximately 21.3 million sq.m. (approximately 22.4 million sq.m. as at 31 December 2018), consisting of 120 projects (116 projects as at 31 December 2018) in total.

|                                 | Number of<br>Projects | Attributable<br>GFA<br>(million sq.m.) |
|---------------------------------|-----------------------|----------------------------------------|
| Completed projects              | 32                    | 2.5                                    |
| Projects under development      | 60                    | 14.5                                   |
| Projects for future development | 28                    | 4.3                                    |
| <b>Total</b>                    | <b>120</b>            | <b>21.3</b>                            |

Total Land Bank by Province as at 30 June 2019



# Management Discussion and Analysis

The following tables summarize the details of the Group's land bank as at 30 June 2019:

| Property Name                                              | Location                                                                                           | Actual/<br>Estimated<br>Completion<br>Date | Type of Property                      | Status    | Site Area<br>(sq.m.)<br>(Notes) | Approximate<br>Leasable and<br>Saleable GFA<br>(sq.m.) | Group's<br>Interest | Attributable<br>GFA<br>(sq.m.) |
|------------------------------------------------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------|-----------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------|
| <b>Completed property (held for sale/leasing) (Note 1)</b> |                                                                                                    |                                            |                                       |           |                                 |                                                        |                     |                                |
| Xiamen Mingfa Seascape Garden                              | Located at Qianpu South 2 Road, Siming District, Xiamen, Fujian Province                           | Dec/2004                                   | Residential/<br>Commercial/<br>Office | Completed | 18,247                          | 450                                                    | 100%                | 450                            |
| Xiamen Mingfa Noble Place                                  | Located at Jiangtuo Residential, Huli District, Xiamen, Fujian Province                            | Dec/2004                                   | Residential/<br>Commercial/<br>Office | Completed | 5,529                           | 1,287                                                  | 100%                | 1,287                          |
| Xiamen Mingfa Garden                                       | Located at Huanhuli South, Luling Road, Siming district, Xiamen, Fujian Province                   | Apr/2005                                   | Residential/<br>Commercial            | Completed | 18,697                          | 13,809                                                 | 100%                | 13,809                         |
| Xiamen Jianqun Elegant Garden                              | Located at Qianpu Lianqian East Road North, Huli District, Xiamen, Fujian Province                 | Apr/2005                                   | Residential/Office                    | Completed | 10,257                          | 1,418                                                  | 100%                | 1,418                          |
| Xiamen Mingfa International New Town                       | Located at Qianpu Lianqian Road South, Siming District, Xiamen, Fujian Province                    | Feb/2002                                   | Residential/<br>Commercial/<br>Office | Completed | 26,016                          | 5,527                                                  | 100%                | 5,527                          |
| Xiamen Mingfa Shopping Mall                                | Located at the northwest of Jiahe Road and Lianqian Road, Siming District, Xiamen, Fujian Province | Oct/2007                                   | Commercial/Office/<br>Hotel           | Completed | 166,775                         | 25,734                                                 | 70%                 | 18,014                         |
| Xiamen Mingfa Town                                         | Located at Luling Road, Siming Industrial Park, Siming District, Xiamen, Fujian Province           | Jan/2008                                   | Residential/<br>Commercial            | Completed | 12,879                          | 14,930                                                 | 100%                | 14,930                         |
| Nanjing Pearl Spring Resort                                | Located in Pearl Spring Resort, Pukou District, Nanjing, Jiangsu Province                          | Dec/2008                                   | Residential/Hotel                     | Completed | 112,973                         | 4,776                                                  | 100%                | 4,776                          |

# Management Discussion and Analysis

| Property Name                        | Location                                                                                                                                 | Actual/<br>Estimated<br>Completion<br>Date | Type of Property                            | Status    | Site Area<br>(sq.m.)<br>(Notes) | Approximate<br>Leasable and<br>Saleable GFA<br>(sq.m.) | Group's<br>Interest | Attributable<br>GFA<br>(sq.m.) |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------|-----------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------|
| Nanjing Mingfa<br>Riverside New Town | Located in Taishan Village,<br>Pukou District, Nanjing,<br>Jiangsu Province                                                              | Nov/2009                                   | Residential/<br>Commercial                  | Completed | 1,072,182                       | 58,565                                                 | 100%                | 58,565                         |
| Nanjing Mingfa<br>Shopping Mall      | Located at the intersection<br>of Dingqiang Road and<br>Yulan Road in Yuhuatai<br>District, Nanjing,<br>Jiangsu Province                 | Dec/2010                                   | Commercial/Office/<br>Hotel                 | Completed | 182,588                         | 112,186                                                | 100%                | 112,186                        |
| Wuxi Mingfa Shopping<br>Mall         | Located in Sitou Village<br>and Tangtou Village,<br>Yanqiao Town, Huishan<br>District, Wuxi, Jiangsu<br>Province                         | Dec/2011                                   | Residential/<br>Commercial/<br>Hotel        | Completed | 216,643                         | 436,085                                                | 70%                 | 305,260                        |
| Hefei Mingfa Shopping<br>Mall        | Located along the<br>northeast side of the<br>junction of Silihe Road<br>and Dangshan Road,<br>Luyang District, Hefei,<br>Anhui Province | Dec/2011                                   | Residential/<br>Commercial/<br>Office/Hotel | Completed | 176,698                         | 186,476                                                | 100%                | 186,476                        |
| Yangzhou Mingfa<br>Shopping Mall     | Located at the south of<br>Yunhe Road East and<br>west of Baolin Road,<br>Guangling District,<br>Yangzhou, Jiangsu<br>Province           | Dec/2011                                   | Residential/<br>Commercial/<br>Hotel        | Completed | 145,267                         | 223,343                                                | 100%                | 223,343                        |
| Nanjing Mingfa City<br>Square        | Located on Dingshan<br>Road, Pukou District,<br>Nanjing, Jiangsu<br>Province                                                             | Dec/2012                                   | Residential/<br>Commercial/<br>Office       | Completed | 128,683                         | 70,036                                                 | 100%                | 70,036                         |
| Honglai Mingfa<br>Commercial Center  | Located at Honglai District,<br>Nanan, Fujian Province                                                                                   | Jun/2012                                   | Residential/<br>Commercial                  | Completed | 27,065                          | 11,726                                                 | 100%                | 11,726                         |
| Xiamen Mingfa Xiang<br>Wan Peninsula | Located at east part of<br>Xiang'an Road,<br>Xiang'an, Fujian<br>Province                                                                | Dec/2012                                   | Residential/<br>Commercial                  | Completed | 104,380                         | 13,345                                                 | 100%                | 13,345                         |
| Zhangzhou Mingfa<br>Shopping Mall    | Located at Longjiang Road<br>East, Shuixian Street<br>North, No.6 Road West,<br>Xinpu Road South,<br>Zhangzhou, Fujian<br>Province       | Dec/2013                                   | Residential/<br>Commercial/<br>Office/Hotel | Completed | 223,589                         | 237,615                                                | 100%                | 237,615                        |

# Management Discussion and Analysis

| Property Name                                  | Location                                                                                                                                                          | Actual/<br>Estimated<br>Completion<br>Date | Type of Property           | Status    | Site Area<br>(sq.m.)<br>(Notes) | Approximate<br>Leasable and<br>Saleable GFA<br>(sq.m.) | Group's<br>Interest | Attributable<br>GFA<br>(sq.m.) |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|-----------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------|
| 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                          | 136,972                                                | 100%                | 136,972                        |
| Huaian Mingfa Shopping Mall (Block C)          | Located in Weihai East Road, Huaian, Jiangsu Province                                                                                                             | Dec/2014                                   | Residential                | Completed | 51,345                          | 10,506                                                 | 100%                | 10,506                         |
| Nanjing Mingfa Pearl River International (G11) | Located at Jiangpu Street, east to Xianzhang Road, south to Jiangpu Secondary School, north to South River, west to Guihua Road, Pukou District, Jiangsu Province | Sep/2017                                   | Residential                | Completed | 8,586                           | 7,345                                                  | 100%                | 7,345                          |
| Nanjing Mingfa New City Finance Building       | Located in New Town Business Avenue North, Pukou District, Nanjing, Jiangsu Province                                                                              | Dec/2017                                   | Residential/<br>Commercial | Completed | 59,042                          | 164,903                                                | 100%                | 164,903                        |
| Nanjing Mingfa Cloud Mansion                   | Located along Mountain Road South, Jiangpu Street, Nanjing, Jiangsu Province                                                                                      | Sep/2017                                   | Residential                | Completed | 32,787                          | 71,703                                                 | 40%                 | 28,681                         |
| Jinzhai Mingfa City Square (Plot G)            | Located at New Town District, Meishan Town, Jinzhai County, Hefei, Anhui Province                                                                                 | Sep/2017                                   | Residential/<br>Commercial | Completed | 105,504                         | 217,723                                                | 100%                | 217,723                        |
| Jinzhai Mingfa City Square (Plot D)            | Located at New City, Meishan Town, Jinzhai County, Anhui Province                                                                                                 | Dec/2017                                   | Residential/<br>Commercial | Completed | 62,885                          | 57,881                                                 | 100%                | 57,881                         |
| Wuxi Mingfa International New Town             | Located at the south of Yanqiao Town, Huishan District, Wuxi, Jiangsu Province                                                                                    | Jun/2017                                   | Residential/<br>Commercial | Completed | 258,297                         | 104,823                                                | 100%                | 104,823                        |



# Management Discussion and Analysis

| Property Name                             | Location                                                                                               | Actual/<br>Estimated<br>Completion<br>Date | Type of Property           | Status    | Site Area<br>(sq.m.)<br>(Notes) | Approximate<br>Leasable and<br>Saleable GFA<br>(sq.m.) | Group's<br>Interest | Attributable<br>GFA<br>(sq.m.) |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|-----------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------|
| Jinzhai Mingfa City<br>Square (Plot E, F) | Located at New City,<br>Meishan Town, Jinzhai<br>County, Anhui Province                                | Jun/2018                                   | Residential/<br>Commercial | Completed | 203,406                         | 231,067                                                | 100%                | 231,067                        |
| Beijing Mingfa Mall                       | Located in Beizang Village,<br>Daxing District, Beijing                                                | Dec/2018                                   | Residential/<br>Commercial | Completed | 45,414                          | 112,469                                                | 100%                | 112,469                        |
| Nanjing Dream Garden                      | Located at Yuhuatai<br>Economic Development<br>Zone, Nanjing, Jiangsu<br>Province                      | Jul/2018                                   | Residential                | Completed | 58,914                          | 41,749                                                 | 51%                 | 21,292                         |
| Xiamen Mingfeng Town                      | Located at Lingdou Siming<br>District, Xiamen, Fujian<br>Province                                      | Jul/2018                                   | Commercial                 | Completed | 19,190                          | 103,431                                                | 100%                | 103,431                        |
| Zhenjiang Mingfa Xinjin<br>Yuancheng      | Located at east of the new<br>Road, Danbei Town,<br>Danyang City, Jiangsu<br>Province                  | Jan/2018                                   | Residential/<br>Commercial | Completed | 14,287                          | 12,393                                                 | 100%                | 12,393                         |
| Shenzhen Mingfa<br>Guangming Xuan         | Located at Tianliao Yulv<br>Area, Guangming New<br>District, Shenzhen                                  | Dec/2018                                   | Commercial                 | Completed | 4,109                           | 9,133                                                  | 100%                | 9,133                          |
| Nanjing Mingfa<br>Yuejingyuan (G07)       | Located at Pukou south<br>along the mountain<br>road, east side Nanjing<br>University of<br>Technology | Oct/2018                                   | Commercial                 | Completed | 31,455                          | 38,509                                                 | 100%                | 38,509                         |
| <b>Sub-total</b>                          |                                                                                                        |                                            |                            |           | <b>3,662,641</b>                | <b>2,737,915</b>                                       |                     | <b>2,535,891</b>               |

# Management Discussion and Analysis

| Property Name                                     | Location                                                                                                                                                       | Actual/<br>Estimated<br>Completion<br>Date | Type of Property                     | Status                                                                                                                                                                 | Site Area<br>(sq.m.)<br>(Notes) | Approximate<br>Leasable and<br>Saleable GFA<br>(sq.m.) | Group's<br>Interest | Attributable<br>GFA<br>(sq.m.) |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------|
| <b>Property under development (Note 2)</b>        |                                                                                                                                                                |                                            |                                      |                                                                                                                                                                        |                                 |                                                        |                     |                                |
| Zhenjiang Jinxiu<br>Yinshan                       | Located in the centre of<br>Zhenjiang City, Jiangsu<br>Province                                                                                                | Dec/2019                                   | Residential/<br>Commercial/<br>Hotel | Completion certificate had<br>been granted for GFA of<br>246,245 sq.m. in June<br>2019. The remaining GFA<br>of 158,433 sq.m. will be<br>completed in December<br>2019 | 296,702                         | 193,027                                                | 100%                | 193,027                        |
| Huaian Mingfa<br>Shopping Mall<br>(Block A)       | Located in Shenzhen<br>South Road, Huaian,<br>Jiangsu Province                                                                                                 | Dec/2020                                   | Commercial                           | Approximately 90% of<br>construction has been<br>completed                                                                                                             | 133,110                         | 266,335                                                | 100%                | 266,335                        |
| Shenyang Mingfa Jinxiu<br>Hua City                | Located in Shenbei Xinqu<br>Daoyi Development<br>Zone, Liaoning Province                                                                                       | Dec/2019                                   | Residential/<br>Commercial           | Completion certificate had<br>been granted for GFA of<br>280,040 sq.m. in June<br>2019. The remaining GFA<br>of 26,070 sq.m. will be<br>completed in December<br>2019  | 61,222                          | 171,162                                                | 100%                | 171,162                        |
| Yangzhou Mingfa<br>Jiangwan City                  | Located at east of<br>Xuzhuang Road, north<br>of Kaifa east Road,<br>west of Liaojiagou<br>Road, south of Ming<br>Cheng Road,<br>Yangzhou, Jiangsu<br>Province | Dec/2019                                   | Residential                          | Completion certificate had<br>been granted for GFA of<br>196,412 sq.m. in June<br>2019. The remaining GFA<br>of 25,120 sq.m. will be<br>completed in December<br>2019  | 158,238                         | 4,888                                                  | 100%                | 4,888                          |
| Taizhou Mingfa<br>International Mall<br>(Phase 1) | Located in Gaogang<br>District, Taizhou,<br>Jiangsu Province                                                                                                   | Dec/2020                                   | Residential/<br>Commercial           | Completion certificate had<br>been granted for GFA of<br>417,064 sq.m. in June<br>2019. The remaining GFA<br>of 361,737 sq.m. will be<br>completed in December<br>2020 | 292,487                         | 356,376                                                | 100%                | 356,376                        |
| Taizhou Mingfa<br>International Mall<br>(Phase 2) | Located in Gaogang<br>District, Taizhou,<br>Jiangsu Province                                                                                                   | Oct/2020                                   | Residential                          | Completion certificate had<br>been granted for GFA of<br>214,896 sq.m. in June<br>2019. The remaining GFA<br>of 30,791 sq.m. will be<br>completed in October<br>2020   | 237,075                         | 245,687                                                | 100%                | 245,687                        |

# Management Discussion and Analysis

| Property Name                                            | Location                                                                                                 | Actual/<br>Estimated<br>Completion<br>Date | Type of Property           | Status                                                                                                                                              | Site Area<br>(sq.m.)<br>(Notes) | Approximate<br>Leasable and<br>Saleable GFA<br>(sq.m.) | Group's<br>Interest | Attributable<br>GFA<br>(sq.m.) |
|----------------------------------------------------------|----------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------|
| Zhangzhou Longhai Mingfa Mall (2011G17, 2011G18 Phase 1) | Located in Bangshan Town, Kekeng Village, Longhai, Zhangzhou, Fujian Province                            | Dec/2020                                   | Residential/<br>Commercial | Completion certificate had been granted for GFA of 220,683 sq.m. in June 2019. The remaining GFA of 18,538 sq.m. will be completed in December 2020 | 78,622                          | 235,291                                                | 100%                | 235,291                        |
| Shanghai Mingfa Shopping Mall                            | Located in Hu Yi Highway East, Baiyin Road of South, Boundary of West, Gaotai Road North, Shanghai       | Dec/2019                                   | Commercial                 | Completion certificate had been granted for GFA of 39,459 sq.m. in June 2019. The remaining GFA of 121,079 sq.m. will be completed in December 2019 | 53,779                          | 152,555                                                | 100%                | 152,555                        |
| Pingliang Mingfa European City                           | Located in Water Bridge West, Linjing Road North, Kongdong District, Pingliang, Gansu Province           | Dec/2021                                   | Residential                | Approximately 75% of construction has been completed                                                                                                | 117,594                         | 122,163                                                | 60%                 | 73,298                         |
| Changsha Mingfa Shopping Mall                            | Located in Star Cheng Town, Wangcheng County, Changsha, Hunan Province                                   | Dec/2021                                   | Residential/<br>Commercial | Completion certificate had been granted for GFA of 74,461 sq.m. in June 2019. The remaining GFA of 843,189 sq.m. will be completed in December 2021 | 285,594                         | 798,406                                                | 100%                | 798,406                        |
| Huizhou Mingfa Gaobang New City                          | Huizhou City West Train Station, Guangdong Province                                                      | Dec/2020                                   | Residential                | Approximately 70% of construction has been completed                                                                                                | 332,335                         | 708,157                                                | 80%                 | 566,526                        |
| Nanjing Mingfa Xiang Hill Garden                         | Located along the mountain road to the south, Caiba Road East, Pukou District, Nanjing, Jiangsu Province | Dec/2019                                   | Residential                | Completion certificate had been granted for GFA of 244,877 sq.m. in June 2019. The remaining GFA of 10,484 sq.m. will be completed in December 2019 | 115,876                         | 111,074                                                | 100%                | 111,074                        |

# Management Discussion and Analysis

| Property Name                               | Location                                                                                                            | Actual/<br>Estimated<br>Completion<br>Date | Type of Property           | Status                                                                                                                                                  | Site Area<br>(sq.m.)<br>(Notes) | Approximate<br>Leasable and<br>Saleable GFA<br>(sq.m.) | Group's<br>Interest | Attributable<br>GFA<br>(sq.m.) |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------|
| Tianjin Binhai Mingfa Shopping Mall         | Located in Tanggu Marine Hi-Tech Development Zone, Tianjin                                                          | Dec/2021                                   | Commercial                 | Completion certificate had been granted for GFA of 145,222 sq.m. in June 2019. The remaining GFA of 224,325 sq.m. will be completed in December 2021    | 209,048                         | 369,238                                                | 100%                | 369,238                        |
| Nanjing Mingfa Wealth Center                | Located in NewCity Headquarters Avenue on the North side of 05 plots, Pukou District, Nanjing, Jiangsu Province     | Dec/2019                                   | Commercial/Office          | Completion certificate had been granted for GFA of 251,527 sq.m. in January 2019. The remaining GFA of 281,756 sq.m. will be completed in December 2019 | 56,694                          | 512,424                                                | 100%                | 512,424                        |
| Nanjing Rong Li                             | Located at Jiangpu Street, Puzhu Road North, Directional River Road East, Pukou District, Nanjing, Jiangsu Province | Dec/2019                                   | Residential                | Completion certificate had been granted for GFA of 200,563 sq.m. in June 2019. The remaining GFA of 175,483 sq.m. will be completed in December 2019    | 132,937                         | 19,567                                                 | 51%                 | 9,979                          |
| Wujiang Mingfa Jiangwan New City (Phase 1)  | Located at Wujiang Town Four Lian, Hexian, Anhui Province                                                           | Dec/2019                                   | Residential/<br>Commercial | Completion certificate had been granted for GFA of 269,628 sq.m. in June 2019. The remaining GFA of 440,275 sq.m. will be completed in December 2019    | 298,289                         | 508,251                                                | 100%                | 508,251                        |
| Wujiang Mingfa Jiangwan New City (Phase 2)  | Located at Wujiang Town Four Lian, Hexian, Anhui Province                                                           | Dec/2021                                   | Residential/<br>Commercial | Completion certificate had been granted for GFA of 372,909 sq.m. in June 2019. The remaining GFA of 1,022,575 sq.m. will be completed in December 2021  | 489,567                         | 1,132,976                                              | 100%                | 1,132,976                      |
| Quanzhou Mingfa International Huachang City | Located at Neicuo village, Guangqiao Town, Nanan, Fujian Province                                                   | Dec/2021                                   | Residential/<br>Commercial | Completion certificate had been granted for GFA of 167,587 sq.m. in June 2019. The remaining GFA of 658,913 sq.m. will be completed in December 2021.   | 276,120                         | 745,881                                                | 100%                | 745,881                        |

# Management Discussion and Analysis

| Property Name                                                      | Location                                                                                                                     | Actual/<br>Estimated<br>Completion<br>Date | Type of Property           | Status                                                                                                                                                                       | Site Area<br>(sq.m.)<br>(Notes) | Approximate<br>Leasable and<br>Saleable GFA<br>(sq.m.) | Group's<br>Interest | Attributable<br>GFA<br>(sq.m.) |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------|
| Guang'an Mingfa Mall<br>(GC2013-45 Block)                          | Located in Bridge Group,<br>Guanan, Sichuan<br>Province                                                                      | Dec/2020                                   | Residential/<br>Commercial | Completion certificate had<br>been granted for GFA of<br>152,222 sq.m. in June<br>2019. The remaining GFA<br>of 230,470 sq.m. will be<br>completed in December<br>2020       | 76,153                          | 382,692                                                | 100%                | 382,692                        |
| Shandong Zibo World<br>Trade Center                                | Located in People's Road<br>to the north, Shanghai<br>Road to the east,<br>Zhangdian District,<br>Zibo, Shandong<br>Province | Dec/2021                                   | Residential/<br>Commercial | Completion certificate had<br>been granted for GFA of<br>173,743 sq.m. in June<br>2019. The remaining GFA<br>of 445,215 sq.m. will be<br>completed in December<br>2021       | 147,371                         | 449,889                                                | 100%                | 449,889                        |
| Shenyang Creative<br>Industrial Estate                             | Located in Shenbei Xinqu<br>Daoyi Development<br>Zone, Liaoning Province                                                     | Dec/2021                                   | Residential/<br>Commercial | Completion certificate had<br>been granted for GFA of<br>88,339 sq.m. in June<br>2019. The remaining GFA<br>of 373,733 sq.m. will be<br>completed in December<br>2021        | 154,024                         | 438,437                                                | 100%                | 438,437                        |
| Zhangzhou Longhai<br>Mingfa Mall<br>(2011G15 +<br>2012G15 Phase 2) | Located in Bangshan<br>Town, Kekeng Village,<br>Longhai, Zhangzhou,<br>Fujian Province                                       | Jun/2021                                   | Residential                | Approximately 50% of<br>construction has been<br>completed                                                                                                                   | 63,127                          | 189,381                                                | 100%                | 189,381                        |
| Zhonggao Town Building                                             | Located at south of<br>Xiang'an District,<br>Xiamen, Fujian Province                                                         | Dec/2019                                   | Commercial                 | Approximately 50% of<br>construction has been<br>completed                                                                                                                   | 11,870                          | 98,104                                                 | 51%                 | 50,033                         |
| Jinzhai Mingfa City<br>Square (Plot AC)                            | Located at Jinzhai County<br>Meishan Town New<br>Town, Hefei, Anhui<br>Province                                              | Dec/2019                                   | Residential/<br>Commercial | Completion certificate had<br>been granted for GFA of<br>67,864 sq.m. in<br>December 2018. The<br>remaining GFA of<br>372,411 sq.m. will be<br>completed in December<br>2019 | 111,142                         | 162,164                                                | 100%                | 162,164                        |

# Management Discussion and Analysis

| Property Name                  | Location                                                                                                | Actual/<br>Estimated<br>Completion<br>Date | Type of Property           | Status                                                                                                                                              | Site Area<br>(sq.m.)<br>(Notes) | Approximate<br>Leasable and<br>Saleable GFA<br>(sq.m.) | Group's<br>Interest | Attributable<br>GFA<br>(sq.m.) |
|--------------------------------|---------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------|
| Mingfa MingBo Town             | Located at Bowang Town Bowang District, Maanshan, Anhui Province                                        | Dec/2019                                   | Residential/<br>Commercial | Approximately 50% of construction has been completed                                                                                                | 101,504                         | 171,950                                                | 100%                | 171,950                        |
| Nanjing Mingfa Yueshanyuefu    | Pukou Jiangpu Street angle at University Avenue and Flower Industry                                     | Dec/2019                                   | Residential                | Approximately 70% of construction has been completed                                                                                                | 72,280                          | 79,508                                                 | 100%                | 79,508                         |
| Taoyuan New Town               | Located at Xianghe Town, Quanjiao, Anhui Province                                                       | Mar/2020                                   | Residential                | Completion certificate had been granted for GFA of 21,702 sq.m. in June 2019. The remaining GFA of 219,092 sq.m. will be completed in December 2019 | 109,452                         | 237,913                                                | 100%                | 237,913                        |
| Minghong Xin Xing Yue Cheng    | Located along the Street High and New Technology Industrial Development Zone, Nanjing, Jiangsu Province | Now/2022                                   | Commercial                 | Approximately 50% of construction has been completed                                                                                                | 27,428                          | 82,283                                                 | 40%                 | 32,913                         |
| Taoyuan Mansion                | Located at Xianghe Town, Quanjiao, Anhui Province                                                       | Mar/2020                                   | Residential                | Completion certificate had been granted for GFA of 30,623 sq.m. in June 2019. The remaining GFA of 9,913 sq.m. will be completed in December 2019   | 18,099                          | 21,254                                                 | 100%                | 21,254                         |
| Taoyuan Mingzhu                | Located in Shengzhouhu Road, Chizhou, Anhui Province                                                    | Jun/2021                                   | Residential                | Approximately 50% of construction has been completed                                                                                                | 99,943                          | 159,909                                                | 100%                | 159,909                        |
| New project in Sihong 2017-A04 | Located in Radish Li Road East, north of Sizhou Street, Sihong County, Suqian, Jiangsu Province         | Mar/2020                                   | Residential/<br>Commercial | Approximately 40% of construction has been completed                                                                                                | 84,200                          | 193,660                                                | 100%                | 193,660                        |
| Jinse Shui'an                  | Located in north side of Huaihe Road, Jinhu County, Huai'an, Jiangsu Province                           | Dec/2022                                   | Residential/<br>Commercial | Approximately 40% of construction has been completed                                                                                                | 289,236                         | 336,769                                                | 100%                | 336,769                        |



# Management Discussion and Analysis

| Property Name                                    | Location                                                                                             | Actual/<br>Estimated<br>Completion<br>Date | Type of Property           | Status                                                     | Site Area<br>(sq.m.)<br>(Notes) | Approximate<br>Leasable and<br>Saleable GFA<br>(sq.m.) | Group's<br>Interest | Attributable<br>GFA<br>(sq.m.) |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|------------------------------------------------------------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------|
| Taoyuan Xi'an                                    | Located in Gushi Town,<br>Dangtu County, Anhui<br>Province                                           | Dec/2020                                   | Residential/<br>Commercial | Approximately 45% of<br>construction has been<br>completed | 24,439                          | 39,103                                                 | 100%                | 39,103                         |
| Taoyuan Guandi                                   | Located in south side of<br>Taochang Road,<br>Hanshan County, Anhui<br>Province                      | Dec/2020                                   | Residential                | Approximately 45% of<br>construction has been<br>completed | 43,868                          | 74,576                                                 | 100%                | 74,576                         |
| Wujiang Mingfa<br>Jiangwan New City<br>(Phase 3) | Located at Wujiang Town<br>Four Lian, Hexian,<br>Anhui Province                                      | Dec/2021                                   | Residential/<br>Commercial | Approximately 30% of<br>construction has been<br>completed | 613,287                         | 1,665,440                                              | 100%                | 1,665,440                      |
| Nanjing Mingfa<br>Xianghill Wan                  | Located in Software<br>Service Center High<br>Tech Development<br>Zone, Nanjing, Jiangsu<br>Province | Dec/2021                                   | Commercial                 | Approximately 30% of<br>construction has been<br>completed | 62,015                          | 356,997                                                | 100%                | 356,997                        |
| Taoyuan Xiangsong                                | Located in North New<br>District, Dongzhi<br>County, Chizhou,<br>Anhui Province                      | Jun/2020                                   | Residential/<br>Commercial | Approximately 30% of<br>construction has been<br>completed | 36,590                          | 62,202                                                 | 100%                | 62,202                         |
| Taoyuan Fudi                                     | Located at Xianghe Town,<br>Quanjiao, Anhui<br>Province                                              | Apr/2020                                   | Residential                | Approximately 30% of<br>construction has been<br>completed | 66,262                          | 189,320                                                | 70%                 | 132,524                        |
| Taoyuan Guanlan                                  | Located at Xianghe Town,<br>Quanjiao, Anhui<br>Province                                              | Apr/2020                                   | Residential                | Approximately 30% of<br>construction has been<br>completed | 55,481                          | 118,889                                                | 70%                 | 83,222                         |
| Mingfa North Station<br>New Town                 | Located in west side of<br>Changjiang Road,<br>Chahe Town, Lai'an<br>County                          | Jan/2020                                   | Residential/<br>Commercial | Approximately 30% of<br>construction has been<br>completed | 65,335                          | 163,337                                                | 70%                 | 114,336                        |
| Guang'an Wealth<br>Centre                        | Located in Binjiang Road,<br>Guang'an District,<br>Guanan, Sichuan<br>Province                       | Dec/2021                                   | Residential/<br>Commercial | Approximately 30% of<br>construction has been<br>completed | 76,363                          | 212,342                                                | 100%                | 212,342                        |
| New project in<br>Zhangpu 2017SG15               | Located in Houcai Village,<br>Qianting Town, Zhangpu<br>County, Zhangzhou, Fujian<br>Province        | May/2022                                   | Residential/<br>Commercial | Approximately 30% of<br>construction has been<br>completed | 46,885                          | 204,457                                                | 100%                | 204,457                        |

# Management Discussion and Analysis

| Property Name                                           | Location                                                                                                                | Actual/<br>Estimated<br>Completion<br>Date | Type of Property           | Status                                                     | Site Area<br>(sq.m.)<br>(Notes) | Approximate<br>Leasable and<br>Saleable GFA<br>(sq.m.) | Group's<br>Interest | Attributable<br>GFA<br>(sq.m.) |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|------------------------------------------------------------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------|
| New project in Wuhu<br>FT1714                           | Located in New City east<br>of Chengdong,<br>Fanchang County,<br>Wuhu City, Anhui<br>Province                           | May/2022                                   | Residential                | Approximately 30% of<br>construction has been<br>completed | 64,607                          | 129,214                                                | 100%                | 129,214                        |
| New project in Nanjing<br>Pukou 2014GY04 ·<br>2016GY020 | Located in the channel of<br>Science and Technology<br>Industrial Park, Pukou<br>District, Nanjing,<br>Jiangsu Province | Feb/2021                                   | Industrial                 | Approximately 30% of<br>construction has been<br>completed | 119,564                         | 95,652                                                 | 100%                | 95,652                         |
| Mingfa North Station<br>Center                          | Located at Chahe Town,<br>Laian, Anhui Province                                                                         | Jun/2021                                   | Residential/<br>Commercial | Approximately 50% of<br>construction has been<br>completed | 69,757                          | 132,699                                                | 100%                | 132,699                        |
| Mingfa North Station<br>New Town                        | Located at Chahe Town,<br>Laian, Anhui Province                                                                         | Jun/2021                                   | Residential                | Approximately 50% of<br>construction has been<br>completed | 66,350                          | 383,664                                                | 70%                 | 268,565                        |
| Hecheng Shoufu                                          | Located at Liyang Town,<br>Maanshan, Anhui<br>Province                                                                  | Jan/2021                                   | Residential                | Approximately 50% of<br>construction has been<br>completed | 26,918                          | 53,835                                                 | 100%                | 53,835                         |
| Mingfa Huguangshanse<br>Yihao                           | Located at Xiangquan<br>Town Maanshan, Anhui<br>Province                                                                | May/2020                                   | Residential/<br>Commercial | Approximately 30% of<br>construction has been<br>completed | 68,688                          | 82,426                                                 | 100%                | 82,426                         |
| Mingfa Huguangshanse<br>Yihao                           | Located at Xiangquan<br>Town Maanshan, Anhui<br>Province                                                                | May/2020                                   | Residential/<br>Commercial | Approximately 30% of<br>construction has been<br>completed | 63,674                          | 76,409                                                 | 100%                | 76,409                         |
| New project in Nanjing<br>Liuhe 2017G68                 | Located in Jinniu Lake<br>Street, Liuhe District,<br>Nanjing, Jiangsu<br>Province                                       | Oct/2020                                   | Residential                | Approximately 30% of<br>construction has been<br>completed | 34,330                          | 68,661                                                 | 51%                 | 35,017                         |
| Jinzhai Yueshanyuefu                                    | Located at Jinzhai County<br>Meishan Town New<br>Town, Hefei, Anhui<br>Province                                         | Jun/2021                                   | Residential/<br>Commercial | Approximately 30% of<br>construction has been<br>completed | 133,332                         | 252,883                                                | 100%                | 252,883                        |

# Management Discussion and Analysis

| Property Name                                   | Location                                                                                                                       | Actual/<br>Estimated<br>Completion<br>Date | Type of Property           | Status                                                     | Site Area<br>(sq.m.)<br>(Notes) | Approximate<br>Leasable and<br>Saleable GFA<br>(sq.m.) | Group's<br>Interest | Attributable<br>GFA<br>(sq.m.) |
|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|------------------------------------------------------------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------|
| New project in Nanjing<br>Pukou G01             | Located in Xinghuo Road<br>Bus Station, Jiangbei<br>New District, Nanjing,<br>Jiangsu Province                                 | Nov/2022                                   | Commercial/Office          | Approximately 20% of<br>construction has been<br>completed | 7,025                           | 21,145                                                 | 40%                 | 8,458                          |
| New project in Nanjing<br>Pukou G22             | Located in Puzhu Road,<br>Jiangpu Street, Pukou<br>District, Nanjing,<br>Jiangsu Province                                      | Dec/2020                                   | Commercial                 | Vacant                                                     | 26,530                          | 66,325                                                 | 100%                | 66,325                         |
| New project in Nanjing<br>Pukou G30             | Located at Pukou North of<br>Nanjing University of<br>Technology, along the<br>Mountain Road South                             | Jun/2020                                   | Commercial                 | Vacant                                                     | 32,843                          | 59,117                                                 | 100%                | 59,117                         |
| Taohua Yuanzhu<br>(Phase 1)                     | Located at Xingyuan Road<br>Zibo, Shandong<br>Province                                                                         | Oct/2022                                   | Residential                | Vacant                                                     | 75,474                          | 135,853                                                | 100%                | 135,853                        |
| Mingfa Internet<br>Industrial Park<br>(Phase 1) | Located at Xingyuan Road<br>Zibo, Shandong<br>Province                                                                         | Oct/2022                                   | Commercial                 | Vacant                                                     | 32,415                          | 48,623                                                 | 100%                | 48,623                         |
| Siyang Mingfa Shoufu<br>2013E1 Plot             | Located at Zhongxing<br>Town Siyang, Suqian,<br>Jiangsu Province                                                               | Dec/2021                                   | Residential/<br>Commercial | Vacant                                                     | 64,173                          | 320,865                                                | 70%                 | 224,606                        |
| New project in Jinniuhu<br>TP201813-3           | Located in east of<br>Changxing Road and<br>north of nameless road,<br>Jinniuhu lake new city,<br>Tianchang, Anhui<br>Province | Oct/2021                                   | Residential/<br>Commercial | Vacant                                                     | 48,073                          | 96,145                                                 | 100%                | 96,145                         |
| Xinyue City                                     | Located in West Ring Road<br>East, Zhongyang<br>Avenue North, West<br>City Road West,<br>Fengxian, Xuzhou,<br>Jiangsu Province | Dec/2021                                   | Residential/<br>Commercial | Vacant                                                     | 102,069                         | 255,172                                                | 70%                 | 178,620                        |

# Management Discussion and Analysis

| Property Name                        | Location                                                        | Actual/<br>Estimated<br>Completion<br>Date | Type of Property           | Status | Site Area<br>(sq.m.)<br>(Notes) | Approximate<br>Leasable and<br>Saleable GFA<br>(sq.m.) | Group's<br>Interest | Attributable<br>GFA<br>(sq.m.) |
|--------------------------------------|-----------------------------------------------------------------|--------------------------------------------|----------------------------|--------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------|
| Mingfa City Lights<br>JZB-GT-2018-37 | Located in Jinzhai Modern<br>Industrial Park, Anhui<br>Province | Mar/2021                                   | Residential/<br>Commercial | Vacant | 43,995                          | 131,986                                                | 100%                | 131,986                        |
| <b>Sub-total</b>                     |                                                                 |                                            |                            |        | <b>7,161,460</b>                | <b>15,154,708</b>                                      |                     | <b>14,381,478</b>              |

## Property with land use rights certificate for future development (Note 3)

|                                                     |                                                                                                    |          |                            |        |           |           |      |         |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------|----------|----------------------------|--------|-----------|-----------|------|---------|
| Nanjing Mingfa<br>Furniture City                    | Located in Huangyao<br>Village, Taishan Street,<br>Pukou District, Nanjing,<br>Jiangsu Province    | Jun/2021 | Industrial                 | Vacant | 41,434    | 103,585   | 100% | 103,585 |
| Lanzhou Mingfa<br>Zhongke Ecological<br>park        | Located in Weijia Village<br>of Southwest, Gansu<br>Province                                       | Dec/2021 | Residential                | Vacant | 1,371,786 | 1,371,786 | 51%  | 699,611 |
| Taiwan Taoyuan 54<br>Block                          | Located in Air Passenger<br>Park, Taoyuan, Taiwan                                                  | Jun/2021 | Commercial                 | Vacant | 13,710    | 32,905    | 100% | 32,905  |
| Taiwan Taoyuan 169<br>Block                         | Located in Air Passenger<br>Park, Taoyuan, Taiwan                                                  | Jun/2021 | Commercial                 | Vacant | 16,110    | 38,663    | 100% | 38,663  |
| Shenyang Mingfa<br>Wealth Center                    | Located at Young Street,<br>Heping District,<br>Shenyang, Liaoning<br>Province                     | Dec/2021 | Commercial                 | Vacant | 5,468     | 54,677    | 100% | 54,677  |
| Shenyang Mingfa<br>Square                           | Located in Shenbei Xinqu<br>Daoyi Development<br>Zone, Liaoning Province                           | Jun/2021 | Residential/<br>Commercial | Vacant | 119,154   | 238,308   | 100% | 238,308 |
| Shenyang Mingfa<br>Comprehensive<br>Technology Park | Located at Zaohua Street,<br>Yuhong District,<br>Shenyang, Liaoning<br>Province                    | Dec/2021 | Residential                | Vacant | 235,526   | 423,948   | 100% | 423,948 |
| New project in<br>Lianyungang<br>2017G04            | Located in east side of<br>silver Beach Road,<br>Qingkou Town,<br>Lianyungang, Jiangsu<br>Province | Apr/2021 | Residential                | Vacant | 50,458    | 75,687    | 100% | 75,687  |

# Management Discussion and Analysis

| Property Name                                 | Location                                                                                                               | Actual/<br>Estimated<br>Completion<br>Date | Type of Property                          | Status | Site Area<br>(sq.m.)<br>(Notes) | Approximate<br>Leasable and<br>Saleable GFA<br>(sq.m.) | Group's<br>Interest | Attributable<br>GFA<br>(sq.m.) |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------------------|--------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------|
| New project in<br>Maanshan MingFu             | Located at Wujiang Town<br>Four Lian, Hexian,<br>Anhui Province                                                        | Apr/2021                                   | Industrial                                | Vacant | 31,258                          | 46,888                                                 | 100%                | 46,888                         |
| New project in<br>Maanshan MingLin            | Located at Wujiang Town<br>Four Lian, Hexian,<br>Anhui Province                                                        | Apr/2021                                   | Residential/<br>Commercial/<br>Industrial | Vacant | 123,223                         | 211,755                                                | 100%                | 211,755                        |
| Siyang Mingfa<br>Shoufu2013E2 Plot            | Located at Zhongxing<br>Town Siyang, Suqian,<br>Jiangsu Province                                                       | Dec/2021                                   | Residential/<br>Commercial                | Vacant | 39,799                          | 198,995                                                | 70%                 | 139,297                        |
| Taohua Yuanzhu<br>(Phase 2)                   | Located at Xingyuan Road<br>Zibo, Shandong<br>Province                                                                 | Oct/2022                                   | Residential                               | Vacant | 81,217                          | 146,191                                                | 100%                | 146,191                        |
| Mingfa Internet<br>Industrial Park<br>Phase 2 | Located at Xingyuan Road<br>Zibo, Shandong<br>Province                                                                 | Oct/2022                                   | Commercial                                | Vacant | 34,741                          | 52,112                                                 | 100%                | 52,112                         |
| New project in Jurong<br>2018-J2-1-15 Plot    | Located at the east side of<br>Ninghang North Road<br>and the west side of<br>Chigang Road Jurong,<br>Jiangsu Province | Aug/2022                                   | Residential/<br>Commercial                | Vacant | 53,892                          | 296,406                                                | 100%                | 296,406                        |
| Mingfa Huguangshanse<br>Erhao                 | Located at Xiangquan<br>Town Maanshan, Anhui<br>Province                                                               | May/2021                                   | Residential                               | Vacant | 108,972                         | 108,972                                                | 100%                | 108,972                        |
| New project in<br>Jurong2017-2-1-08           | Located in Huanhu Road,<br>Jurong, Jiangsu<br>Province                                                                 | Apr/2021                                   | Commercial                                | Vacant | 9,265                           | 13,898                                                 | 49%                 | 6,810                          |
| New project in<br>Jurong2017-2-1-15           | Located in Baohua Town,<br>Jurong, Jiangsu<br>Province                                                                 | Apr/2021                                   | Residential                               | Vacant | 8,378                           | 20,945                                                 | 51%                 | 10,682                         |
| Mingfa City Lights<br>JZB-GT-2018-38          | Located in Jinzhai Modern<br>Industrial Park, Anhui<br>Province                                                        | Mar/2021                                   | Residential                               | Vacant | 63,421                          | 139,527                                                | 100%                | 139,527                        |

# Management Discussion and Analysis

| Property Name                                                      | Location                                                                                                                       | Actual/<br>Estimated<br>Completion<br>Date | Type of Property           | Status | Site Area<br>(sq.m.)<br>(Notes) | Approximate<br>Leasable and<br>Saleable GFA<br>(sq.m.) | Group's<br>Interest | Attributable<br>GFA<br>(sq.m.) |
|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------|--------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------|
| MingBo Yue City                                                    | Located at Bowang Town<br>Bowang District,<br>Maanshan, Anhui<br>Province                                                      | Nov/2021                                   | Residential/<br>Commercial | Vacant | 67,600                          | 121,680                                                | 100%                | 121,680                        |
| New project in<br>Dingyuan<br>CR2018-20                            | Located at Kaoshan Road,<br>Dingyuan Town,<br>Chuzhou, Anhui<br>Province                                                       | Oct/2022                                   | Residential                | Vacant | 69,333                          | 138,666                                                | 100%                | 138,666                        |
| New project in<br>Dingyuan<br>CR2018-21                            | Located at south of Qi<br>Jiguang Avenue,<br>Dingyuan Town,<br>Chuzhou, Anhui<br>Province                                      | Oct/2022                                   | Commercial/Office          | Vacant | 24,439                          | 146,636                                                | 100%                | 146,636                        |
| New project in Fengxian<br>(2016-30, 2016-32,<br>2016-33, 2016-34) | Located in West Ring Road<br>East, Zhongyang<br>Avenue North, West<br>City Road West,<br>Fengxian, Xuzhou,<br>Jiangsu Province | Dec/2022                                   | Residential/<br>Commercial | Vacant | 213,380                         | 533,450                                                | 70%                 | 373,415                        |
| <b>Sub-total</b>                                                   |                                                                                                                                |                                            |                            |        | <b>2,782,564</b>                | <b>4,515,680</b>                                       |                     | <b>3,606,421</b>               |

## Property with signed land use rights contract for future development (Note 4)

|                                                                               |                                                                                        |          |                            |        |         |         |      |         |
|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|----------|----------------------------|--------|---------|---------|------|---------|
| Hong Six Highway<br>Rebuilding Project                                        | Located at Xixia Village,<br>Honglai Town, Nanan,<br>Fujian Province                   | Dec/2022 | Residential/<br>Commercial | Vacant | 22,784  | 92,298  | 100% | 92,298  |
| Zhangzhou Longhai<br>Mingfa Mall<br>(2011G16,<br>2012G13, 2012G14<br>Phase 3) | Located in Bangshan<br>Town, Kekeng Village,<br>Longhai, Zhangzhou,<br>Fujian Province | Dec/2022 | Residential                | Vacant | 105,188 | 315,564 | 100% | 315,564 |
| Kangyang Town                                                                 | Located in Jiangjun Road,<br>Jinzhai, Anhui Province                                   | Sep/2021 | Residential/<br>Commercial | Vacant | 64,539  | 103,263 | 100% | 103,263 |
| New project in Hainan<br>A-05                                                 | Located in Haikou<br>Comprehensive Bonded<br>Area, Haikou, Hainan<br>Province          | Jan/2021 | Industrial                 | Vacant | 57,600  | 57,600  | 100% | 57,600  |

# Management Discussion and Analysis

| Property Name                | Location                                                                                       | Actual/<br>Estimated<br>Completion<br>Date | Type of Property | Status | Site Area<br>(sq.m.)<br>(Notes) | Approximate<br>Leasable and<br>Saleable GFA<br>(sq.m.) | Group's<br>Interest | Attributable<br>GFA<br>(sq.m.) |
|------------------------------|------------------------------------------------------------------------------------------------|--------------------------------------------|------------------|--------|---------------------------------|--------------------------------------------------------|---------------------|--------------------------------|
| New project in Hainan        | Located in Haikou Comprehensive Bonded Area, Haikou, Hainan Province                           | Jan/2021                                   | Industrial       | Vacant | 53,369                          | 53,369                                                 | 100%                | 53,369                         |
| New project in Huai'an Xinyi | Located in north of Beijing East Road, east of Qianjiang Road, Xinyi, Xuzhou, Jiangsu Province | Oct/2022                                   | Commercial       | Vacant | 46,548                          | 88,000                                                 | 60%                 | 52,800                         |
| <b>Sub-total</b>             |                                                                                                |                                            |                  |        | <b>350,028</b>                  | <b>710,094</b>                                         |                     | <b>674,894</b>                 |
| <b>Total</b>                 |                                                                                                |                                            |                  |        | <b>13,956,693</b>               | <b>23,118,397</b>                                      |                     | <b>21,021,870</b>              |

## Notes:

- 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 had been obtained as at 30 June 2019.
- 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 had been obtained as at 30 June 2019.
- The site area is in respect of the whole property (regardless of GFA that had been sold).
- The approximate leasable and saleable GFA and attributable GFA have excluded the GFA that had been sold/leased.



# Management Discussion and Analysis

## Summary of Properties held by the Group for Investment

The following table summarizes the details of the Group's major properties held for investment as at 30 June 2019:

| Property                                 | Location                                                                                                                  | Existing Usage          | Attributable GFA (sq.m.) | Term of Leases     | Percentage of Interest in the Properties Attributable to the Group |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------|--------------------|--------------------------------------------------------------------|
| Beijing Mingfa Mall                      | Located at Bizang Village, Daxing District, Beijing                                                                       | Residential/ Commercial | 61,108                   | 3–10 years         | 100%                                                               |
| Changsha Mingfa Shopping Mall            | Located in Star Cheng Town, Wangcheng County, Changsha, Hunan Province                                                    | Commercial              | 70,742                   | Under construction | 100%                                                               |
| Hefei Mingfa Shopping Mall               | Located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang District, Hefei, Anhui Province | Commercial              | 155,913                  | 15–20 years        | 100%                                                               |
| Jinzhai Mingfa City Square (Plot G)      | Located at New Town District, Meishan Town, Jinzhai County, Hefei, Anhui Province                                         | Commercial              | 55,105                   | 2–15 years         | 100%                                                               |
| Nanjing Mingfa New City Finance Building | Located in New Town Business Avenue North, Pukou District, Nanjing, Jiangsu Province                                      | Office                  | 784                      | 3–5 years          | 100%                                                               |
| Nanjing Mingfa Riverside New Town        | Located in Taishan Village, Pukou District, Nanjing, Jiangsu Province                                                     | Commercial              | 52,868                   | 3–9 years          | 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%                                                               |
| Quanzhou Mingfa Hotel                    | Located in Licheng District, Jiangnan Torch Village, Quanzhou, Fujian Province                                            | Hotel                   | 4,755                    | 5 years            | 100%                                                               |

# Management Discussion and Analysis

| Property                           | Location                                                                                                                             | Existing Usage | Attributable GFA (sq.m.) | Term of Leases     | Percentage of Interest in the Properties Attributable to the Group |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------|--------------------|--------------------------------------------------------------------|
| Taizhou Mingfa International Mall  | Located in Gaogang District, Taizhou, Jiangsu Province                                                                               | Commercial     | 6,355                    | 10 years           | 100%                                                               |
| Tianjin Mingfa City Complex        | Located in Tanggu Marine Hi-Tech Development Zone, Tianjin                                                                           | Commercial     | 62,631                   | Under construction | 100%                                                               |
| Wuxi Mingfa International New Town | Located at south of Yanqiao Town, Huishan District, Wuxi, Jiangsu Province                                                           | Commercial     | 733                      | 3 years            | 100%                                                               |
| Wuxi Mingfa Shopping Mall          | Located in Sitou Village and Tangtou Village, Yanqiao Town, Huishan District, Wuxi, Jiangsu Province                                 | Commercial     | 6,695                    | 15–20 years        | 70%                                                                |
| Xiamen Lianfeng Furniture Park     | Located on Honglian Road, Siming District, Xiamen, Fujian Province                                                                   | Industrial     | 26,120                   | 20 years           | 100%                                                               |
| Xiamen Mingfa Group Mansion        | Located at Qianpu Industrial Park, Xiamen, Fujian Province                                                                           | Commercial     | 1,123                    | 5–6 years          | 100%                                                               |
| Xiamen Mingfa Harbour 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 | Commercial     | 46,782                   | 3 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%                                                               |

# Management Discussion and Analysis

| Property                       | Location                                                                                                             | Existing Usage | Attributable GFA (sq.m.) | Term of Leases | 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     | 113,379                  | 8–20 years     | 70% –100%                                                          |
| Xiamen Mingfa Technology Park  | Located in Kaiyuan Xing'an Industrial Park, Tong'an District, Xiamen, Fujian Province                                | Industrial     | 62,131                   | 18 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     | 58,860                   | 15 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                  | 12–19 years    | 100%                                                               |
| Zhenjiang Jinxiu Yinshan       | Located in the centre of Zhenjiang City, Jiangsu Province                                                            | Commercial     | 2,859                    | 15.5 years     | 100%                                                               |
| <b>Total</b>                   |                                                                                                                      |                | <b>1,059,308</b>         |                |                                                                    |

# Management Discussion and Analysis

## ACQUISITION FRAMEWORK AGREEMENTS

As at 30 June 2019, the Group entered into 10 uncompleted memoranda of understanding (“**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 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. A 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.) | (Notes) |
|-------------------------------------------------------------------------------------|----------------------------------|-------------|-------------------|-------------|---------|
| Huai'an Mingfa International Industrial Material Park and Mingfa International Town | Huai'an City, Jiangsu Province   | 28-Nov-07   | 666,670           | 1,180,219   | (1)     |
| Shenyang Creative Park                                                              | Shenyang City, Liaoning Province | 28-Jan-10   | 912,005           | 2,000,000   | (2)     |
| Shenyang Residential and Commercial Complex Project                                 | Shenyang City, Liaoning Province | 28-Jan-10   | 142,800           | 714,000     | (3)     |
| Panjin Mingfa City Square                                                           | Panjin City, Liaoning Province   | 20-Oct-10   | 427,332           | 1,281,996   |         |
| Jiangsu Taizhou Mingfa City Complex Project                                         | Taizhou City, Jiangsu Province   | 22-Dec-10   | 1,466,674         | 3,666,685   | (4)     |
| Shenyang Mingfa Integrated Science and Technology Park                              | Shenyang City, Liaoning Province | 23-Sep-11   | 1,344,007         | 1,830,000   | (5)     |
| Nanjing Software Park Starting Area Project                                         | Nanjing City, Jiangsu Province   | 14-Jan-12   | 220,001           | 800,000     |         |

# Management Discussion and Analysis

| Project Name                                                                         | Location                       | Date of MOU | Site Area (sq.m.) | GFA (sq.m.)       | (Notes) |
|--------------------------------------------------------------------------------------|--------------------------------|-------------|-------------------|-------------------|---------|
| Nanjing Zijin (Pukou) Technology Entrepreneurship Special Community 2# Block Project | Nanjing City, Jiangsu Province | 9-Oct-12    | 200,001           | 800,000           |         |
| Nanjing Software Valley Technology City Project                                      | Nanjing City, Jiangsu Province | 6-Dec-12    | 106,667           | 373,335           | (6)     |
| Anhui Hexian Wujiang New Town                                                        | Maanshan City, Anhui Province  | 28-Apr-13   | 2,000,010         | 7,000,035         | (7)     |
| <b>Total</b>                                                                         |                                |             | <b>7,486,167</b>  | <b>19,646,270</b> |         |

## Notes:

- (1) The Group had acquired 3 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 1 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 2 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 5 plots of land 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 529,526 sq.m. and approximately 832,637 sq.m. respectively.
- (5) The Group had acquired 2 plots of land under the MOU signed on 23 September 2011. The land is located at Zaohua Street, Guan Jia Village, Yuhong District, Liaoning Province. Total land area and GFA is approximately 235,526.47 sq.m. and approximately 423,947.63 sq.m. respectively.

# Management Discussion and Analysis

- (6) The Group had acquired 1 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.
- (7) The Group had acquired 47 plots of land under the MOU signed on 28 April 2013. The land is located at New City, Mei Shan Town, Jinzhai Country, Hefei, Anhui Province. Total land area and GFA is approximately 1,401,143 sq.m. and approximately 3,770,826 sq.m. respectively.

## PROSPECTS AND OUTLOOK

The integration strategy in Yangtze River Delta Area is expected to continue in 2019 which will benefit the cities in the area such as Nanjing and Wujiang. The Group has GFA of 5.3 million sq.m. in these two cities which will contribute the continuous growth in the future. In addition, the Group cooperated with some real estate developers to develop the properties projects so that the partners can apply their competitive strength and make valuable contribution.

## CAPITAL STRUCTURE

As at 30 June 2019, the Group had aggregate cash and cash equivalents (excluding restricted cash) of approximately RMB4,351.2 million (31 December 2018: approximately RMB5,263.4 million). Restricted cash of the Group was RMB419.5 million (31 December 2018: approximately RMB429.6 million). Bank loans and other borrowings of the Group repayable within one year and after one year were approximately RMB6,939.9 million and RMB1,523.7 million respectively (31 December 2018: approximately RMB8,729.8 million and RMB2,109.7 million respectively). The cash and cash equivalents of the Group were mainly denominated in Renminbi as at 30 June 2019.

For the six months ended 30 June 2019, total interest expenses including the capitalised interest costs amounted to approximately RMB293.1 million (corresponding period in 2018: RMB389.6 million), and RMB290.8 million of loan interest expenses was capitalised in 2019 (2018: RMB389.6 million was capitalised).



# Management Discussion and Analysis

Set out below are the major ratios of the Group:

|                         | As at<br>30 June<br>2019 | As at<br>30 June<br>2018 |
|-------------------------|--------------------------|--------------------------|
| Gross profit margin     | 30.8%                    | 24.8%                    |
| Operating profit margin | 21.3%                    | 24.7%                    |
| Net profit margin       | 10.9%                    | 14.6%                    |

|                                                             | As at<br>30 June<br>2019 | As at<br>31 December<br>2018 |
|-------------------------------------------------------------|--------------------------|------------------------------|
| Current ratio                                               | 1.05                     | 1.05                         |
| Total liabilities to total assets                           | 79.3%                    | 79.7%                        |
| Bank loans and other borrowings to shareholders' funds      | 58.9%                    | 77.7%                        |
| Non-current bank loans and other borrowings to total assets | 2.0%                     | 2.8%                         |
| Gearing ratio*                                              | 18.8%                    | 25.2%                        |

\* Defined as net debt (total borrowings less cash and cash equivalents and cash restricted for borrowings) divided by the sum of shareholders' funds and net debt.

The decrease in gearing ratio in 2019 was mainly due to the decrease in borrowing for RMB2,376.0 million in 2019.

## PLEDGE OF ASSETS

As at 30 June 2019, investment properties of the Group with net book value of approximately RMB2,914.5 million (31 December 2018: approximately RMB2,904.5 million), buildings of approximately RMB205.7 million (31 December 2018: approximately RMB381.6 million), land use rights of approximately RMB2,536.1 million (31 December 2018: approximately RMB3,587.1 million), completed properties held for sale of approximately RMB2,439.7 million (31 December 2018: approximately RMB2,623.0 million), and properties under development of approximately RMB1,080.4 million (31 December 2018: approximately RMB2,876.0 million) were pledged as securities for borrowings of the Group. As at 30 June 2019, cash deposits of approximately RMB419.5 million (31 December 2018: RMB429.6 million) was restricted and deposited in certain banks as security for project construction.



# Management Discussion and Analysis

## CAPITAL COMMITMENTS

As at 30 June 2019, the contracted capital commitments of the Group were approximately RMB9,146.7 million (31 December 2018: approximately RMB7,844.2 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.

## CONTINGENT LIABILITIES

As at 30 June 2019, the contingent liabilities of the Group was approximately RMB7,617.2 million (31 December 2018: approximately RMB6,904.8 million), which were mainly the guarantees given by the Group in favour of certain banks for the grant of mortgage loans to buyers of the Group's properties. Such guarantees will be released following completion of transfer of property title by the Group to the buyers. In addition, the Group provided guarantee for the bank loans granted to the associated companies and a joint venture.

## FOREIGN EXCHANGE RISK

As at 30 June 2019, the balance of the bank deposits maintained by the Group (including restricted bank balances) consisted of Renminbi, Hong Kong dollars and US dollars in the respective proportions of 73.8%, 0.2% and 26.0% (31 December 2018: Renminbi, Hong Kong dollars and US dollars accounted for 99.8%, 0.1% and 0.1% respectively of the total bank balances of the Group). The bank loans and other borrowings maintained by the Group were denominated in Renminbi, US dollars and New Taiwan dollars in respective proportions of 58.6%, 40.2% and 1.2% (31 December 2018: Renminbi, Hong Kong dollars, US dollars and New Taiwan dollars accounted for 64.9%, 2.1%, 32.1% and 0.9% respectively of the total bank loans and other borrowings of the Group).

As the sales, purchases, bank borrowings and other borrowings of the Group in 2019 were made mainly in Renminbi, Hong Kong dollars and US dollars, and it is expected that the majority of future development and transactions carried out by the Group will be made and transacted either in Renminbi, Hong Kong dollars or US dollars, the Group will convert the Hong Kong dollars and US dollars bank balances into Renminbi as and when required to minimize any foreign exchange risk. The Group did not adopt any foreign exchange hedging instruments to hedge against foreign exchange risk in 2019 as the hedging cost was comparable to the corresponding risk.

# Management Discussion and Analysis

## INTEREST RATE RISK

As at 30 June 2019, the majority of the bank borrowings of the Group were floating rate borrowings and were denominated in Renminbi, Hong Kong dollars and US dollars, whereby any upward fluctuations in interest rates will increase the interest costs of the Group in connection with such loans or any new loans obtained by the Group calculated on a floating interest rate basis. The Group currently does not use any derivative instruments to hedge against its interest rate risk.

## FUNDING AND TREASURY POLICY

The Group utilizes cash flows generated from operating activities and bank loans to finance its operations, construction and capital expenditure, to increase its land banks, to discharge its debt and to ensure the continuous growth of the Group's business.

## CREDIT POLICIES

The Group has policies in place to ensure that sales of properties are made to purchasers with an appropriate financial strength and appropriate percentage of down payment. Credit is normally granted to anchor tenants with sufficient financial strength. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Other receivables mainly comprise deposits made to government agencies for property development purposes which are to be recovered upon completion of the development, and advances to business partners for business cooperations. The Group closely monitors these deposits and advances to ensure actions are taken to recover these balances in the case of any risk of default.

## GUARANTEED BONDS DUE 2019

Reference is made to the Company's announcement dated 15 December 2016 (capitalized terms in this paragraph have the same meanings as those defined therein).

On 15 December 2016, the Company, together with the Guarantors, entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to act as the exclusive placing agent for the Company in relation to the issue by the Company and the placing on a private placement basis by the Placing Agent of the Bonds upon the terms and subject to the conditions set forth in the Placing Agreement. The Placing Agent shall use its best efforts to place and procure the subscribers to subscribe and pay for the Bonds with an aggregate principal amount of US\$60,000,000. Unless previously redeemed or purchased and cancelled by the Company, the Bonds will be redeemed at their principal amount on an Interest Payment Date in 2019. The net proceeds from the issue of the Bonds is approximately US\$58 million for general corporate purposes of the Group.

## Management Discussion and Analysis

On first Closing Date, the Chargor entered into the Share Charge in favour of the Security Agent as agent of the Bondholders, whereby the Chargor, being the controlling shareholder of the Company, undertake with the Security Agent that it shall ensure that at all times the 1,000,000,000 Shares represent no less than 16.41% of the total issued capital of the Company.

Pursuant to the terms of the Bonds, a change of control event occurs if (a) the Chargor ceases to be the controlling shareholder of the Company; or (b) the Personal Guarantors jointly cease to legally or beneficially own 100% of the total issued share capital of the Chargor from time to time; any Bondholder will have the right, at such Bondholder's option, to require the Company to redeem all, but not some only, of their Bonds at 100% of their principal amount together with accrued interest to (but excluding) the date of such early redemption.

### BONDS DUE 2020

Reference is made to the Company's announcements dated 12 May 2017 and 18 May 2017 (capitalized terms in this paragraph have the same meanings as those defined therein).

On 12 May 2017, the Company entered into a placing agreement (as amended and supplemented from time to time, the "**2017 Placing Agreement**") with Head & Shoulders Securities Limited as placing agent pursuant to which the Company issued 11% Bonds due 2020 in an aggregate principal amount of US\$220 million ("**2020 Bonds**"). The 2020 Bonds was issued and listed on SGX-ST on 18 May 2017. The net proceeds from the issue of the Bonds was approximately US\$216.7 million for refinancing certain existing indebtedness of the Group and for general corporate purposes of the Group.

The 2020 Bonds bear an interest rate of 11.0% per annum payable semi-annually in arrears. Subject to certain conditions and exceptions, the terms and conditions of the Bonds in the 2017 Placing Agreement contained certain covenants pursuant to which the Company agreed, among other things:

- to ensure that the ratio of consolidated net debt to book equity shall, at any time, be equal to or less than 110%;
- to supply bondholders under the 2020 Bonds with certain compliance certificate within 7 business days of publishing our annual and semi-annual financial statements;
- to use best endeavours to maintain our listing on the HKSE; and
- to use best endeavours to maintain the listing of the Bonds on SGX-ST.

## Management Discussion and Analysis

The 2017 Placing Agreement contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2020 Bonds, when such payments become due, breaches of covenants, breaches of other obligations, insolvency of the Company, cessation of all or a material part of our business, cross default and other events of default specified in the 2017 Placing Agreement. If an event of default occurs, any bondholder may, by written notice to the Company, declare any 2020 Bonds held by such bondholder to be immediately due and payable at principal amount plus any accrued interest to the date of repayment.

Upon the occurrence of a certain event of change of control, the bondholder will have the right, at the option of such bondholder, to require the Company to redeem all, but not some only, of their bonds at 101% of their principal amount together with accrued interest (but excluding) the date of such early redemption.

### **15% BONDS DUE 2020 IN AN AGGREGATE PRINCIPAL AMOUNT OF US\$200 MILLION ("2020 JANUARY BONDS")**

Reference is made to the Company's announcements dated 10 January 2019 and 21 January 2019 (capitalized terms in this paragraph have the same meanings as those defined therein).

On 10 January 2019, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to act as the exclusive placing agent for the Company in relation to the issue by the Company and the placing on a private placement basis by the Placing Agent of the Bonds upon the terms and subject to the conditions set forth in the Placing Agreement.

The 2020 January Bonds was issued and listed on SGX-ST on 21 January 2019. The net proceeds from the issue of the Bonds was approximately US\$199.6 million for refinancing certain existing indebtedness of the Group and for general corporate purposes of the Group.

The 2020 January Bonds bear interest on the outstanding principal amount from and including the issue date at the rate of 15% per annum, payable semi-annually in arrears on 16 July 2019 and 15 January 2020.

Upon the occurrence of a Change of Control Event, any Bondholder will have the right, at such Bondholder's option, to require the Company to redeem all, but not some only, of their Bonds at 101% of their principal amount together with accrued interest to (but excluding) the date of such early redemption.

# Management Discussion and Analysis

## SUBSEQUENT EVENTS

Reference is made to the Company's announcement dated 25 July 2019 (capitalized terms in this paragraph have the same meanings as those defined therein).

### Connected Transactions — Sales of House Use Rights

On 25 December 2013, the Vendor entered into the House Use Rights Transfer Contracts with the Purchasers, pursuant to which the Vendor agreed to sell and each of the Purchasers agreed to purchase the House Use Rights of eight villas located at Xiamen Mingfa Harbour Resort (廈門明發海灣度假村). The aggregate selling price of the House Use Rights is RMB189,000,000.

Each of the Purchasers is a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the House Use Rights Transfer Contracts and the Sales constituted connected transactions of the Company under Chapter 14A of the Listing Rules. Given that the House Use Rights Transfer Contracts were entered into on the same date, they should be aggregated pursuant to Rule 14.22 of the Listing Rules. Since one or more of the applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules for the House Use Rights Transfer Contracts exceeds 0.1% but is less than 5% in aggregate, the House Use Rights Transfer Contracts and the Sales are subject to the announcement and reporting requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### Discloseable and Connected Transaction — Proposed Disposal of 51% Equity Interests in Tianjin Subsidiary and Subsequent Termination

On 20 December 2014, the Company, as seller, and Mr. Wong Wai Choi, as purchaser, entered into the Equity Transfer Contract, pursuant to which the Company agreed to sell, and Mr. Wong Wai Choi agreed to purchase, 51% equity interests in the Tianjin Subsidiary at the consideration of RMB663 million, which should be settled within nine months from the date of signing of the Equity Transfer Contract.

On 30 April 2015, the Company and Mr. Wong Wai Choi entered into the Supplemental Agreement to the Equity Transfer Contract pursuant to which the parties agreed that, among other things, Mr. Wong Wai Choi should pay to the Group not less than 70% of the consideration for the Proposed Equity Transfer by 31 December 2015 and the remaining balance by 30 June 2016.

The Proposed Equity Transfer was subsequently terminated on 10 September 2016 pursuant to the Cancellation Agreement.



## Management Discussion and Analysis

As one or more of the applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules for the Equity Transfer Contract exceeds 5% but is less than 25%, the Proposed Equity Transfer constituted a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Mr. Wong Wai Choi is the cousin of Mr. Wong Wun Ming, the chairman of the Board, a non-executive Director and a controlling shareholder of the Company, and Mr. Huang Qingzhu, Mr. Huang Lianchun and Mr. Huang Li Shui, the executive Directors, and is a deemed connected person of the Company under Rule 14A.21 of the Listing Rules. Accordingly, the Proposed Equity Transfer also constituted a connected transaction of the Company, which is subject to the reporting, announcement, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the Proposed Equity Transfer was terminated, the resolution in relation to the Proposed Equity Transfer will not be put forward for the approval by the independent shareholders of the Company.

### Delay in Publication of Announcements

The House Use Rights Transfer Contracts were entered into on 25 December 2013 and the Equity Transfer Contract was entered into on 20 December 2014. The House Use Rights Transfer Contracts and the Equity Transfer Contract were not properly reported and therefore, the Company had failed to recognize that the Sales would amount to non-exempt connected transactions under Chapter 14A of the Listing Rules and the Proposed Equity Transfer would constitute a discloseable and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules and no actions were taken to comply with the relevant requirements under Chapters 14 and 14A of the Listing Rules at the material time.

The Company admits that the delay in the publication of the announcement constitutes a breach of Rule 14.34 and Rule 14A.35 of the Listing Rules. The Company and the Board sincerely apologize for any inconvenience caused to the Shareholders and investors of the Company due to the non-compliance. In light of the breaches and related Audit Matters, the Company has taken remedial measures. Please refer to the announcement of the Company dated 25 July 2019 for further details.

The Board is of the view that proper systems and structure has been put in place and the Company is well-positioned to adhere to and execute the new internal control systems and procedures, which in turn will enable the Company to comply with the relevant requirements under the Listing Rules and prevent similar breaches of the Listing Rules in the future.

Saved as the abovementioned, there was no matter between the balance sheet date (i.e. 30 June 2019) and the date of this report that would cause a material impact to the Group.

## Corporate Governance and Other Information

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2019, the total number of issued shares of the Company was 6,093,451,026 ordinary shares.

As at 30 June 2019, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company or The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), are listed as follows:

#### The Company:

| Name of Director  | Nature of Interest                                       | Total Number of Ordinary Shares <sup>(Note 1)</sup> | Approximate Percentage of Interest in the Company |
|-------------------|----------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------|
| Mr. Wong Wun Ming | Beneficial owner                                         | 13,500,000 shares (L)                               | 0.22%                                             |
| Mr. Wong Wun Ming | Interest of a controlled corporation <sup>(Note 2)</sup> | 5,086,500,000 shares (L)                            | 83.47%                                            |

#### Notes:

- (1) The letter "L" denotes a long position in the shares or underlying shares.
- (2) The disclosed interest represents the interest in the Company held by Galaxy Earnest Limited. Galaxy Earnest Limited is wholly-owned by Growing Group Limited, Gainday Holdings Limited, Tin Sun Holdings Limited and Better Luck Group Limited in the respective proportions of 55%, 15%, 15% and 15%. As such, pursuant to the SFO, Growing Group Limited is deemed to have the same interest in the Company in which Galaxy Earnest Limited is currently interested. Mr. Wong Wun Ming owns 100% interest in the issued share capital of Growing Group Limited and therefore he is deemed to be interested in these 5,086,500,000 shares of the Company pursuant to the SFO.



## Corporate Governance and Other Information

### Associated Corporation — Galaxy Earnest Limited:

| Name of Director   | Nature of Interest                                       | Total Number of Ordinary Shares in the Associated Corporation | Approximate Percentage of Interest in the Associated Corporation |
|--------------------|----------------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------------|
| Mr. Wong Wun Ming  | Interest of a controlled corporation <sup>(Note 1)</sup> | 6,050 shares                                                  | 55.00%                                                           |
| Mr. Huang Qingzhu  | Interest of a controlled corporation <sup>(Note 2)</sup> | 1,650 shares                                                  | 15.00%                                                           |
| Mr. Huang Lianchun | Interest of a controlled corporation <sup>(Note 3)</sup> | 1,650 shares                                                  | 15.00%                                                           |
| Mr. Huang Li Shui  | Interest of a controlled corporation <sup>(Note 4)</sup> | 1,650 shares                                                  | 15.00%                                                           |

#### Notes:

- (1) The disclosed interest represents the interest in the associated corporation held by Growing Group Limited, a company which is directly wholly-owned by Mr. Wong Wun Ming.
- (2) The disclosed interest represents the interest in the associated corporation held by Gainday Holdings Limited, a company which is directly wholly-owned by Mr. Huang Qingzhu.
- (3) The disclosed interest represents the interest in the associated corporation held by Tin Sun Holdings Limited, a company which is directly wholly-owned by Mr. Huang Lianchun.
- (4) The disclosed interest represents the interest in the associated corporation held by Better Luck Group Limited, a company which is directly wholly-owned by Mr. Huang Li Shui.

Save as disclosed above, as at 30 June 2019, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of SFO), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code.

## Corporate Governance and Other Information

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, the total issued share capital of the Company was 6,093,451,026 ordinary shares.

As at 30 June 2019, the interests or short position of those persons, other than the Directors or chief executives of the Company which had the interest or short position in the shares, underlying shares and debentures of the Company which has been disclosed to the Company pursuant to Part XV of the SFO, or which have been recorded in the register of interests required to be kept by the Company under section 336 of the SFO, are listed as follows:

| Name                         | Nature of Interest                                       | Total Number of Ordinary Shares <sup>(Note 1)</sup> | Approximate Percentage of Interest in the Company |
|------------------------------|----------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------|
| Galaxy Earnest Limited       | Beneficial owner                                         | 5,086,500,000 shares (L)                            | 83.47%                                            |
| Ms. Chen Bihua               | Interest of spouse <sup>(Notes 2, 3, 4)</sup>            | 5,100,000,000 shares (L)                            | 83.70%                                            |
| Haitong Securities Co., Ltd. | Interest of a controlled corporation <sup>(Note 5)</sup> | 1,000,000,000 shares (L)                            | 16.41%                                            |

#### Notes:

- (1) The letter "L" denotes a long position in the shares or underlying shares.
- (2) Mr. Wong Wun Ming held long interest in 5,100,000,000 shares in the Company, comprising:
  - (a) 13,500,000 shares beneficially owned by him; and
  - (b) 5,086,500,000 shares held by Galaxy Earnest Limited. Galaxy Earnest Limited is owned as to 55% by Growing Group Limited, a company wholly-owned by Mr. Wong Wun Ming. Mr. Wong Wun Ming is therefore deemed to be interested in such 5,086,500,000 shares of the Company pursuant to the SFO.
- (3) Ms. Chen Bihua is the spouse of Mr. Wong Wun Ming and is deemed to be interested in these shares of the Company in which Mr. Wong Wun Ming is interested in pursuant to the SFO.

## Corporate Governance and Other Information

- (4) Mr. Wong Wun Ming and Ms. Chen Bihua, being controlling shareholders of the Company, have pledged (i) an aggregate of 1,602,948,000 shares registered in the name of Galaxy Earnest Limited, which represents approximately 26.31% of the total issued share capital of the Company, to note holders pursuant to a share charge executed in December 2014 and (ii) an aggregate of 1,000,000,000 shares registered in the name of Galaxy Earnest Limited, which represents approximately 16.4% of the total issued share capital of the Company, to Haitong International Finance Company Limited pursuant to a facility agreement signed in December 2016.
- (5) Haitong Securities Co., Ltd. is deemed to be interested in the 1,000,000,000 shares in which Haitong International Securities Company Limited held as security agent for bondholders pursuant to a share charge executed by Galaxy Earnest Limited in favor of Haitong International Securities Company Limited, details of which are disclosed in the announcement of the Company dated 15 December 2016. Haitong International Securities Company Limited is wholly owned by Haitong International Finance Company Limited, a company wholly-owned by Haitong International (BVI) Limited, which is in turn wholly-owned by Haitong International Securities Group Limited. Haitong International Securities Group Limited is owned as to approximately 61.00% by Haitong International Holdings Limited, which is wholly-owned by Haitong Securities Co., Limited.

Save as disclosed above, as at 30 June 2019, no person, other than the Directors or chief executives of the Company, had any interest or short position in the shares, underlying shares and debentures of the Company which has been disclosed to the Company pursuant to Part XV of the SFO, or which have been recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

### SHARE OPTION SCHEME

The Board adopted a share option scheme ("**Share Option Scheme**") on 9 October 2009 pursuant to the written resolutions of all shareholders of the Company in order to provide motivation and long-term incentive to the employees of the Group and to retain and attract talents for continual operation and also for further development of the Group's business. Up to 30 June 2019, no option had been granted under the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out below:

#### **Purpose of the Share Option Scheme**

To recognize and acknowledge eligible participants who have contributed to the Group and to motivate the eligible participants to optimize their performance efficiency for the benefit of the Group and to attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

## Corporate Governance and Other Information

### Participants of the Share Option Scheme

Any Directors (including Non-Executive Directors and Independent Non-Executive Directors) and any full-time or part-time employees, executives or officers of the Group and any advisors, consultants, suppliers, customers and agents to the Group and such other persons who in the sole opinion of the Board will contribute or have contributed to the Group.

### Total Number of Shares Available for Issue Under the Share Option Scheme and Percentage of Issued Share Capital as at 30 June 2019

600,000,000 shares (approximately 9.84% of total issued share capital).

### Maximum Entitlement of Each Participant Under the Share Option Scheme

In any 12-month period, in aggregate not exceeding 1% of the issued share capital and any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company containing details of such issue such as the identity of the eligible participant and the numbers and terms of the options to be granted and the approval of shareholders of the Company in general meeting and/or other requirements prescribed under the Listing Rules, with such eligible participant and his associates abstaining from voting.

### Period Within Which the Shares Must Be Taken Up Under an Option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

### Amount Payable on Application or Acceptance of the Option

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

## Corporate Governance and Other Information

### Basis of Determining the Exercise Price

The exercise price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

- (a) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day of the Stock Exchange;
- (b) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (c) the nominal value of the Shares.

### Remaining Life of the Share Option Scheme

Up to 9 October 2019.

## HUMAN RESOURCES

As at 30 June 2019, the Group employed 3,634 staff (31 December 2018: 3,438 staff). The increase in staff was mainly due to more staff was recruited for new project companies. For the six months ended 30 June 2019, the unaudited total staff costs of the Group including directors' emoluments were approximately RMB239.3 million (corresponding period in 2018: approximately RMB234.7 million), representing a slight increase of 2.0%. The staff costs include basic salary and welfare expenses, whereby employees' welfare includes medical insurance plan, pension plan, unemployment insurance plan, training and pregnancy insurance plan. The Group provided various training opportunities to employees in order to enhance the competitiveness of the employees and the Company, including training for accounting teams and other training in relation to the latest group reporting requirements and standards. The Group's employees are engaged according to the terms and provisions of their employment contracts and the Group normally conducts review on the remuneration packages and performance appraisal once every year for its employees, the results of which will be applied in annual salary review for considering the grant of annual bonus or not and in promotion assessment. The Group also studies and compares its remuneration packages with those of its peers and competitors and will make adjustment whenever necessary so as to maintain its competitiveness in the employment market.



### DIVIDEND POLICY

The Board approved and adopted a dividend policy on 9 July 2019 which sets out the approach in deciding whether to propose a dividend and in determining the dividend amount, with an aim to strike a balance between maintaining sufficient capital to develop and operate the business of the Group and rewarding the Shareholders.

The declaration and payment of dividend by the Company is also subject to any restrictions under the Companies Laws of the Cayman Islands, any applicable laws, rules and regulations and the articles of association of the Company. The Company may in its full discretion decide not to declare dividend due to various reasons, including but not limited to maintaining or adjusting the capital structure and reserving more capital to capture opportunities.

The declaration and payment of future dividend under this policy are subject to the Board's determination that the same would be in the best interests of the Group and the Shareholders as a whole.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, the following factors, inter alia:

- (a) the Company's operating results, actual and expected financial performance;
- (b) retained earnings and distributable reserves of the Company and each of the subsidiaries of the Group;
- (c) the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;
- (d) any restrictions on payment of dividends that may be imposed by the Group's lenders;
- (e) the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;
- (f) the Group's actual and future operations and liquidity position;
- (g) general economic conditions, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and
- (h) any other factors that the Board deems appropriate and relevant.



# Corporate Governance and Other Information

## SIGNIFICANT INVESTMENTS

Save as those disclosed under the section headed “MANAGEMENT DISCUSSION AND ANALYSIS”, the Group did not have any significant investments during the six months ended 30 June 2019.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2019, the Company redeemed the bonds with principal amount of US\$200,000,000 on 16 January 2019 which were issued on 17 January 2018.

## MATERIAL LITIGATION AND ARBITRATION

### Dispute Relating to Yangcheng Lake Project

As at the date of this report, no judgment for the appeal was made by People’s Court of Suzhou Industry Park since the last disclosure made by the Company in its 2013 annual report.

Details of the dispute have been set out in the Company’s annual reports of 2009 to 2013 and in the Company’s interim reports of 2010, 2012 to 2013.

## MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES

On 4 April 2019, the Group and a buyer, the indirect sole shareholder of which is an indirect substantial shareholder of a subsidiary of the Company, entered into an equity transfer and cooperation agreement pursuant to which, the Group agreed to sell and the buyer agreed to buy the Group’s 51% equity interests in certain subsidiaries, which have obtained the land use rights in relation to the project sites located in Silianpian District, Wujiang Town, He County, Maanshan City, Anhui Province of a total gross floor area of 1,888,000 square metres, for the consideration of RMB2,792,000,000 (equivalent to HKD3,262,000,000). Upon completion of the equity transfer, the Group will hold 49% equity interests in these subsidiaries and the Group and the buyer shall cooperate to develop the project. Details are disclosed in the Company’s announcement date 4 April 2019 and circular dated 24 August 2019.

Saved for the abovementioned, the Group had no material acquisition or disposal of subsidiaries during the six months ended 30 June 2019.

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability to the shareholders of the Company as a whole. The Board strived to uphold good corporate governance and adopt sound corporate governance practices. Throughout the six months ended 30 June 2019, the Company had complied with all code provisions in the Corporate Governance Code set out in Appendix 14 to the Listing Rules except for the following deviation:

Code Provision E.1.3 stipulates that notice for annual general meeting should be sent to shareholders at least 20 clear business days before the meeting. The annual general meeting of the Company held on 5 August 2019 with notice for the meeting despatched on 12 July 2019. The notice period was less than 20 clear business days before the meeting. The Board was of the view that it was the best practicable date for the chairman and the majority of the directors to attend the annual general meeting as the directors each had different business commitments and appointments thereafter. The arrangement complied with the articles of association of the Company which states that an annual general meeting shall be called by no less than 21 days' notice. The Board confirmed that it will have better time management in the future to ensure compliance with the Corporate Governance Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the directors' securities transactions on terms no less than the required standard set out in the Model Code in Appendix 10 to the Listing Rules. Having made specific enquiries of with Directors, all Directors have confirmed that they had complied with the required standards 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 2019.

## DISCLOSURE OF CHANGES IN INFORMATION OF DIRECTOR(S)

Pursuant to rule 13.51B(1) of the Listing Rules, the changes of information of Director(s) are as follows:

Mr. Wong Wun Ming, the chairman of the Board, was re-designated from Executive Director to Non-executive Director effective 15 July 2019.

Mr. Lau Kin Hon resigned as non-executive director of China Automobile New Retail (Holdings) Limited (formerly known as LISI GROUP (HOLDINGS) LIMITED) (stock code: 526) with effect from 1 January 2019, the company is listed on the Stock Exchange.

## Corporate Governance and Other Information

Dr. Lam, Lee G. was appointed as an independent non-executive director of Aurum Pacific (China) Group Limited (stock code: 8148) effective 1 January 2019 and was a non-executive director of Green Leader Holdings Group Limited (stock code: 61) from 1 June 2019 to 22 July 2019, both of which are listed on the Stock Exchange.

### AUDIT COMMITTEE

The audit committee of the Company ("**Audit Committee**") consists of three independent non-executive directors, namely Mr. Chu Kin Wang Peleus (the chairperson of the Audit Committee), Mr. Lau Kin Hon and Dr. Lam, Lee G. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, the interim results and the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019.

On behalf of the Board

**WONG WUN MING**

*Chairman*

27 August 2019

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2019

|                                                                                                | Note | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 30 June<br>2018<br>RMB'000<br>(Unaudited) |
|------------------------------------------------------------------------------------------------|------|-------------------------------------------|-------------------------------------------|
| <b>Revenues</b>                                                                                | 4    | <b>4,118,868</b>                          | 6,518,021                                 |
| Cost of sales                                                                                  |      | <b>(2,849,817)</b>                        | (4,899,422)                               |
| <b>Gross profit</b>                                                                            |      | <b>1,269,051</b>                          | 1,618,599                                 |
| Fair value gains on investment properties                                                      |      | <b>219,991</b>                            | 715,610                                   |
| Other income and other gains and losses                                                        | 13   | <b>(37,928)</b>                           | (98,190)                                  |
| Net impairment loss on financial assets                                                        |      | <b>(44,137)</b>                           | (65,402)                                  |
| Selling and marketing costs                                                                    |      | <b>(225,638)</b>                          | (269,558)                                 |
| General and administrative expenses                                                            |      | <b>(304,222)</b>                          | (288,511)                                 |
| <b>Operating profit</b>                                                                        |      | <b>877,117</b>                            | 1,612,548                                 |
| Finance income                                                                                 | 15   | <b>50,331</b>                             | 53,863                                    |
| Finance costs                                                                                  | 15   | <b>(2,302)</b>                            | —                                         |
| Finance income — net                                                                           | 15   | <b>48,029</b>                             | 53,863                                    |
| Share of results of                                                                            |      |                                           |                                           |
| — Associated companies                                                                         |      | <b>(7,407)</b>                            | 10,770                                    |
| — Joint ventures                                                                               |      | <b>4,884</b>                              | (25,142)                                  |
|                                                                                                |      | <b>(2,523)</b>                            | (14,372)                                  |
| <b>Profit before income tax</b>                                                                | 14   | <b>922,623</b>                            | 1,652,039                                 |
| Income tax expense                                                                             | 16   | <b>(472,752)</b>                          | (698,006)                                 |
| <b>Profit for the period</b>                                                                   |      | <b>449,871</b>                            | 954,033                                   |
| <b>Attributable to:</b>                                                                        |      |                                           |                                           |
| Equity holders of the Company                                                                  |      | <b>418,255</b>                            | 698,481                                   |
| Non-controlling interests                                                                      |      | <b>31,616</b>                             | 255,552                                   |
|                                                                                                |      | <b>449,871</b>                            | 954,033                                   |
| <b>Earnings per share for profit attributable to equity holders of the Company (RMB cents)</b> |      |                                           |                                           |
| — Basic                                                                                        | 18   | <b>6.9</b>                                | 11.5                                      |
| — Diluted                                                                                      | 18   | <b>6.9</b>                                | 11.5                                      |

# Condensed Consolidated Statement of Other Comprehensive Income

For the six months ended 30 June 2019

|                                                                                                              | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 30 June<br>2018<br>RMB'000<br>(Unaudited) |
|--------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| <b>Profit for the period</b>                                                                                 | <b>449,871</b>                            | 954,033                                   |
| <b>Other comprehensive income</b><br><i>Item that may be reclassified subsequently to<br/>profit or loss</i> |                                           |                                           |
| — Currency translation differences                                                                           | 2,593                                     | 452                                       |
| <b>Total comprehensive income for the period</b>                                                             | <b>452,464</b>                            | 954,485                                   |
| <b>Attributable to</b>                                                                                       |                                           |                                           |
| Equity holders of the Company                                                                                | 420,848                                   | 698,933                                   |
| Non-controlling interests                                                                                    | 31,616                                    | 255,552                                   |
|                                                                                                              | <b>452,464</b>                            | 954,485                                   |

# Condensed Consolidated Statement of Financial Position

As at 30 June 2019

|                                                                           | Note | As at<br>30 June<br>2019<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2018<br>RMB'000<br>(Audited) |
|---------------------------------------------------------------------------|------|----------------------------------------------------|------------------------------------------------------|
| <b>ASSETS</b>                                                             |      |                                                    |                                                      |
| <b>Non-current assets</b>                                                 |      |                                                    |                                                      |
| Property, plant and equipment                                             |      | 1,590,897                                          | 1,606,743                                            |
| Right-of-use assets                                                       |      | 191,998                                            | —                                                    |
| Investment properties                                                     |      | 10,949,022                                         | 10,693,027                                           |
| Land use rights                                                           |      | 457,990                                            | 461,258                                              |
| Goodwill                                                                  |      | 7,169                                              | 7,169                                                |
| Investments in associated companies                                       |      | 1,526,046                                          | 1,509,279                                            |
| Investments in joint ventures                                             |      | 1,992,793                                          | 1,987,909                                            |
| Deferred income tax assets                                                |      | 706,104                                            | 606,273                                              |
| Other financial assets                                                    | 6    | 40,550                                             | 40,550                                               |
| Other receivables                                                         | 7    | 104,293                                            | 106,327                                              |
| Prepayments or deposits for land use rights                               | 5    | 822,880                                            | 1,046,340                                            |
|                                                                           |      | <b>18,389,742</b>                                  | <b>18,064,875</b>                                    |
| <b>Current assets</b>                                                     |      |                                                    |                                                      |
| Land use rights                                                           |      | 16,941,382                                         | 17,357,451                                           |
| Properties under development                                              |      | 16,341,713                                         | 16,883,863                                           |
| Completed properties held for sale                                        |      | 13,338,969                                         | 10,314,214                                           |
| Inventories                                                               |      | 42,590                                             | 38,606                                               |
| Trade and other receivables and prepayments                               | 7    | 4,384,338                                          | 4,919,969                                            |
| Contract costs                                                            | 7    | 200,566                                            | 228,475                                              |
| Prepaid income taxes                                                      |      | 481,540                                            | 394,407                                              |
| Amounts due from related parties, joint ventures and associated companies |      | 1,883,575                                          | 1,099,647                                            |
| Amounts due from non-controlling interests                                |      | 365,582                                            | 378,777                                              |
| Restricted cash                                                           | 8    | 419,518                                            | 429,621                                              |
| Cash and cash equivalents                                                 |      | 4,351,246                                          | 5,263,380                                            |
|                                                                           |      | <b>58,751,019</b>                                  | <b>57,308,410</b>                                    |
| <b>Total assets</b>                                                       |      | <b>77,140,761</b>                                  | <b>75,373,285</b>                                    |



# Condensed Consolidated Statement of Financial Position

As at 30 June 2019

|                                                                           | Note | As at<br>30 June<br>2019<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2018<br>RMB'000<br>(Audited) |
|---------------------------------------------------------------------------|------|----------------------------------------------------|------------------------------------------------------|
| <b>LIABILITIES</b>                                                        |      |                                                    |                                                      |
| <b>Current liabilities</b>                                                |      |                                                    |                                                      |
| Trade and other payables                                                  | 12   | 15,721,772                                         | 14,938,535                                           |
| Lease liabilities                                                         |      | 56,262                                             | —                                                    |
| Contract liabilities                                                      |      | 23,406,429                                         | 20,939,040                                           |
| Amounts due to related parties, joint ventures and associated companies   |      | 6,604,358                                          | 6,932,656                                            |
| Amounts due to non-controlling interests                                  |      | 1,230,654                                          | 836,285                                              |
| Income tax payable                                                        |      | 1,740,843                                          | 1,895,249                                            |
| Borrowings                                                                | 10   | 6,939,868                                          | 8,729,820                                            |
| Provision for other liabilities and charges                               |      | 64,407                                             | 64,827                                               |
|                                                                           |      | <b>55,764,593</b>                                  | 54,336,412                                           |
| <b>Net current assets</b>                                                 |      | <b>2,986,426</b>                                   | 2,971,998                                            |
| <b>Total assets less current liabilities</b>                              |      | <b>21,376,168</b>                                  | 21,036,873                                           |
| <b>Non-current liabilities</b>                                            |      |                                                    |                                                      |
| Deferred government grants                                                |      | 1,396,485                                          | 1,429,486                                            |
| Borrowings                                                                | 10   | 1,523,650                                          | 2,109,678                                            |
| Deferred income tax liabilities                                           |      | 2,344,218                                          | 2,209,896                                            |
| Lease liabilities                                                         |      | 119,436                                            | —                                                    |
|                                                                           |      | <b>5,383,789</b>                                   | 5,749,060                                            |
| <b>Total liabilities</b>                                                  |      | <b>61,148,382</b>                                  | 60,085,472                                           |
| <b>Net assets</b>                                                         |      | <b>15,992,379</b>                                  | 15,287,813                                           |
| <b>EQUITY</b>                                                             |      |                                                    |                                                      |
| <b>Capital and reserves attributable to equity holders of the Company</b> |      |                                                    |                                                      |
| Share capital                                                             | 9    | 536,281                                            | 536,281                                              |
| Reserves                                                                  |      | 13,843,730                                         | 13,422,882                                           |
|                                                                           |      | <b>14,380,011</b>                                  | 13,959,163                                           |
| <b>Non-controlling interests</b>                                          |      | <b>1,612,368</b>                                   | 1,328,650                                            |
| <b>Total equity</b>                                                       |      | <b>15,992,379</b>                                  | 15,287,813                                           |

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

|                                                                | Unaudited                                                          |                     |                           |            |
|----------------------------------------------------------------|--------------------------------------------------------------------|---------------------|---------------------------|------------|
|                                                                | Capital and reserves attributable to equity holders of the Company |                     | Non-controlling interests | Total      |
|                                                                | Share capital<br>RMB'000                                           | Reserves<br>RMB'000 |                           | RMB'000    |
| <b>Balance at 31 December 2017 as originally presented</b>     | 536,281                                                            | 12,932,948          | 947,041                   | 14,416,270 |
| Initial application of HKFRS 9                                 | —                                                                  | (365,892)           | (55,519)                  | (421,411)  |
| <b>Balance at 1 January 2018</b>                               | 536,281                                                            | 12,567,056          | 891,522                   | 13,994,859 |
| <b>Comprehensive income</b>                                    |                                                                    |                     |                           |            |
| Profit for the period                                          | —                                                                  | 698,481             | 255,552                   | 954,033    |
| Other comprehensive income                                     |                                                                    |                     |                           |            |
| — Currency translation differences                             | —                                                                  | 452                 | —                         | 452        |
| <b>Total comprehensive income for the period</b>               | —                                                                  | 698,933             | 255,552                   | 954,485    |
| <b>Transactions with owners</b>                                |                                                                    |                     |                           |            |
| Capital injection to subsidiaries by non-controlling interests | —                                                                  | —                   | 16,000                    | 16,000     |
| <b>Balance at 30 June 2018</b>                                 | 536,281                                                            | 13,265,989          | 1,163,074                 | 14,965,344 |
| <b>Balance at 1 January 2019</b>                               | 536,281                                                            | 13,422,882          | 1,328,650                 | 15,287,813 |
| <b>Comprehensive income</b>                                    |                                                                    |                     |                           |            |
| Profit for the period                                          | —                                                                  | 418,255             | 31,616                    | 449,871    |
| Other comprehensive income                                     |                                                                    |                     |                           |            |
| — Currency translation differences                             | —                                                                  | 2,593               | —                         | 2,593      |
| <b>Total comprehensive income for the period</b>               | —                                                                  | 420,848             | 31,616                    | 452,464    |
| <b>Transactions with owners</b>                                |                                                                    |                     |                           |            |
| Capital injection to subsidiaries by non-controlling interests | —                                                                  | —                   | 252,102                   | 252,102    |
| <b>Balance at 30 June 2019</b>                                 | 536,281                                                            | 13,843,730          | 1,612,368                 | 15,992,379 |

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

|                                                        | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 30 June<br>2018<br>RMB'000<br>(Unaudited) |
|--------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Net cash generated from operating activities           | 1,466,914                                 | 3,352,147                                 |
| Net cash generated from/(used in) investing activities | 34,116                                    | (292,154)                                 |
| Net cash (used in)/generated from financing activities | (2,426,791)                               | 427,364                                   |
| Effect of foreign exchange rate changes on cash        | 13,627                                    | 8,477                                     |
| Net (decrease)/increase in cash and cash equivalents   | (912,134)                                 | 3,495,834                                 |
| Cash and cash equivalents at beginning of the period   | 5,263,380                                 | 2,849,226                                 |
| Cash and cash equivalents at end of the period         | 4,351,246                                 | 6,345,060                                 |

# Notes to the Condensed Consolidated Interim Financial Statements

*For the six months ended 30 June 2019*

## 1 GENERAL INFORMATION

Mingfa Group (International) Company Limited (the “Company”) was incorporated in the Cayman Islands on 27 November 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, 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. Its immediate and ultimate holding company is Galaxy Earnest Limited (incorporated in the British Virgin Islands).

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Basis of preparation**

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 are prepared under the historical cost convention, as modified by the revaluation of investment properties and other financial assets 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 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

These condensed consolidated interim financial statements have not been audited.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of preparation (Continued)

#### *Adoption of new and revised standards*

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 16, Leases
- HK(IFRIC)-Int 23, Uncertainty over Income Tax Treatments
- Amendments to HKFRS 9, Prepayment Features and Negative Compensation
- Amendments to HKAS 19, Plan Amendment, Curtailment or Settlement
- Amendments to HKAS 28, Long-term Interests in Associates and Joint Ventures
- Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 included in Annual Improvements to HKFRSs 2015–2017 Cycle

The impact of the adoption of HKFRS 16 Leases have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any significant impact on the group's accounting policies.

#### (i) *Impact of the adoption of HKFRS 16*

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to sections (ii) to (v) of this note.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of preparation (Continued)

#### Adoption of new and revised standards (Continued)

##### (i) Impact of the adoption of HKFRS 16 (Continued)

The Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use assets at the amount equal to the lease liabilities, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following table summarised the impact of transition to HKFRS 16 on the consolidated statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows (increase/(decrease)):

|                                                                   | RMB'000 |
|-------------------------------------------------------------------|---------|
| Consolidated statement of financial position as at 1 January 2019 |         |
| Right-of-use assets                                               | 104,989 |
| Lease liabilities (current)                                       | 36,214  |
| Lease liabilities (non-current)                                   | 68,775  |

The following reconciliation explains how the operating lease commitments under HKAS 17 as at 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 January 2019:

#### Reconciliation of operating lease commitment to lease liabilities

|                                                                           | RMB'000 |
|---------------------------------------------------------------------------|---------|
| Operating lease commitment as at 31 December 2018                         | 112,533 |
| Less: short term leases for which lease terms end within 31 December 2019 | (4,831) |
| Less: future interest expenses                                            | (2,713) |
| Total lease liabilities as at 1 January 2019                              | 104,989 |

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 is 4.75%.



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Basis of preparation (Continued)**

#### ***Adoption of new and revised standards (Continued)***

##### *(ii) The new definition of a lease*

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of preparation (Continued)

#### *Adoption of new and revised standards (Continued)*

##### *(iii) Accounting as a lessee*

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the date of adoption of HKFRS 16. i.e. 1 January 2019.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of preparation (Continued)

#### *Adoption of new and revised standards (Continued)*

##### *(iii) Accounting as a lessee (Continued)*

###### Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

For the Group, leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 and would be carried at fair value. For leasehold land and buildings which is held for own use would continue to be accounted for under HKAS 16 and would be carried at fair value. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of preparation (Continued)

#### **Adoption of new and revised standards (Continued)**

##### *(iii) Accounting as a lessee (Continued)*

###### Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset;

##### *(iv) Accounting as a lessor*

The Group has leased out its investment property to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these condensed consolidated interim financial statements;

##### *(v) Transition*

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use assets at the amount equal to the lease liabilities, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of preparation (Continued)

#### Adoption of new and revised standards (Continued)

##### (v) Transition (Continued)

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified as operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted by using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 January 2019 to assess if there was any impairment as on that date.

The Group has also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 January 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int4.

# Notes to the Condensed Consolidated Interim Financial Statements

*For the six months ended 30 June 2019*

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements of the Company for the year ended 31 December 2018.

## 4 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 consolidated financial statements.



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 4 REVENUES AND SEGMENT INFORMATION (Continued)

### (a) Segment information

The unaudited segment results for the six months ended 30 June 2019 are as follows:

|                                              | Property<br>development<br>— commercial<br>RMB'000 | Property<br>development<br>— residential<br>RMB'000 | Hotel<br>RMB'000 | Property<br>investment<br>and<br>management<br>RMB'000 | All other<br>segments<br>RMB'000 | Elimination<br>RMB'000 | Total<br>RMB'000 |
|----------------------------------------------|----------------------------------------------------|-----------------------------------------------------|------------------|--------------------------------------------------------|----------------------------------|------------------------|------------------|
| Total segment revenues                       | 363,344                                            | 3,494,321                                           | 111,398          | 149,549                                                | 1,661                            | —                      | 4,120,273        |
| Inter-segment revenues                       | —                                                  | —                                                   | (1,405)          | —                                                      | —                                | —                      | (1,405)          |
| Revenues                                     | 363,344                                            | 3,494,321                                           | 109,993          | 149,549                                                | 1,661                            | —                      | 4,118,868        |
| Operating profit/(loss)                      | 97,333                                             | 415,126                                             | (15,088)         | 422,431                                                | (42,685)                         | —                      | 877,117          |
| Finance income — net                         |                                                    |                                                     |                  |                                                        |                                  |                        | 48,029           |
| Share of results of associated companies     | (116)                                              | (1,903)                                             | —                | 23,791                                                 | (29,179)                         | —                      | (7,407)          |
| Share of results of joint ventures           | —                                                  | (764)                                               | —                | 5,648                                                  | —                                | —                      | 4,884            |
| Profit before income tax                     |                                                    |                                                     |                  |                                                        |                                  |                        | 922,623          |
| Income tax expense                           |                                                    |                                                     |                  |                                                        |                                  |                        | (472,752)        |
| Profit for the period                        |                                                    |                                                     |                  |                                                        |                                  |                        | 449,871          |
| Other segment information                    |                                                    |                                                     |                  |                                                        |                                  |                        |                  |
| Capital and property development expenditure | 778,405                                            | 1,215,326                                           | 43,649           | 476,350                                                | 2,562                            | —                      | 2,516,292        |
| Depreciation on property plant and equipment | 8,115                                              | 12,972                                              | 16,528           | 1,785                                                  | 320                              | —                      | 39,720           |
| Depreciation on right-of-use assets          | 2,407                                              | 13,197                                              | 2,899            | —                                                      | —                                | —                      | 18,503           |
| Amortisation of land use rights as expenses  | —                                                  | 23,581                                              | —                | —                                                      | —                                | —                      | 23,581           |
| Fair value gains on investment properties    | —                                                  | —                                                   | —                | 219,991                                                | —                                | —                      | 219,991          |

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 4 REVENUES AND SEGMENT INFORMATION (Continued)

### (a) Segment information (Continued)

The unaudited segment assets and liabilities as at 30 June 2019 are as follows:

|                                 | Property<br>development<br>— commercial<br>RMB'000 | Property<br>development<br>— residential<br>RMB'000 | Hotel<br>RMB'000 | Property<br>investment<br>and<br>management<br>RMB'000 | All other<br>segments<br>RMB'000 | Elimination<br>RMB'000 | Total<br>RMB'000 |
|---------------------------------|----------------------------------------------------|-----------------------------------------------------|------------------|--------------------------------------------------------|----------------------------------|------------------------|------------------|
| Segment assets                  | 5,106,274                                          | 89,583,480                                          | 2,032,396        | 14,340,271                                             | 18,922,025                       | (57,590,718)           | 72,393,728       |
| Associated companies            | 147,807                                            | 108,439                                             | —                | 1,178,847                                              | 90,953                           | —                      | 1,526,046        |
| Joint ventures                  | —                                                  | 44,840                                              | —                | 1,947,953                                              | —                                | —                      | 1,992,793        |
|                                 | 5,254,081                                          | 89,736,759                                          | 2,032,396        | 17,467,071                                             | 19,012,978                       | (57,590,718)           | 75,912,567       |
| Unallocated:                    |                                                    |                                                     |                  |                                                        |                                  |                        |                  |
| Deferred income tax assets      |                                                    |                                                     |                  |                                                        |                                  |                        | 706,104          |
| Prepaid income taxes            |                                                    |                                                     |                  |                                                        |                                  |                        | 481,540          |
| Other financial assets          |                                                    |                                                     |                  |                                                        |                                  |                        | 40,550           |
| Total assets                    |                                                    |                                                     |                  |                                                        |                                  |                        | 77,140,761       |
| Segment liabilities             | 2,148,861                                          | 80,832,953                                          | 751,855          | 6,926,522                                              | 15,530,330                       | (57,590,718)           | 48,599,803       |
| Unallocated:                    |                                                    |                                                     |                  |                                                        |                                  |                        |                  |
| Deferred income tax liabilities |                                                    |                                                     |                  |                                                        |                                  |                        | 2,344,218        |
| Borrowings                      |                                                    |                                                     |                  |                                                        |                                  |                        | 8,463,518        |
| Income tax payable              |                                                    |                                                     |                  |                                                        |                                  |                        | 1,740,843        |
| Total liabilities               |                                                    |                                                     |                  |                                                        |                                  |                        | 61,148,382       |

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 4 REVENUES AND SEGMENT INFORMATION (Continued)

### (a) Segment information (Continued)

The unaudited segment results for the six months ended 30 June 2018 are as follows:

|                                              | Property<br>development<br>— commercial<br>RMB'000 | Property<br>development<br>— residential<br>RMB'000 | Hotel<br>RMB'000 | Property<br>investment and<br>management<br>RMB'000 | All other<br>segments<br>RMB'000 | Elimination<br>RMB'000 | Total<br>RMB'000 |
|----------------------------------------------|----------------------------------------------------|-----------------------------------------------------|------------------|-----------------------------------------------------|----------------------------------|------------------------|------------------|
| Total segment revenues                       | 87,602                                             | 6,191,412                                           | 110,420          | 125,403                                             | 4,995                            | —                      | 6,519,832        |
| Inter-segment revenues                       | —                                                  | —                                                   | (1,811)          | —                                                   | —                                | —                      | (1,811)          |
| Revenues                                     | 87,602                                             | 6,191,412                                           | 108,609          | 125,403                                             | 4,995                            | —                      | 6,518,021        |
| Operating profit/(loss)                      | 77,783                                             | 1,173,310                                           | (17,107)         | 609,351                                             | (230,789)                        | —                      | 1,612,548        |
| Finance income — net                         |                                                    |                                                     |                  |                                                     |                                  |                        | 53,863           |
| Share of results of associated companies     | (176)                                              | (8,106)                                             | —                | 34,370                                              | (15,318)                         | —                      | 10,770           |
| Share of results of joint ventures           | —                                                  | (9,714)                                             | —                | (15,428)                                            | —                                | —                      | (25,142)         |
| Profit before income tax                     |                                                    |                                                     |                  |                                                     |                                  |                        | 1,652,039        |
| Income tax expense                           |                                                    |                                                     |                  |                                                     |                                  |                        | (698,006)        |
| Profit for the period                        |                                                    |                                                     |                  |                                                     |                                  |                        | 954,033          |
| Other segment information                    |                                                    |                                                     |                  |                                                     |                                  |                        |                  |
| Capital and property development expenditure | 110,922                                            | 3,780,290                                           | 10,250           | 994,574                                             | 116                              | —                      | 4,896,152        |
| Depreciation                                 | 8,540                                              | 21,628                                              | 25,168           | 872                                                 | 53                               | —                      | 56,261           |
| Amortisation of land use rights as expenses  | —                                                  | 31,428                                              | —                | —                                                   | —                                | —                      | 31,428           |
| Fair value gains on investment properties    | —                                                  | —                                                   | —                | 715,610                                             | —                                | —                      | 715,610          |

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 4 REVENUES AND SEGMENT INFORMATION (Continued)

### (a) Segment information (Continued)

The audited segment assets and liabilities as at 31 December 2018 are as follows:

|                                 | Property<br>development<br>— commercial<br>RMB'000 | Property<br>development<br>— residential<br>RMB'000 | Hotel<br>RMB'000 | Property<br>investment and<br>management<br>RMB'000 | All other<br>segments<br>RMB'000 | Elimination<br>RMB'000 | Total<br>RMB'000 |
|---------------------------------|----------------------------------------------------|-----------------------------------------------------|------------------|-----------------------------------------------------|----------------------------------|------------------------|------------------|
| Segment assets                  | 4,514,420                                          | 93,497,720                                          | 2,357,106        | 12,031,122                                          | 15,407,262                       | (56,972,763)           | 70,834,867       |
| Associated companies            | 147,923                                            | 104,101                                             | —                | 1,163,373                                           | 93,882                           | —                      | 1,509,279        |
| Joint ventures                  | —                                                  | 39,930                                              | —                | 1,947,979                                           | —                                | —                      | 1,987,909        |
|                                 | 4,662,343                                          | 93,641,751                                          | 2,357,106        | 15,142,474                                          | 15,501,144                       | (56,972,763)           | 74,332,055       |
| Unallocated:                    |                                                    |                                                     |                  |                                                     |                                  |                        |                  |
| Deferred income tax assets      |                                                    |                                                     |                  |                                                     |                                  |                        | 606,273          |
| Prepaid income taxes            |                                                    |                                                     |                  |                                                     |                                  |                        | 394,407          |
| Other financial assets          |                                                    |                                                     |                  |                                                     |                                  |                        | 40,550           |
| Total assets                    |                                                    |                                                     |                  |                                                     |                                  |                        | 75,373,285       |
| Segment liabilities             | 3,343,014                                          | 74,510,968                                          | 450,668          | 8,282,843                                           | 15,526,099                       | (56,972,763)           | 45,140,829       |
| Unallocated:                    |                                                    |                                                     |                  |                                                     |                                  |                        |                  |
| Deferred income tax liabilities |                                                    |                                                     |                  |                                                     |                                  |                        | 2,209,896        |
| Borrowings                      |                                                    |                                                     |                  |                                                     |                                  |                        | 10,839,498       |
| Income tax payable              |                                                    |                                                     |                  |                                                     |                                  |                        | 1,895,249        |
| Total liabilities               |                                                    |                                                     |                  |                                                     |                                  |                        | 60,085,472       |

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 4 REVENUES AND SEGMENT INFORMATION (Continued)

### (b) Revenues

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

|                                                                       | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 30 June<br>2018<br>RMB'000<br>(Unaudited) |
|-----------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Revenue from contracts with customer within the scope of HKFRS 15:    |                                           |                                           |
| • Property development — commercial                                   | 363,344                                   | 87,602                                    |
| • Property development — residential                                  | 3,494,321                                 | 6,191,412                                 |
| • Hotel                                                               | 109,993                                   | 108,609                                   |
| • Property investment and management — property management fee income | 34,261                                    | 35,776                                    |
| • All other segments                                                  | 1,661                                     | 4,995                                     |
|                                                                       | <b>4,003,580</b>                          | 6,428,394                                 |
| Revenue from other sources                                            |                                           |                                           |
| • Property investment and management — rental income                  | 115,288                                   | 89,627                                    |
|                                                                       | <b>4,118,868</b>                          | 6,518,021                                 |

## 5 PREPAYMENTS OR DEPOSITS FOR LAND USE RIGHTS

The Group had made prepayments or deposits for acquisition of certain land use rights, the ownership certificates of which have not been obtained.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 6 OTHER FINANCIAL ASSETS

|                                                                                                  | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 31 December<br>2018<br>RMB'000<br>(Audited) |
|--------------------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------|
| Opening balance                                                                                  | 40,550                                    | 30,150                                      |
| Addition                                                                                         | —                                         | 10,400                                      |
| Ending balance                                                                                   | 40,550                                    | 40,550                                      |
| Less: Non-current portion                                                                        | (40,550)                                  | (40,550)                                    |
| Current portion                                                                                  | —                                         | —                                           |
| Equity investments measured at fair value<br>through other comprehensive income —<br>Non-current |                                           |                                             |
| Unlisted equity shares (Note)                                                                    | 40,550                                    | 40,550                                      |

*Note:* Other financial assets represented unlisted equity investment of 10% in a PRC shareholding limited company engaging in micro-lending businesses and are stated at fair value. There is no significant change in fair value of the financial assets for the six months ended 30 June 2019 and the year ended 31 December 2018 from the investment cost.



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 7 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS/CONTRACT COSTS

|                                                                   | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 31 December<br>2018<br>RMB'000<br>(Audited) |
|-------------------------------------------------------------------|-------------------------------------------|---------------------------------------------|
| Trade receivables                                                 | 440,478                                   | 417,552                                     |
| Less: Provision for impairment of trade receivables<br>(Note (a)) | (173,668)                                 | (164,628)                                   |
| Trade receivables — net (Note (b))                                | 266,810                                   | 252,924                                     |
| Other receivables and prepayments                                 | 4,221,821                                 | 4,773,372                                   |
|                                                                   | 4,488,631                                 | 5,026,296                                   |
| Less: Non-current portion of other receivables<br>(Note (c))      | (104,293)                                 | (106,327)                                   |
| Current portion                                                   | 4,384,338                                 | 4,919,969                                   |
| Contract costs                                                    | 200,566                                   | 228,475                                     |

As at 30 June 2019 and 31 December 2018, the fair values of trade receivables and other receivables and prepayments and contract costs approximate their carrying amounts.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 7 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS/CONTRACT COSTS (Continued)

Notes:

- (a) Movement in provision for impairment of trade receivables is as follows:

|                                                  | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 31 December<br>2018<br>RMB'000<br>(Audited) |
|--------------------------------------------------|-------------------------------------------|---------------------------------------------|
| Opening balance                                  | 164,628                                   | 50,686                                      |
| Effect of adoption of HKFRS 9                    | —                                         | 118,708                                     |
| Net impairment loss recognised during the period | 9,040                                     | (4,766)                                     |
|                                                  | 173,668                                   | 164,628                                     |

- (b) Trade receivables mainly arose from sales of properties, leases of investment properties and property construction. Proceeds in respect of properties sold and leased and property construction are to be received in accordance with the terms of the related sales and purchase agreements, lease agreements and construction agreement.

The ageing analysis of trade receivables (net of impairment losses) of the Group, based on invoices dates, as of the end of the period is as follows:

|                                | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 31 December<br>2018<br>RMB'000<br>(Audited) |
|--------------------------------|-------------------------------------------|---------------------------------------------|
| Within 90 days                 | 68,764                                    | 65,185                                      |
| Over 90 days and within 1 year | 85,809                                    | 81,343                                      |
| Over 1 year and within 2 years | 57,903                                    | 54,889                                      |
| Over 2 years                   | 54,334                                    | 51,507                                      |
|                                | 266,810                                   | 252,924                                     |

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 7 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS/CONTRACT COSTS (Continued)

Notes: (Continued)

- (c) The non-current portion of other receivables comprised the below items:
- (i) Pursuant to the agreement entered into between the Group and other parties in October 2015, the Group agreed to purchase 9% equity interest of an insurance company at a cash consideration of RMB90,000,000, which was fully paid in February 2017. Up to the date of this interim report, the transaction has not yet completed and is pending for the approval by the government authority.
  - (ii) The remaining balance represents the unsettled proceeds from the sale of a building included in property, plant and equipment which are to be collected over a period of seven years. The receivables were initially recognised at fair value based on cash flows discounted using a rate of 5.94%.

## 8 RESTRICTED CASH

As at 30 June 2019, the Group's cash of approximately RMB419,518,000 (unaudited) (31 December 2018: RMB429,621,000 (audited)) was restricted and deposited in certain banks as security for certain borrowings.

## 9 SHARE CAPITAL

Details of share capital of the Company are as follows:

|                                                            | Par value<br>HK\$ | Number of<br>ordinary<br>shares | Nominal value<br>of ordinary<br>shares<br>HK\$ | Equivalent<br>RMB |
|------------------------------------------------------------|-------------------|---------------------------------|------------------------------------------------|-------------------|
| Authorised:                                                |                   |                                 |                                                |                   |
| At 1 January 2018,<br>31 December 2018 and<br>30 June 2019 | 0.1               | 12,000,000,000                  | 1,200,000,000                                  |                   |
| Issued and fully paid:                                     |                   |                                 |                                                |                   |
| At 1 January 2018, 31<br>December 2018 and<br>30 June 2019 | 0.1               | 6,093,451,026                   | 609,345,103                                    | 536,280,877       |

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 10 BORROWINGS

|                                                | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 31 December<br>2018<br>RMB'000<br>(Audited) |
|------------------------------------------------|-------------------------------------------|---------------------------------------------|
| Borrowings included in non-current liabilities |                                           |                                             |
| Bank borrowings — secured                      | 3,526,083                                 | 3,137,813                                   |
| Bank borrowings — unsecured                    | 184,880                                   | 184,880                                     |
| Other borrowings — secured                     | 231,614                                   | 278,636                                     |
| Bonds                                          | 1,512,434                                 | 1,501,268                                   |
|                                                | 5,455,011                                 | 5,102,597                                   |
| Less: Amounts due within one year              | (3,931,361)                               | (2,992,919)                                 |
|                                                | 1,523,650                                 | 2,109,678                                   |
| Borrowings included in current liabilities     |                                           |                                             |
| Bank borrowings — secured                      | 930,380                                   | 3,388,002                                   |
| Other borrowings — guaranteed and secured      | 359,452                                   | 976,259                                     |
| Current portion of long-term borrowings        | 3,931,361                                 | 2,992,919                                   |
| Senior notes and bonds                         | 1,718,675                                 | 1,372,640                                   |
|                                                | 6,939,868                                 | 8,729,820                                   |

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 11 PLEDGED ASSETS

|                                    | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 31 December<br>2018<br>RMB'000<br>(Audited) |
|------------------------------------|-------------------------------------------|---------------------------------------------|
| Completed properties held for sale | 2,439,658                                 | 2,623,029                                   |
| Property, plant and equipment      | 205,718                                   | 381,623                                     |
| Properties under development       | 1,080,404                                 | 2,876,021                                   |
| Land use rights                    | 2,536,086                                 | 3,587,102                                   |
| Investment properties              | 2,914,500                                 | 2,904,500                                   |
| Restricted cash                    | 419,518                                   | 429,621                                     |
|                                    | 9,595,884                                 | 12,801,896                                  |

## 12 TRADE AND OTHER PAYABLES

|                       | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 31 December<br>2018<br>RMB'000<br>(Audited) |
|-----------------------|-------------------------------------------|---------------------------------------------|
| Trade payables (Note) | 9,392,097                                 | 9,946,853                                   |
| Other payables        | 6,131,173                                 | 4,739,387                                   |
| Other taxes payable   | 198,502                                   | 252,295                                     |
|                       | 15,721,772                                | 14,938,535                                  |

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 12 TRADE AND OTHER PAYABLES (Continued)

Note:

The ageing analysis of trade payables, based on invoice dates, as of the end of the period is as follows:

|                                | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 31 December<br>2018<br>RMB'000<br>(Audited) |
|--------------------------------|-------------------------------------------|---------------------------------------------|
| Within 90 days                 | 5,021,820                                 | 5,318,440                                   |
| Over 90 days and within 1 year | 1,454,605                                 | 1,540,523                                   |
| Over 1 year                    | 2,915,672                                 | 3,087,890                                   |
|                                | 9,392,097                                 | 9,946,853                                   |

## 13 OTHER INCOME AND OTHER GAINS AND LOSSES

|                     | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 30 June<br>2018<br>RMB'000<br>(Unaudited) |
|---------------------|-------------------------------------------|-------------------------------------------|
| Government grants   | —                                         | 35                                        |
| Net exchange losses | (12,315)                                  | (98,576)                                  |
| Miscellaneous       | (25,613)                                  | 351                                       |
|                     | (37,928)                                  | (98,190)                                  |



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 14 PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging the following:

|                                                                                 | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 30 June<br>2018<br>RMB'000<br>(Unaudited) |
|---------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Staff costs — including directors' emoluments                                   | 239,265                                   | 234,675                                   |
| Auditor's remuneration                                                          | 2,400                                     | 2,400                                     |
| Charitable donations                                                            | 3,895                                     | 345                                       |
| Depreciation of property, plant and equipment                                   | 39,720                                    | 56,261                                    |
| Depreciation of right-of-use assets                                             | 18,503                                    | —                                         |
| Amortisation of land use rights                                                 | 23,581                                    | 31,428                                    |
| Cost of properties sold                                                         | 2,636,784                                 | 4,663,245                                 |
| Business tax and other levies on sales and construction of properties           | 30,290                                    | 121,667                                   |
| Direct outgoings arising from investment properties that generate rental income | 87,656                                    | 70,093                                    |
| Operating lease expenses on land and buildings                                  | 9,235                                     | 17,579                                    |
| Hotel operating expenses                                                        | 81,594                                    | 56,410                                    |
| Provision for delay in delivering properties                                    | 11,104                                    | 6,248                                     |

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 15 FINANCE INCOME AND COSTS

|                                                                | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 30 June<br>2018<br>RMB'000<br>(Unaudited) |
|----------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Finance income                                                 |                                           |                                           |
| — interest income on bank deposits and loan to a related party | 50,331                                    | 53,863                                    |
| Interest expenses on borrowings                                | 290,829                                   | 389,590                                   |
| Interest expenses on lease liabilities                         | 2,302                                     | —                                         |
| Less: Interest capitalised                                     | (290,829)                                 | (389,590)                                 |
| Finance costs                                                  | (2,302)                                   | —                                         |
| Net finance income                                             | 48,029                                    | 53,863                                    |

## 16 INCOME TAX EXPENSE

|                              | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 30 June<br>2018<br>RMB'000<br>(Unaudited) |
|------------------------------|-------------------------------------------|-------------------------------------------|
| Current income tax           |                                           |                                           |
| — PRC enterprise income tax  | 126,693                                   | 280,636                                   |
| — PRC land appreciation tax  | 278,474                                   | 172,002                                   |
|                              | 405,167                                   | 452,638                                   |
| Deferred income tax          |                                           |                                           |
| — PRC enterprise income tax  | 27,014                                    | 196,294                                   |
| — PRC withholding income tax | 40,571                                    | 49,074                                    |
|                              | 67,585                                    | 245,368                                   |
|                              | 472,752                                   | 698,006                                   |

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 16 INCOME TAX EXPENSE (Continued)

### (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 2019 (2018: Nil).

### (b) PRC enterprise income tax

PRC enterprise income tax is provided for at 25% (2018: 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.

### (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.

## 17 DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2019 (2018: Nil).

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 18 EARNINGS PER SHARE

### Basic and diluted

Basic earnings per share for the six months ended 30 June 2019 and 2018 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.

As there were no dilutive options and other dilutive potential shares in issue during the six months ended 30 June 2019 and 2018, and the Company's shares were suspended for trading on Stock Exchange, diluted earnings per share is same as basic earnings per share.

|                                                                 | 30 June<br>2019<br>(Unaudited) | 30 June<br>2018<br>(Unaudited) |
|-----------------------------------------------------------------|--------------------------------|--------------------------------|
| Profit attributable to equity holders of the Company (RMB'000)  | 418,255                        | 698,481                        |
| Weighted average number of ordinary shares in issue (thousands) | 6,093,451                      | 6,093,451                      |
| Basic and diluted earnings per share (RMB cents)                | 6.9                            | 11.5                           |

## 19 CONTINGENT LIABILITIES

|                                                                                                          | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 31 December<br>2018<br>RMB'000<br>(Audited) |
|----------------------------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------|
| Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties (Note (a)) | 6,908,117                                 | 5,448,321                                   |
| Guarantees in respect of banking facilities granted to associated companies (Note (b))                   | 400,000                                   | 1,200,000                                   |
| Guarantees in respect of banking facilities granted to a joint venture (Note (c))                        | 309,038                                   | 256,478                                     |
|                                                                                                          | 7,617,155                                 | 6,904,799                                   |

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 19 CONTINGENT LIABILITIES (Continued)

Notes:

- (a) 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 consolidated financial statements for the guarantees.
- (b) As at 30 June 2019 and 31 December 2018, the Group provided guarantees of the following amounts in respect of bank borrowings to its associated companies:

|                                                                       | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 31 December<br>2018<br>RMB'000<br>(Audited) |
|-----------------------------------------------------------------------|-------------------------------------------|---------------------------------------------|
| Nanjing Software Valley Qichuang Communication Technology Co., Ltd    | 400,000                                   | 400,000                                     |
| Nanjing Software Valley Mingfa Technology Development Company Limited | —                                         | 800,000                                     |
| Total                                                                 | 400,000                                   | 1,200,000                                   |

- (c) As at 30 June 2019 and 31 December 2018, the Group provided guarantee of the following amount in respect of bank borrowing to a joint venture:

|                                     | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 31 December<br>2018<br>RMB'000<br>(Audited) |
|-------------------------------------|-------------------------------------------|---------------------------------------------|
| Superb Land Limited ("Superb Land") | 309,038                                   | 256,478                                     |

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 20 COMMITMENTS

### (a) Commitments for capital and property development expenditure

|                                                    | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 31 December<br>2018<br>RMB'000<br>(Audited) |
|----------------------------------------------------|-------------------------------------------|---------------------------------------------|
| Contracted but not provided for                    |                                           |                                             |
| — Properties being developed by the Group for sale | 6,422,419                                 | 5,055,577                                   |
| — Land use rights                                  | 2,724,328                                 | 2,788,663                                   |
|                                                    | 9,146,747                                 | 7,844,240                                   |

### (b) Commitments for equity investments

|                                 | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 31 December<br>2018<br>RMB'000<br>(Audited) |
|---------------------------------|-------------------------------------------|---------------------------------------------|
| Contracted but not provided for |                                           |                                             |
| — Acquisition of a subsidiary   | 340,830                                   | —                                           |



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 21 RELATED PARTY TRANSACTIONS

- (a) Other than those disclosed elsewhere in these condensed consolidated interim financial statements, the Group had entered into the following major related party transactions:

|                                                              | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 30 June<br>2018<br>RMB'000<br>(Unaudited) |
|--------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Interest income from loan to Superb Land,<br>a joint venture | 3,004                                     | 3,128                                     |

- (b) Key management compensation

|                                                    | 30 June<br>2019<br>RMB'000<br>(Unaudited) | 30 June<br>2018<br>RMB'000<br>(Unaudited) |
|----------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Salaries and other short-term employee<br>benefits | 3,333                                     | 3,518                                     |
| Retirement scheme contributions                    | 36                                        | 39                                        |
|                                                    | 3,369                                     | 3,557                                     |

## 22 APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements for the six months ended 30 June 2019 were approved and authorised for issue by the board of directors of the Company on 27 August 2019.