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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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

PERFORMANCE HIGHLIGHTS

The consolidated revenue of the Group was approximately RMB5,957.7 million for the six months ended 30 June 2022 (corresponding period in 2021: approximately RMB9,688.0 million), representing a decrease of 38.5% as compared to the corresponding period in 2021. The consolidated profit and profit attributable to equity holders of the Company for the six months ended 30 June 2022 were approximately RMB277.3 million and RMB316.8 million respectively (corresponding period in 2021: approximately RMB1,257.8 million and RMB1,205.0 million respectively), representing a decrease of 77.9% and 73.7% respectively as compared to the corresponding period in 2021. The basic and diluted earnings per share were RMB5.2 cents for the six months ended 30 June 2022 (corresponding period in 2021: RMB19.8 cents per share), representing a decrease of 73.7% as compared to the corresponding period in 2021.

The board of directors (the “**Board**”) of the Company does not recommend payment of interim dividend for the six months ended 30 June 2022.

UNAUDITED CONSOLIDATED RESULTS

The Board announces the unaudited consolidated results of the Group for the six months ended 30 June 2022 together with the comparative figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	<i>Notes</i>	30 June 2022 RMB'000 (Unaudited)	30 June 2021 RMB'000 (Unaudited)
Revenues	4	5,957,673	9,688,044
Cost of sales		<u>(4,530,337)</u>	<u>(6,455,868)</u>
Gross profit		1,427,336	3,232,176
Fair value gains on investment properties		87,923	82,518
Other income and other losses	13	(138,917)	36,828
Net impairment loss on financial assets		(44,070)	(90,951)
Selling and marketing costs		(213,558)	(458,384)
General and administrative expenses		<u>(361,181)</u>	<u>(375,625)</u>
Operating profit		<u>757,533</u>	<u>2,426,562</u>
Finance income	15	14,494	15,149
Finance costs	15	<u>(1,420)</u>	<u>(2,477)</u>
Finance income — net	15	<u>13,074</u>	<u>12,672</u>
Share of results of			
— Associated companies		(35,898)	(13,437)
— Joint ventures		<u>301</u>	<u>(125)</u>
		<u>(35,597)</u>	<u>(13,562)</u>
Profit before income tax	14	735,010	2,425,672
Income tax expense	16	<u>(457,664)</u>	<u>(1,167,897)</u>
Profit for the period		<u><u>277,346</u></u>	<u><u>1,257,775</u></u>
Attributable to:			
Equity holders of the Company		316,809	1,204,978
Non-controlling interests		<u>(39,463)</u>	<u>52,797</u>
		<u><u>277,346</u></u>	<u><u>1,257,775</u></u>
Earnings per share for profit attributable to equity holders of the Company (RMB cents)			
— Basic	18	5.2	19.8
— Diluted	18	<u>5.2</u>	<u>19.8</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 June 2022

	30 June 2022 RMB'000 (Unaudited)	30 June 2021 RMB'000 (Unaudited)
Profit for the period	<u>277,346</u>	<u>1,257,775</u>
Other comprehensive income		
<i>Item that may be reclassified subsequently to profit or loss</i>		
— Currency translation differences	<u>(114)</u>	<u>60</u>
Total comprehensive income for the period	<u>277,232</u>	<u>1,257,835</u>
Attributable to		
Equity holders of the Company	316,695	1,205,038
Non-controlling interests	<u>(39,463)</u>	<u>52,797</u>
	<u>277,232</u>	<u>1,257,835</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF
FINANCIAL POSITION**

As at 30 June 2022

		As at 30 June 2022	As at 31 December 2021
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		2,937,587	2,995,624
Investment properties		12,471,900	11,883,900
Goodwill		7,169	7,169
Investments in associated companies		1,888,081	1,923,979
Investments in joint ventures		2,055,861	2,055,560
Deferred income tax assets		399,781	414,182
Other financial assets	6	40,550	40,550
Other receivables	7	14,293	14,293
Prepayments for land use rights	5	671,036	666,201
		<u>20,486,258</u>	<u>20,001,458</u>
Current assets			
Properties under development		23,778,495	24,302,597
Completed properties held for sale		19,041,138	19,188,709
Inventories		42,854	44,175
Trade and other receivables and prepayments	7	3,769,526	3,871,047
Contract costs		237,679	263,180
Prepaid income taxes		731,264	448,066
Amounts due from related parties, joint ventures and associated companies		1,014,694	991,553
Amounts due from non-controlling interests		735,624	735,624
Restricted cash	8	171,567	233,394
Cash and cash equivalents		3,215,188	3,665,916
		<u>52,738,029</u>	<u>53,744,261</u>
Total assets		<u><u>73,224,287</u></u>	<u><u>73,745,719</u></u>

		As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
LIABILITIES			
Current liabilities			
Trade and other payables	12	21,281,187	19,904,543
Contract liabilities		13,204,407	15,175,246
Amounts due to related parties, joint ventures and associated companies		7,922,675	8,032,411
Amounts due to non-controlling interests		597,192	410,460
Income tax payable		3,490,560	3,576,421
Borrowings	10	673,874	684,078
Lease liabilities		4,446	8,079
		<u>47,174,341</u>	<u>47,791,238</u>
Net current assets		<u>5,563,688</u>	<u>5,953,023</u>
Total assets less current liabilities		<u>26,049,946</u>	<u>25,954,481</u>
Non-current liabilities			
Deferred government grants		982,166	1,129,814
Borrowings	10	2,697,557	2,778,364
Deferred income tax liabilities		2,633,863	2,576,149
Lease liabilities		9,264	11,290
		<u>6,322,850</u>	<u>6,495,617</u>
Total liabilities		<u>53,497,191</u>	<u>54,286,855</u>
Net assets		<u>19,727,096</u>	<u>19,458,864</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	9	536,281	536,281
Reserves		17,702,055	17,402,335
		<u>18,238,336</u>	<u>17,938,616</u>
Non-controlling interests		<u>1,488,760</u>	<u>1,520,248</u>
Total equity		<u>19,727,096</u>	<u>19,458,864</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 the office of 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 condensed consolidated interim financial statements for the six months ended 30 June 2022 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 2021, 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.

Adoption of new or amended standards

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

- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to HKAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to HKAS 16);
- Annual Improvements to HKFRS 2018–2020 (Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41); and
- References to Conceptual Framework (Amendments to HKFRS 3).

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 2021.

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.

(a) Segment information

The unaudited segment results for the six months ended 30 June 2022 are as follows:

	Property development — commercial RMB'000	Property development — residential RMB'000	Hotel RMB'000	Property investment and management RMB'000	All other segments RMB'000	Elimination RMB'000	Total RMB'000
Total segment revenues	192,799	5,173,888	129,127	287,810	174,049	—	5,957,673
Revenues	192,799	5,173,888	129,127	287,810	174,049	—	5,957,673
Operating profit/(loss)	40,770	826,787	(36,615)	156,645	(230,054)	—	757,533
Finance income — net	—	—	—	—	—	—	13,074
Share of results of associated companies	—	(3,279)	—	(929)	(31,690)	—	(35,898)
Share of results of joint ventures	(1)	(153)	—	455	—	—	301
Profit before income tax	—	—	—	—	—	—	735,010
Income tax expense	—	—	—	—	—	—	(457,664)
Profit for the period	—	—	—	—	—	—	277,346
Other segment information							
Capital and property development expenditure	578,646	3,951,905	1,409	10,184	79,183	—	4,621,327
Depreciation of property, plant and equipment	5,058	46,920	25,135	874	107	—	78,094
Depreciation of right-of-use assets under properties under development	—	15,615	—	—	—	—	15,615
Fair value gains on investment properties	—	—	—	87,923	—	—	87,923

The unaudited segment assets and liabilities as at 30 June 2022 are as follows:

	Property development — commercial RMB'000	Property development — residential RMB'000	Hotel RMB'000	Property investment and management RMB'000	All other segments RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	11,345,832	80,878,359	2,112,069	12,754,861	21,651,628	(60,633,999)	68,108,750
Associated companies	—	259,034	—	1,284,013	345,034	—	1,888,081
Joint ventures	19,091	89,442	—	1,947,328	—	—	2,055,861
	11,364,923	81,226,835	2,112,069	15,986,202	21,996,662	(60,633,999)	72,052,692
Unallocated:							
Deferred income tax assets	—	—	—	—	—	—	399,781
Prepaid income taxes	—	—	—	—	—	—	731,264
Other financial assets	—	—	—	—	—	—	40,550
Total assets	—	—	—	—	—	—	73,224,287
Segment liabilities	7,050,872	87,197,283	97,481	2,059,654	8,230,046	(60,633,999)	44,001,337
Unallocated:							
Deferred income tax liabilities	—	—	—	—	—	—	2,633,863
Borrowings	—	—	—	—	—	—	3,371,431
Income tax payable	—	—	—	—	—	—	3,490,560
Total liabilities	—	—	—	—	—	—	53,497,191

The unaudited segment results for the six months ended 30 June 2021 are as follows:

	Property development — commercial RMB'000	Property development — residential RMB'000	Hotel RMB'000	Property investment and management RMB'000	All other segments RMB'000	Elimination RMB'000	Total RMB'000
Total segment revenues	217,583	8,935,181	133,964	233,180	169,952	—	9,689,860
Inter-segment revenues	—	—	(1,816)	—	—	—	(1,816)
Revenues	<u>217,583</u>	<u>8,935,181</u>	<u>132,148</u>	<u>233,180</u>	<u>169,952</u>	<u>—</u>	<u>9,688,044</u>
Operating profit/(loss)	<u>24,447</u>	<u>2,362,370</u>	<u>(2,744)</u>	<u>71,601</u>	<u>(29,112)</u>	<u>—</u>	<u>2,426,562</u>
Finance income — net							12,672
Share of results of associated companies	(120)	1,149	—	(11,628)	(2,838)	—	(13,437)
Share of results of joint ventures	—	5,271	—	(5,396)	—	—	(125)
Profit before income tax							2,425,672
Income tax expense							(1,167,897)
Profit for the period							<u>1,257,775</u>
Other segment information							
Capital and property development expenditure	500,565	2,537,285	1,833	316	376,389	—	3,416,388
Depreciation of property, plant and equipment	6,052	23,861	9,454	1,351	847	—	41,565
Depreciation of right-of-use assets under properties under development	—	7,910	—	—	—	—	7,910
Fair value gains on investment properties	—	—	—	82,518	—	—	82,518

The audited segment assets and liabilities as at 31 December 2021 are as follows:

	Property development — commercial RMB'000	Property development — residential RMB'000	Hotel RMB'000	Property investment and management RMB'000	All other segments RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	11,496,829	81,170,887	2,202,490	12,650,851	19,026,224	(57,683,899)	68,863,382
Associated companies	—	262,313	—	1,284,942	376,724	—	1,923,979
Joint ventures	19,092	89,595	—	1,946,873	—	—	2,055,560
	<u>11,515,921</u>	<u>81,522,795</u>	<u>2,202,490</u>	<u>15,882,666</u>	<u>19,402,948</u>	<u>(57,683,899)</u>	<u>72,842,921</u>
Unallocated:							
Deferred income tax assets							414,182
Prepaid income taxes							448,066
Other financial assets							40,550
Total assets							<u>73,745,719</u>
Segment liabilities	<u>7,516,602</u>	<u>85,954,869</u>	<u>126,772</u>	<u>2,038,503</u>	<u>6,718,996</u>	<u>(57,683,899)</u>	<u>44,671,843</u>
Unallocated:							
Deferred income tax liabilities							2,576,149
Borrowings							3,462,442
Income tax payable							3,576,421
Total liabilities							<u>54,286,855</u>

(b) Revenues

Revenues of the Group consists of the following income recognised during the period:

	30 June 2022 RMB'000 (Unaudited)	30 June 2021 RMB'000 (Audited)
Revenue from contracts with customer within the scope of HKFRS 15:		
• Property development — commercial	192,799	217,583
• Property development — residential	5,173,888	8,935,181
• Hotel	129,127	132,148
• Property investment and management — property management fee income	89,622	60,064
• All other segments	174,049	169,952
	<u>5,759,485</u>	<u>9,514,928</u>
Revenue from other sources		
• Property investment and management — rental income	198,188	173,116
	<u>5,957,673</u>	<u>9,688,044</u>

5 PREPAYMENTS FOR LAND USE RIGHTS

The Group had made prepayments for acquisition of certain land use rights, the ownership certificates of which have not been obtained as at the end of the reporting period.

6 OTHER FINANCIAL ASSETS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Equity investments measured at fair value through other comprehensive income (“FVTOCI”) — Non-current		
Unlisted equity shares (<i>Note</i>)	<u>40,550</u>	<u>40,550</u>
	<u>40,550</u>	<u>40,550</u>

Note:

Other financial assets represented unlisted equity investment of 10% in 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 2022 and the year ended 31 December 2021 from the investment cost. During the six months ended 30 June 2022, no dividend was declared by this entity and was received by the Group.

The Group classifies equity securities which are held as strategic investment not for trading, and which are elected irrevocably at initial recognition to recognise as FVTOCI in this category.

7 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade receivables	696,918	602,931
Less: Provision for impairment of trade receivables (<i>Note (a)</i>)	<u>(531,556)</u>	<u>(484,069)</u>
Trade receivables — net (<i>Note (b)</i>)	165,362	118,862
Other receivables and prepayments	<u>3,618,457</u>	<u>3,766,478</u>
	3,783,819	3,885,340
Less: Non-current portion of other receivables (<i>Note (c)</i>)	<u>(14,293)</u>	<u>(14,293)</u>
Current portion	<u>3,769,526</u>	<u>3,871,047</u>

As at 30 June 2022 and 31 December 2021, the fair values of trade and other receivables and prepayments approximate their carrying amounts.

Notes:

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Opening balance	484,069	339,253
Net impairment loss recognised during the period	<u>47,487</u>	<u>144,816</u>
As at 30 June 2022	<u>531,556</u>	<u>484,069</u>

- (b) Trade receivables mainly arose from 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 agreements.

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 90 days	24,281	40,830
Over 90 days and within 1 year	86,115	62,703
Over 1 year and within 2 years	<u>54,966</u>	<u>15,329</u>
	<u>165,362</u>	<u>118,862</u>

- (c) The non-current portion of other receivables 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 2022, the Group's cash of approximately RMB3,605,000 (31 December 2021: RMB3,605,000) was restricted and deposited in certain banks as security for certain borrowings.

As at 30 June 2022, the Group's cash of approximately RMB166,974,000 and RMB988,000 (31 December 2021: RMB166,340,000 and RMB63,449,000) in certain banks was restricted due to court order in the cases related to construction contracts with the suppliers and foreclosures by the proprietor claims due to default of mortgage repayment by the property purchasers respectively.

The conversion of RMB denominated balances into foreign currencies and the remittance of the foreign currencies out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

9 SHARE CAPITAL

Details of share capital of the Company are as follows:

	Par value <i>HK\$</i>	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$</i>	Equivalent <i>RMB</i>
Authorised:				
At 1 January 2021, 31 December 2021 and 30 June 2022	<u>0.1</u>	<u>12,000,000,000</u>	<u>1,200,000,000</u>	<u></u>
Issued and fully paid:				
At 1 January 2021, 31 December 2021 and 30 June 2022	<u>0.1</u>	<u>6,093,451,026</u>	<u>609,345,103</u>	<u>536,280,877</u>

10 BORROWINGS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Borrowings included in non-current liabilities		
Bank borrowings — secured	2,938,129	3,105,603
Less: Amounts due within one year	<u>(240,572)</u>	<u>(327,239)</u>
	<u>2,697,557</u>	<u>2,778,364</u>
Borrowings included in current liabilities		
Bank borrowings — secured	58,000	—
Current portion of long-term secured borrowings	240,572	327,239
Senior notes and junior notes	<u>375,302</u>	<u>356,839</u>
	<u>673,874</u>	<u>684,078</u>

11 PLEDGED ASSETS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Completed properties held for sale	1,560,416	1,560,416
Property, plant and equipment	694,470	700,431
Properties under development	1,485,149	1,527,687
Land use rights under properties under development	678,522	688,212
Investment properties	<u>2,320,000</u>	<u>2,320,000</u>
	<u>6,738,557</u>	<u>6,796,746</u>

12 TRADE AND OTHER PAYABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade payables (<i>Note</i>)	13,911,422	13,213,449
Other payables	6,885,940	6,351,497
Other taxes payable	483,825	339,597
	<u>21,281,187</u>	<u>19,904,543</u>

Note:

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 90 days	3,765,196	5,271,837
Over 90 days and within 1 year	5,485,297	2,985,364
Over 1 year	4,660,929	4,956,248
	<u>13,911,422</u>	<u>13,213,449</u>

13 OTHER INCOME AND OTHER LOSSES

	30 June 2022 RMB'000 (Unaudited)	30 June 2021 RMB'000 (Unaudited)
Government grants	71,344	10,613
Net exchange (loss)/gain	(189,027)	48,056
Miscellaneous	(21,234)	(21,841)
	<u>(138,917)</u>	<u>36,828</u>

14 PROFIT BEFORE INCOME TAX

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

	30 June 2022 RMB'000 (Unaudited)	30 June 2021 RMB'000 (Unaudited)
Staff costs — including directors' emoluments	193,246	177,168
Auditor's remuneration	1,785	2,400
Charitable donations	20	101
Depreciation of property, plant and equipment	78,094	41,565
Depreciation of right-of-use assets under properties under development	15,615	7,910
Cost of properties sold	4,095,825	6,021,885
Business tax and other levies on sales and construction of properties	36,333	49,210
Direct outgoings arising from investment properties that generate rental income	56,493	68,826
Short-term lease expenses	1,924	1,186
Hotel operating expenses	<u>111,350</u>	<u>101,375</u>

15 FINANCE INCOME AND COSTS

	30 June 2022 RMB'000 (Unaudited)	30 June 2021 RMB'000 (Unaudited)
Finance income		
— interest income on bank deposits and loan to a related party	<u>14,494</u>	<u>15,149</u>
Interest expenses on borrowings	98,885	214,846
Interest expenses on lease liabilities	1,420	2,477
Less: Interest capitalised	<u>(98,885)</u>	<u>(214,846)</u>
Finance costs	<u>(1,420)</u>	<u>(2,477)</u>
Net finance income	<u>13,074</u>	<u>12,672</u>

16 INCOME TAX EXPENSE

	30 June 2022 RMB'000 (Unaudited)	30 June 2021 RMB'000 (Unaudited)
Current income tax		
— PRC enterprise income tax	250,971	479,021
— PRC land appreciation tax	107,830	571,464
	<u>358,801</u>	<u>1,050,485</u>
Deferred income tax		
— PRC enterprise income tax	63,130	48,000
— PRC withholding income tax	35,733	69,412
	<u>98,863</u>	<u>117,412</u>
	<u>457,664</u>	<u>1,167,897</u>

(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 2022 (corresponding period in 2021: Nil).

Under two-tiered profits tax regime, the first HK\$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

(b) PRC enterprise income tax

PRC enterprise income tax is provided for at 25% (2021: 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 payment of interim dividend for the six months ended 30 June 2022 (corresponding period in 2021: Nil).

18 EARNINGS PER SHARE

Basic and diluted

Basic earnings per share for the six months ended 30 June 2022 and 2021 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 2022 and 2021, diluted earnings per share is same as basic earnings per share.

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Profit attributable to equity holders of the Company (<i>RMB'000</i>)	316,809	1,204,978
Weighted average number of ordinary shares in issue (<i>thousands</i>)	6,093,451	6,093,451
Basic and diluted earnings per share (<i>RMB cents</i>)	5.2	19.8

RESULTS

The unaudited consolidated revenue of the Group decreased by 38.5% to approximately RMB5,957.7 million (corresponding period in 2021: approximately RMB9,688.0 million) for the six months ended 30 June 2022.

During the period under review, the unaudited consolidated profit attributable to equity holders of the Company was approximately RMB316.8 million (corresponding period in 2021: approximately RMB1,205.0 million), representing a decrease of 73.7% compared to the corresponding period in 2021.

The unaudited basic and diluted earnings per share were RMB5.2 cents for the six months ended 30 June 2022 (corresponding period in 2021: RMB19.8 cents), representing a decrease of 73.7% compared to the corresponding period in 2021.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (corresponding period in 2021: Nil).

INDUSTRY REVIEW

2022 has been a challenging year. Many real estate developers in the PRC have fallen into liquidity crisis, leading to defaults on their bonds or the need to offer an extension proposal for bondholders. The default rate (actual default plus technical default) of PRC real estate USD bonds has risen to over 40%. Some developers have started to negotiate with their investors on capital re-structuring plans to ease their liquidity crisis.

According to CRIC, contracted sales at China's top 100 real estate developers in May 2022 showed a yearly decline of 60% but also a month-on-month rise of 5.6%. The contracted sales in June 2022 has shown a strong recovery. It is expected that the real estate sector will recover steadily.

BUSINESS REVIEW

Sales and Earnings

The unaudited consolidated revenue for the six months ended 30 June 2022 was approximately RMB5,957.7 million (corresponding period in 2021: approximately RMB9,688.0 million), representing a decrease of 38.5%. The decrease in revenue was due to the decrease in gross floor area (“GFA”) delivered to the buyers from 1,083,385 square metre (“sq.m.”) for the six months ended 30 June 2021 to 919,611 sq.m. for the six months ended 30 June 2022 and the decrease in average selling price (“ASP”) from RMB8,448.3 per sq.m. for the six months ended 30 June 2021 to RMB5,835.8 per sq.m. for the six months ended 30 June 2022. Such decrease in ASP was mainly due to the delivery of resettlement houses in Anhui Province which had lower ASP for the six months ended 30 June 2022.

The unaudited consolidated gross profit for the six months ended 30 June 2022 was approximately RMB1,427.3 million (corresponding period in 2021: approximately RMB3,232.2 million), representing a decrease of 55.8% which was mainly due to the decrease in revenue and the decrease in gross profit margin from 33.4% for the six months ended 30 June 2021 to 24.0% for the corresponding period in 2022.

Fair value gains on investment properties increased by 6.6% to approximately RMB87.9 million for the six months ended 30 June 2022 (corresponding period in 2021: approximately RMB82.5 million). The increase in valuation was mainly due to the increase in GFA in investment properties.

Net other losses of approximately RMB138.9 million was incurred for the six months ended 30 June 2022 (corresponding period in 2021: net other income of approximately RMB36.8 million). Such changes was mainly due to the increase in exchange losses arising from currency translation of the offshore liabilities denominated in USD and HKD for the six months ended 30 June 2022.

Selling and marketing costs were approximately RMB213.6 million for the six months ended 30 June 2022, representing a decrease of 53.4% compared with the corresponding period in 2021 (corresponding period in 2021: approximately RMB458.4 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 RMB361.2 million for the six months ended 30 June 2022, representing a decrease of 3.8% compared with the corresponding period in 2021 (corresponding period in 2021: approximately RMB375.6 million).

Interest expenses on borrowings including capitalised interest decreased by 54.0% to approximately RMB98.9 million (corresponding period in 2021: approximately RMB214.8 million). The decrease was mainly due to the drop in borrowings from RMB4,008.6 million as at 30 June 2021 to RMB3,371.4 million as at 30 June 2022.

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 2022 was approximately RMB316.8 million (corresponding period in 2021: approximately RMB1,205.0 million), representing a decrease of 73.7% compared with the corresponding period in 2021.

Regarding the recognised sales for the six months ended 30 June 2022, the ASP per sq.m. achieved by the Group was RMB5,835.8 per sq.m., representing a decrease of 30.9% from RMB8,448.3 per sq.m. for the corresponding period in 2021. The decrease in ASP for the six months ended 30 June 2022 was mainly due to more resettlement houses being delivered in Anhui Province with lower ASP during the six months ended 30 June 2022.

CONTRACTED SALES

For the six months ended 30 June 2022, the Group achieved contracted sales of approximately RMB3,120.8 million (corresponding period in 2021: approximately RMB6,616.6 million). The ASP for the contracted sales had decreased by 1.7% to RMB7,429.1 per sq.m. during the period under review (corresponding period in 2021: approximately RMB7,554.0 per sq.m.).

PRE-SOLD PROPERTIES

As at 30 June 2022, the aggregated attributable GFA of pre-sold properties not yet delivered to the buyers was 1,672,474 sq.m. (as at 31 December 2021: 2,411,057 sq.m.). 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.)
Qingyang	Qingyang Yangguang Qingcheng	100%	198,652
Wujiang	Wujiang Mingfa Jiangwan New City	100%	154,162
Changsha	Changsha Mingfa Shoppoing Mall	100%	147,398
Fengxian	Xingyue City	70%	104,752
Suqian	Siyang Mingfa Shoufu	70%	86,350
Shenyang	Shenyang Mingfa Jinxiuhwa City	100%	84,673
Shenyang	Shenyang Mingfa Mall	100%	80,305
Yan'an	Yan'an Zhi Sing	100%	78,988
Xuzhou	Suining Shuiyun Taoyuan	60%	69,044
Jinzhai	Jinzhai Mingfa City Square	100%	55,488
Jinzhai	Jinzhai Yueshanyuefu	100%	50,015
Liu'an	Ye Ji City Square	100%	46,513
Dingyuan	Dingyuan Mingfa Shuiyun Taoyuan	100%	44,646
Xuzhou	Xuzhou Taoyuan Mingzhu	100%	38,696
Xuzhou	Taoyuan Mingzhu	100%	38,696
Zhangzhou	Zhangzhou Longhai Mingfa Mall	100%	36,451
Huai'an	Huai'an Mingfa Shopping Mall	100%	33,081
Quanzhou	Quanzhou Mingfa Hua Chang City	100%	32,631
Nanjing	Nanjing Mingfa Shopping Mall	100%	30,603
Guang'an	Guang'an Wealth Centre	100%	27,249
Zibo	Zibo World Trade Centre	100%	25,638
Pingliang	Pingliang Mingfa European City	60%	21,007
Hefei	Hefei Mingfa Shopping Mall	100%	19,027
Xiamen	Xiamen Mingfa Shopping Mall	70%	16,594
Ma'anshan	Mingbo Yue City	100%	14,884
Zhangzhou	Zhangzhou Mingfa Shopping Mall	100%	11,703
Others			125,228
Total			1,672,474

SUMMARY OF LAND BANK

As at 30 June 2022, land reserves attributable to the Group decreased by 3.8% to approximately 19.0 million sq.m. (approximately 19.8 million sq.m. as at 31 December 2021), consisting of 129 projects (136 projects as at 31 December 2021) in total.

	Number of Projects	Attributable GFA (million sq.m.)
Completed projects	41	3.2
Projects under development	69	13.2
Projects for future development	19	2.6
Total	129	19.0

The following tables summarize the details of the Group's land reserves as at 30 June 2022:

Property	Location	Actual/ Estimated Completion Date	Type of Property	Status	Site Area (sq.m.) (Note 1)	Approximate		Attributable GFA (sq.m.)
						Leasable and Saleable GFA (sq.m.)	Group's Interest	
Completed Properties (held for sale/leasing) (Note 1)								
Xiamen Mingfa Seascape Garden	Located at Qianpu South 2 Road, Siming District, Xiamen, Fujian Province	Dec/2004	Residential/Commercial/Office	Completed	18,247	120	100%	120
Xiamen Mingfa Noble Place	Located at Jiangtou Residential, Huli District, Xiamen, Fujian Province	Dec/2004	Residential/Commercial/Office	Completed	5,529	1,287	100%	1,287
Xiamen Mingfa Garden	Located at Huanhuli South, Lvling Road, Siming District, Xiamen, Fujian Province	Apr/2005	Residential/Commercial	Completed	18,697	13,527	100%	13,527
Xiamen Jianqun Elegant Garden	Located at north of Qianpu Lianqian East Road, 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/Commercial/Office	Completed	26,016	5,435	100%	5,435
Xiamen Mingfa Shopping Mall	Located to the northwest of Jiaye Road and Lianqian Road, Siming District, Xiamen, Fujian Province	Oct/2007	Commercial/Office/Hotel	Completed	166,775	6,401	70%	4,481
Xiamen Mingfa Town	Located at Lvling Road, Siming Industrial Park, Siming District, Xiamen, Fujian Province	Jan/2008	Residential/Commercial	Completed	12,879	14,930	100%	14,930
Nanjing Mingfa Pearl Spring Resort	Located in Pearl Spring Resort, Pukou District, Nanjing, Jiangsu Province	Dec/2008	Residential/Hotel	Completed	112,973	5,943	100%	5,943
Nanjing Mingfa Riverside New Town	Located in Taishan Village, Pukou District, Nanjing, Jiangsu Province	Nov/2009	Residential/Commercial	Completed	1,072,182	27,697	100%	27,697
Nanjing Mingfa Shopping Mall	Located at the intersection of Dingqiang Road and Yulan Road in Yuhuatai District, Nanjing, Jiangsu Province	Dec/2010	Commercial/Office/Hotel	Completed	182,588	112,186	100%	112,186
Wuxi Mingfa Shopping Mall	Located in Sitou Village and Tangtou Village, Yanqiao Town, Huishan District, Wuxi, Jiangsu Province	Dec/2011	Residential/Commercial/Hotel	Completed	216,643	381,610	100%	381,610

Property	Location	Actual/ Estimated Completion	Type of Property	Status	Approximate			Attributable GFA (sq.m.)
		Date			Site Area (sq.m.) (Note 1)	Leasable and Saleable GFA (sq.m.)	Group's Interest	
Hefei Mingfa Shopping Mall	Located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang District, Hefei, Anhui Province	Dec/2011	Residential/Commercial/ Office/Hotel	Completed	176,698	179,211	100%	179,211
Yangzhou Mingfa Shopping Mall	Located at the south of Yunhe Road East and west of Baolin Road, Guangling District, Yangzhou, Jiangsu Province	Dec/2011	Residential/Commercial/ Hotel	Completed	145,267	225,283	100%	225,283
Nanjing Mingfa City Square	Located on Dingshan Road, Pukou District, Nanjing, Jiangsu Province	Dec/2012	Residential/Commercial/ Office	Completed	128,683	69,851	100%	69,851
Honglai Mingfa Commercial Center	Located at Longlai District, Nanan, Fujian Province	Jun/2012	Residential/Commercial	Completed	27,065	10,852	100%	10,852
Xiamen Mingfa Xiang Wan Peninsula	Located at east part of Xiang'an Road, Xiang'an, Fujian Province	Dec/2012	Residential/Commercial	Completed	104,380	12,945	100%	12,945
Zhangzhou Mingfa Shopping Mall	Located at Longjiang Road East, north of Shuixian Street, west of No. 6 Road, Xipu Road South, Zhangzhou, Fujian Province	Dec/2013	Residential/Commercial/ Office/Hotel	Completed	223,589	236,915	100%	236,915
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	Dec/2013	Hotel	Completed	58,952	136,867	100%	136,867
Huai'an Mingfa Shopping Mall (Block C)	Located in Weihai East Road, Huai'an, Jiangsu Province	Dec/2014	Residential	Completed	51,345	7,145	100%	7,145
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	7,151	100%	7,151
Nanjing Mingfa New City Finance Building	Located in New Town Business Avenue North, Pukou District, Nanjing, Jiangsu Province	Dec/2017	Residential/Commercial	Completed	59,042	10,747	100%	10,747
Nanjing Mingfa Cloud Mansion	Located in along the mountain road south, Jiangpu Street, Nanjing, Jiangsu Province	Sep/2017	Residential	Completed	32,787	3,103	40%	740
Jinzhai Mingfa City Square (Block G)	Located at New Town District, Meishan Town, Jinzhai County, Hefei, Anhui Province	Sep/2017	Residential/Commercial	Completed	105,504	100,613	100%	100,613
Jinzhai Mingfa City Square (Block D)	Located at New City, Meishan Town, Jinzhai County, Anhui Province	Dec/2017	Residential/Commercial	Completed	62,885	30,103	100%	30,103
Wuxi Mingfa International New Town	Located south of Yanqiao Town, Huishan District, Wuxi, Jiangsu Province	Jun/2017	Residential/Commercial	Completed	258,297	75,493	100%	75,493
Jinzhai Mingfa City Square (Blocks E, F)	Located at New City, Meishan Town, Jinzhai County, Anhui Province	Jun/2018	Residential/Commercial	Completed	203,406	226,477	100%	226,477
Beijing Mingfa Mall	Located in Beizang Village, Daxing District, Beijing	Dec/2018	Residential/Commercial	Completed	45,414	104,974	100%	104,974
Xiamen Mingfeng Town	Located at Lingdou Siming District, Xiamen, Fujian Province	Jul/2018	Commercial	Completed	19,190	76,182	100%	76,182
Zhenjiang Mingfa Xinjin Yuancheng	Located at east of the new road, Danbei Town, Danyang City, Jiangsu Province	Jan/2018	Residential/Commercial	Completed	14,287	9,748	100%	9,748
Shenzhen Mingfa Guangming Xuan	Located at Tianliao Yulv Area, Guangming New District, Shenzhen, Guangdong Province	Dec/2018	Commercial	Completed	4,109	12,320	100%	4,414
Nanjing Mingfa Yuejingyuan G07	Located at Pukou south along the mountain road, east side of Nanjing University of Technology, Nanjing, Jiangsu Province	Oct/2018	Commercial	Completed	31,455	33,532	100%	33,532
Nanjing Mingfa Xiang Hill Garden	Located in along the mountain road to the south, Caiba Road East, Pukou District, Nanjing, Jiangsu Province	Dec/2019	Residential	Completed	115,876	68,676	100%	68,676
Jinzhai Mingfa City Square (Block AC)	Located at Jinzhai County Meishan Town New Town, Hefei, Anhui Province	Dec/2019	Residential/Commercial	Completed	111,142	122,854	100%	122,854

Property	Location	Actual/ Estimated Completion	Type of Property	Status	Approximate		Group's Interest	Attributable GFA
		Date			Site Area (sq.m.) (Note 1)	Leasable and Saleable GFA (sq.m.)		
Mingfa North Station New Town	Located in west side of Changjiang Road, Chahe Town, Lai'an County, Anhui Province	Jan/2020	Residential/Commercial	Completed	65,335	356	100%	356
Nanjing Rong Li	Located at Jiangpu Street, Puzhu Road North, Directional River Road East, Pukou District, Nanjing, Jiangsu Province	Dec/2019	Residential	Completed	132,937	59,677	51%	30,435
Taoyuan Guandi	Located in south side of Taochang Road, Hanshan County, Anhui Province	Dec/2020	Residential	Completed	43,868	3,073	100%	3,073
Zhangzhou Longhai Mingfa Mall (2011G17, 2011G18 Phase 1)	Located in Bangshan Town, Kekeng Village, Longhai, Zhangzhou, Fujian Province	Jul/2019	Residential/Commercial	Completed	78,622	231,538	100%	231,538
Wujiang Mingfa Jiangwan New City (Phase 1)	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Jan/2019	Residential/Commercial	Completed	298,289	504,082	100%	504,082
Zhongao Town Building	Located at south of Xiang'an District, Xiamen, Fujian Province	Apr/2021	Commercial	Completed	11,870	53,997	51%	27,538
Mingfa North Station Villas	Located at Chahe Town, Lai'an, Anhui Province	Aug/2020	Residential	Completed	66,350	47,069	100%	47,069
Nanjing Mingfa Yueshan Yuefu	Located at Pukou Jiangpu Street angle at University Avenue and Flower Industry, Nanjing, Jiangsu Province	Apr/2022	Residential	Completed	72,280	5,258	100%	5,258
Sub-total					4,600,291	3,236,646		3,168,756
Properties under development (Note 2)								
Zhenjiang Jinxiu Yinshan	Located in the centre of Zhenjiang City, Jiangsu Province	Dec/2022	Residential/Commercial/Hotel	Approximately 90% of construction has been completed	296,702	91,645	100%	91,645
Huai'an Mingfa Shopping Mall (Block A)	Located in Shenzhen South Road, Huai'an, Jiangsu Province	Dec/2022	Commercial	Approximately 90% of construction has been completed	133,110	210,750	100%	210,750
Shenyang Mingfa Jinxiu Hua City	Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province	Dec/2022	Residential/Commercial	Approximately 90% of construction has been completed	61,222	167,318	100%	167,318
Yangzhou Mingfa Jiangwan City	Located at east of Xuzhuang Road, north of Kaifa East Road, west of Liaojiagou Road, south of Ming Cheng Road, Yangzhou, Jiangsu Province	Dec/2022	Residential	Approximately 90% of construction has been completed	158,238	1,540	100%	1,540
Taizhou Mingfa International Mall (Phase 1)	Located in Gaogang District, Taizhou, Jiangsu Province	Jun/2023	Residential/Commercial	Approximately 85% of construction has been completed	292,487	162,132	100%	162,132
Taizhou Mingfa International Mall (Phase 2)	Located in Gaogang District, Taizhou, Jiangsu Province	Jun/2023	Residential/Industrial	Approximately 75% of construction has been completed	237,075	106,418	100%	106,418
Shanghai Mingfa Shopping Mall	Located in east of Hu Yi Highway, Baiyin Road of south, boundary of west, Gaotai Road North, Shanghai	Dec/2022	Commercial	Approximately 55% of construction has been completed	53,779	152,555	100%	152,555
Pingliang Mingfa European City	Located in west of Water Bridge, north of Linjing Road, Kongdong District, Pingliang, Gansu Province	Dec/2022	Residential	Approximately 85% of construction has been completed	117,594	103,525	60%	62,115
Changsha Mingfa Shopping Mall	Located in Star Cheng Town, Wangcheng County, Changsha, Hunan Province	Dec/2022	Residential/Commercial	Approximately 75% of construction has been completed	285,594	801,404	100%	801,404
Huizhou Mingfa Gaobang New City	Huizhou City West Train Station, Guangdong Province	Dec/2022	Residential	Approximately 75% of construction has been completed	332,335	653,910	80%	523,128
Tianjin Binhai Mingfa Shopping Mall	Located in Tanggu Marine Hi-Tech Development Zone, Tianjin	Dec/2022	Commercial	Approximately 70% of construction has been completed	209,048	355,931	100%	355,931

Property	Location	Actual/ Estimated Completion	Type of Property	Status	Approximate			Attributable GFA (sq.m.)
		Date			Site Area (sq.m.) (Note 1)	Leasable and Saleable GFA (sq.m.)	Group's Interest	
Nanjing Mingfa Wealth Center	Located in New City Headquarters Avenue on the north side of 05 plots, Pukou District, Nanjing, Jiangsu Province	Dec/2022	Commercial/Office	Approximately 90% of construction has been completed	56,694	59,889	100%	59,889
Wujiang Mingfa Jiangwan New City (Phase 2)	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Dec/2022	Residential/Commercial	Approximately 80% of construction has been completed	506,829	1,061,845	100%	1,061,845
Quanzhou Mingfa International Huachang City	Located at Neicuo Village, Guanqiao Town, Nanan, Fujian Province	Dec/2022	Residential/Commercial	Approximately 80% of construction has been completed	276,120	680,289	100%	680,289
Guang'an Mingfa Mall (Blocks GC2013-45)	Located in Bridge Group, Guan'an, Sichuan Province	Dec/2022	Residential/Commercial	Approximately 75% of construction has been completed	76,153	196,627	100%	196,627
Shandong Zibo World Trade Center	Located in People's road to the north, Shanghai Road to the east, Zhangdian District, Zibo, Shandong Province	Dec/2022	Residential/Commercial	Approximately 75% of construction has been completed	147,371	296,090	100%	296,090
Shenyang Creative Industrial Estate	Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province	Dec/2022	Residential/Commercial	Approximately 80% of construction has been completed	154,024	246,260	100%	246,260
Zhangzhou Longhai Mingfa Mall (2011G15, 2012G15 Phase 2)	Located in Bangshan Town, Kekeng Village, Longhai, Zhangzhou, Fujian Province	Dec/2022	Residential	Approximately 75% of construction has been completed	63,127	6,455	100%	6,455
Mingfa MingBo Town	Located at Bowang Town Bowang District, Ma'anshan, Anhui Province	Dec/2022	Residential/Commercial	Approximately 75% of construction has been completed	101,504	46,898	100%	46,898
Taoyuan New Town	Located at Xianghe Town, Quanjiao, Anhui Province	Dec/2022	Residential	Approximately 80% of construction has been completed	109,452	108,268	100%	108,268
Taoyuan Mansion	Located at Xianghe Town, Quanjiao, Anhui Province	Dec/2022	Residential	Approximately 75% of construction has been completed	18,099	28,136	100%	28,136
Taoyuan Mingzhu	Located in Shengzhouhu Road, Chizhou, Anhui Province	Dec/2022	Residential	Approximately 80% of construction has been completed	99,943	11,681	100%	11,681
Sihong Shuiyuan Taoyuan Garden	Located in east of Radish Li Road, north of Sizhou Street, Sihong County, Suqian, Jiangsu Province	Dec/2022	Residential/Commercial	Approximately 70% of construction has been completed	84,200	46,878	100%	46,878
Jinse Shuian	Located in north side of Huaihe Road, Jinhu County, Huai'an, Jiangsu Province	Dec/2022	Residential/Commercial	Approximately 75% of construction has been completed	289,236	187,809	100%	187,809
Taoyuan Xi'an	Located in Gushi Town, Dangtu County, Anhui Province	Dec/2022	Residential/Commercial	Approximately 75% of construction has been completed	24,439	10,076	100%	10,076
Wujiang Mingfa Jiangwan New City (Phase 3)	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Dec/2023	Residential/Commercial	Approximately 65% of construction has been completed	615,764	1,298,268	100%	1,298,268
Nanjing International Business Center	Located in Software Service Center High Tech Development Zone, Nanjing, Jiangsu Province	Dec/2022	Commercial	Approximately 60% of construction has been completed	62,015	339,817	80%	271,853
Taoyuan Xiangsong	Located in North New District, Dongzhi County, Chizhou, Anhui Province	Dec/2022	Residential/Commercial	Approximately 70% of construction has been completed	36,590	20,288	100%	20,288
Taoyuan Fudi	Located at Xianghe Town, Quanjiao, Anhui Province	Dec/2022	Residential	Approximately 70% of construction has been completed	66,262	69,571	51%	35,481

Property	Location	Actual/ Estimated Completion	Type of Property	Status	Approximate			Attributable GFA (sq.m.)
		Date			Site Area (sq.m.) (Note 1)	Leasable and Saleable GFA (sq.m.)	Group's Interest	
Taoyuan Guanlan	Located at Xianghe Town, Quanjiao, Anhui Province	Dec/2022	Residential	Approximately 65% of construction has been completed	55,481	59,029	51%	30,105
Guang'an Mingfa City Complex Project (ChaMa Road B1-1 Block)	Located in Binjiang Road, Guang'an District, Guan'an, Sichuan Province	Dec/2022	Residential/Commercial	Approximately 70% of construction has been completed	76,363	196,997	100%	196,997
Zhangpu Mingfa Xiangshan Wan	Located in Houcai Village, Qianting Town, Zhangpu County, Zhangzhou, Fujian Province	Dec/2022	Residential/Commercial	Approximately 60% of construction has been completed	46,885	86,153	90%	77,875
Wuhu Chungu Xi'an	Located in new city east of Chengdong, Fanchang County, Wuhu City, Anhui Province	Dec/2022	Residential	Approximately 75% of construction has been completed	64,607	1,772	100%	1,772
Mingfa Nanjing Cross-strait Science and Technology Base	Located in the channel of Science and Technology Industrial Park, Pukou District, Nanjing, Jiangsu Province	Dec/2022	Industrial	Approximately 50% of construction has been completed	119,564	90,161	100%	90,161
Mingfa North Station Center	Located at Chahe Town, Lai'an, Anhui Province	Dec/2022	Residential/Commercial	Approximately 80% of construction has been completed	69,757	269,827	100%	269,827
Hecheng Shoufu	Located at Liyang Town, Ma'anshan, Anhui Province	Dec/2022	Residential	Approximately 65% of construction has been completed	26,918	5,674	100%	5,674
Mingfa Huguangshanse Yihao stage one	Located at Xiangquan Town, Ma'anshan, Anhui Province	Dec/2022	Residential/Commercial	Approximately 65% of construction has been completed	68,688	71,702	100%	71,702
Mingfa Huguangshanse Yihao stage two	Located at Xiangquan Town, Ma'anshan, Anhui Province	Dec/2022	Residential/Commercial	Approximately 55% of construction has been completed	63,674	76,409	100%	76,409
Jinzhai Yueshan Yuefu (Blocks 40, 41)	Located at Jinzhai County, Meishan Town New Town, Hefei, Anhui Province	Dec/2022	Residential/Commercial	Approximately 55% of construction has been completed	133,332	102,501	100%	102,501
Nanjing Mingrong Garden	Located in Puzhu Road, Jiangpu Street, Pukou District, Nanjing, Jiangsu Province	Dec/2022	Commercial	Approximately 35% of construction has been completed	26,530	66,325	100%	66,325
new project in Nanjing Pukou G30	Located at north of Nanjing University of Technology, south along the mountain road, Pukou, Nanjing, Jiangsu Province	Dec/2022	Commercial	Approximately 40% of construction has been completed	32,843	59,117	100%	59,117
Taohua Yuanzhu	Located at Xingyuan Road Zibo, Shandong Province	Oct/2022	Residential	Approximately 50% of construction has been completed	156,691	174,611	100%	174,611
Mingfa Internet Industrial Park	Located at Xingyuan Road Zibo, Shandong Province	Oct/2022	Commercial	Approximately 40% of construction has been completed	67,156	100,735	100%	100,735
Siyang Mingfa Shoufu	Located at Zhongxing Town Siyang, Suqian, Jiangsu Province	Dec/2022	Residential/Commercial	Approximately 55% of construction has been completed	103,972	401,840	70%	281,288
Moli Anju	Located in east of Changxing Road and north of Yingshanjiang Avenue, Jinniu Lake New City, Tianchang, Anhui Province	Jun/2023	Residential/Commercial	Approximately 75% of construction has been completed	48,073	47,207	100%	47,207
Xingyue City	Located in west of Ring Road East, north of Zhangyang Avenue, west of City Road West, Fengxian, Xuzhou, Jiangsu Province	Dec/2022	Residential/Commercial	Approximately 45% of construction has been completed	315,449	788,622	70%	552,035
Mingfa City Lights	Located in Jinzhai Modern Industrial Park, Anhui Province	Dec/2022	Residential/Commercial	Approximately 55% of construction has been completed	107,417	122,652	100%	122,652
Mingbo Yue City	Located at Bowang Town, Bowang District, Ma'anshan, Anhui Province	Dec/2022	Residential/Commercial	Approximately 45% of construction has been completed	67,600	79,534	100%	79,534

Property	Location	Actual/ Estimated Completion	Type of Property	Status	Approximate			Attributable GFA (sq.m.)
		Date			Site Area (sq.m.) (Note 1)	Leasable and Saleable GFA (sq.m.)	Group's Interest	
Dingyuan Mingfa Shuiyun Taoyuan	Located at Kaoshan Road, Dingyuan Town, Chizhou, Anhui Province	Jun/2023	Residential	Approximately 55% of construction has been completed	69,333	61,560	100%	61,560
Shenyang Mingfa Square	Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province	Dec/2022	Residential/Commercial	Approximately 55% of construction has been completed	119,154	218,546	100%	218,546
Yanguang Qingcheng (Block 1)	Located at Rongcheng Town, Chizhou, Anhui Province	Dec/2022	Residential/Commercial	Approximately 50% of construction has been completed	112,183	123,774	100%	123,774
Dingyuan Mingfa Wealth Center	Located at south of Qi Ji Guang Avenue, Dingyuan Town, Chizhou, Anhui Province	Jun/2023	Commercial/Office	Approximately 30% of construction has been completed	24,439	146,636	100%	146,636
Mingfa Software Valley	Located in north of Beijing East Road, east of Qianjiang Road, Xinyi, Xuzhou, Jiangsu Province	Jun/2023	Commercial	Approximately 35% of construction has been completed	46,548	88,000	60%	52,800
Xinyi Mingfa Zhongyang Lake CBD	Located in Zhongshan Road, Xinyi High-Tech Zone, Xuzhou, Jiangsu Province	Jan/2023	Residential/Commercial	Approximately 35% of construction has been completed	76,473	165,710	100%	165,710
Mingfa North Station Meiyuan	Located at Chahe Town, Lai'an, Anhui Province	Dec/2022	Residential/Commercial	Approximately 35% of construction has been completed	64,377	97,112	100%	97,112
Hainan Mingfa Modern Service Industry Industrial Park	Located in Haikou Comprehensive Bonded Area, Haikou, Hainan Province	Dec/2022	Industrial	Approximately 30% of construction has been completed	57,600	57,600	100%	57,600
Peixian Mingfa Noble Place	Located in east side of Zhenxing Road, Zhangzhuang Town, Peixian, Xuzhou, Jiangsu Province	Jan/2023	Residential/Commercial	Approximately 30% of construction has been completed	37,676	75,352	100%	75,352
Mingfa Taoyuan Mingzhu C1 Zone	Located in Dengke Street, Enyang District, Bazhong, Sichuan Province	Aug/2024	Residential	Approximately 30% of construction has been completed	154,082	385,206	100%	385,206
Mingfa Yan'an Zhi Xing	Located in Yan'an new area, Yan'an, Shanxi Province	Dec/2022	Residential/Commercial	Approximately 35% of construction has been completed	79,116	379,575	100%	379,575
Suining Shuiyun Taoyuan	Located in north of North Road, west of Wenxue North Road, Suining County, Xuzhou, Jiangsu Province	Feb/2023	Residential/Commercial	Approximately 35% of construction has been completed	130,571	352,936	60%	211,762
QingYang Yanguang Qingcheng (Block 3)	Located at Qibuquan Road, Rongcheng Town, Chizhou, Anhui Province	Dec/2022	Residential/Commercial	Approximately 35% of construction has been completed	57,269	105,947	100%	105,947
Shenyang Mingfa Comprehensive Technology Park	Located at Zaohua Street, Yuhong District, Shenyang, Liaoning Province	Dec/2023	Residential	Approximately 30% of construction has been completed	235,526	423,948	100%	423,948
new project in Ma'anshan MingPu	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Dec/2023	Industrial	Approximately 30% of construction has been completed	31,258	46,888	100%	46,888
new project in Ma'anshan MingLin	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Dec/2023	Residential/Commercial/Industrial	Approximately 30% of construction has been completed	106,963	162,975	100%	162,975
Fengyang Shuiyun Yaju	Located at the east side of Gongchen Temple Road and on the south side of Ruyi Road, Fengyang Town, Chuzhou, Anhui Province	May/2024	Residential/Commercial	Approximately 30% of construction has been completed	65,484	108,734	100%	108,734
Longhai Mingfa Square	Located in Bangshan Town, Kekeng Village, Longhai, Zhangzhou, Fujian Province	Dec/2023	Residential	Approximately 30% of construction has been completed	105,188	315,564	100%	315,564
Fengxian International Hotel	Located in west of Ring Road East, north of Zhangyang Avenue, west of City Road West, Fengxian, Xuzhou, Jiangsu Province	Mar/2023	Residential/Commercial	Approximately 45% of construction has been completed	22,316	55,791	70%	39,054

Property	Location	Actual/ Estimated Completion Date	Type of Property	Status	Site Area (sq.m.) (Note 1)	Approximate Leasable and Saleable GFA (sq.m.)	Group's Interest	Attributable GFA (sq.m.)
QingYang Yangguang Qingcheng (Block 4)	Located at Tianzhu Road, Rongcheng Town, Chizhou, Anhui Province	Jan/2023	Residential/Commercial	Approximately 20% of construction has been completed	37,552	75,104	100%	75,104
Liu'an Yeji Minghui City	Located in west of Zhanqian Road, south of Weiming Road, east of Changqing Road and north of Shihe Road, Yeji District, Liu'an, Anhui Province	Jan/2025	Residential/Commercial	Approximately 30% of construction has been completed	150,070	300,140	100%	300,140
Sub-total					8,399,185	14,070,235		13,208,539
Properties with land use rights certificate for future development (Note 3)								
Lanzhou Mingfa Zhongke Ecological Park	Located in southwest of Weijia Village, Gansu Province	Dec/2023	Residential	Vacant	1,371,786	1,371,786	51%	699,611
Taiwan Taoyuan Block 54	Located in Air Passenger Park, Taoyuan, Taiwan	Jun/2023	Commercial	Vacant	13,710	32,905	100%	32,905
Taiwan Taoyuan Block 169	Located in Air Passenger Park, Taoyuan, Taiwan	Jun/2023	Commercial	Vacant	16,110	38,663	100%	38,663
Shenyang Mingfa Wealth Center	Located at Qing Nian Street, Heping District, Shenyang, Liaoning Province	Dec/2023	Commercial	Vacant	5,468	54,677	100%	54,677
Jurong Zidong Square	Located at the east side of Ninghang North Road and the west side of Chigang Road, Jurong, Jiangsu Province	Aug/2023	Residential/Commercial	Vacant	53,892	296,406	100%	296,406
Mingfa Huguangshanse Erhao	Located at Xiangquan Town Ma'anshan, Anhui Province	Dec/2023	Residential	Vacant	108,972	108,972	100%	108,972
new project in Jurong 2017-2-1-08	Located in Huanhu Road, Jurong, Jiangsu Province	Dec/2023	Commercial	Vacant	9,265	13,989	100%	13,989
QingYang Yangguang Qingcheng (Block 2)	Located at Qi Bu Quan Road, Rongcheng Town, Chizhou, Anhui Province	Apr/2023	Residential/Commercial	Vacant	52,388	136,207	100%	136,207
Nan'an Mingfa International Center	Located at Fuxi Community, Meilin Street, Quanzhou, Fujian Province	Aug/2023	Office	Vacant	22,288	133,728	100%	133,728
new project in Zibo (2017-009-01, 009-02)	Located in east of Shanghai Road East, Zhangdian District, Zibo, Shandong Province	Jan/2024	Residential/Commercial	Vacant	9,325	39,165	100%	39,165
Sub-total					1,663,203	2,226,498		1,554,323
Properties with signed land use rights contract for future development (Note 4)								
Hong Six Highway Rebuilding Project	Located at Xixia Village, Honglai Town, Nanan, Fujian Province	Dec/2023	Residential/Commercial	Vacant	22,784	92,298	100%	92,298
Kangyang Town	Located in Jiangjun Road, Jinzhai, Anhui Province	Dec/2023	Residential/Commercial	Vacant	64,539	103,263	100%	103,263
new project in Bazhong (2020-1-1-4-7)	Located in Dengke Street, Enyang District, Bazhong, Sichuan Province	Aug/2024	Residential	Vacant	141,811	323,169	100%	323,169
new project in Bazhong (2020-1-1-1-3)	Located in Dengke Street, Enyang District, Bazhong, Sichuan Province	Aug/2024	Hotel	Vacant	23,970	35,955	100%	35,955
new project in Bazhong (2020-1-2-1-3)	Located in Dengke Street, Enyang District, Bazhong, Sichuan Province	Aug/2024	Commercial	Vacant	19,089	22,906	100%	22,906
Fengyang Taoyuan Yashe	Located at the west side of Gongchengmiao Road and on the north side of Fenge West Road, Fengyang Town, Chuzhou, Anhui Province	May/2024	Commercial	Vacant	34,338	87,626	100%	87,626
new project in Liu'an Yeji 2021-26	Located at East of Liulin Avenue, south of Wanshou Road, west of Donglou Road and north of Shihe Road, Yeji District, Liu'an, Anhui Province	Jan/2025	Residential	Vacant	90,313	162,563	100%	162,563

Property	Location	Actual/ Estimated Completion	Type of Property	Status	Approximate		Group's Interest	Attributable GFA
		Date			Site Area (sq.m.) (Note 1)	Leasable and Saleable GFA (sq.m.)		
new project in Liu'an Yeji 2021-26	Located at East of Liulin Avenue, south of Wanshou Road, west of Donglou Road and north of Shihe Road, Yeji District, Liu'an, Anhui Province	Jan/2025	Residential	Vacant	90,756	163,360	100%	163,360
new project in Mingfa North Station Tianyu	Located at Chahe Town, Lai'an, Anhui Province	Aug/2025	Residential/Commercial	Vacant	108,395	113,815	100%	113,815
Sub-total					<u>595,994</u>	<u>1,104,954</u>		<u>1,104,954</u>
Total					<u>15,258,673</u>	<u>20,638,334</u>		<u>19,036,572</u>

Notes:

1. Completed properties refer to the properties in respect of which (a) the certificates of completion, (b) the permits for commencement of construction works, and (c) the land use rights certificates had been obtained as at 30 June 2022.
2. Properties under development refer to the properties in respect of which (a) the permits for commencement of construction works and (b) the land use rights certificates had been obtained as at 30 June 2022.
3. The site area is in respect of the whole property (regardless of GFA that had been sold).
4. The approximate leasable and saleable GFA and attributable GFA have excluded the GFA that had been sold/leased.

SUMMARY OF PROPERTIES HELD BY THE GROUP FOR INVESTMENT

The following table summarizes the details of the Group's major properties held for investment as at 30 June 2022:

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	66,366	3–10 years	100%
Changsha Mingfa Shopping Mall	Located in Star Cheng Town, Wangcheng County, Changsha, Hunan Province	Commercial	131,561	20 years	100%
Hefei Mingfa Shopping Mall	Located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang district, Hefei, Anhui Province	Commercial	162,446	15–20 years	100%
Jinzhai Mingfa City Square (Plot G)	Located at New Town District, Meishan Town, Jinzhai County, Hefei, Anhui Province	Commercial	54,903	2–15 years	100%
Nanjing Mingfa New City Finance Building	Located in New Town Business Avenue North, Pukou District, Nanjing, Jinansu Province	Commercial	784	3–5 years	100%
Nanjing Mingfa Riverside New Town	Located in Taishan village, Pukou District, Nanjing, Jiangsu Province	Commercial	79,911	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%
Nanjing Mingfa Yuejingyuan	Located at Pukou south along the mountain road, east side Nanjing University of Technology, Nanjing, Jiangsu Province	Commercial	2,746	1–8 years	100%
Mingfa Nanjing Cross-strait and Technology Base	Located in the channel of Science and Technology Industrial Park, Nanjing, Jiangsu Province	Commercial	5,491	3 years	100%
	Located in Water Bridge West, Linjing Road North, Kongdong District, Pingliang, Gansu Province	Commercial	2,389	1–3 years	60%
Quanzhou Mingfa Hotel	Located in Licheng District, Jiangnan Torch Village, Quanzhou, Fujian Province	Hotel	4,755	5 years	100%
Sihong Shuiyun Taoyuan Garden	Located in Radish Li Road East, North of Sizhou Street, Sihong County, Suqian, Jiangsu Province	Commercial	7,916	3–10 years	100%
Taizhou Mingfa International Mall	Located in Gaogang District, Taizhou, Jiangsu Province	Commercial	14,061	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	2,120	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	1,625	5–6 years	100%

Property	Location	Existing Usage	Attributable GFA (sq.m.)	Term of Leases	Percentage of Interest in the Properties Attributable to the Group
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	45,419	3 years	100%
Xiamen Mingfa Hotel	Located at No. 413 Lianqian East Road, Xiamen, Fujian Province	Hotel	12,441	10 years	100%
Xiamen Mingfa Industrial Park	Located at No. 2 Honglian Road West, Siming District, Xiamen, Fujian Province	Industrial	11,588	8–15 years	100%
Xiamen Mingfa Shopping Mall	Located to the northwest of Jiahe Road and Lianqian Road, Siming District, Xiamen, Fujian Province	Commercial	125,497	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	59,927	15 years	100%
Zhangzhou Longhai Mingfa Mall	Located in Bangshan Town, Kekeng Village, Longhai, Zhangzhou, Fujian Province	Commercial	2,831	10 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	2,880	15.5 years	100%
			1,203,087		

FINANCIAL REVIEW AND ANALYSIS

For the six months ended 30 June 2022, revenue generated by the Group was approximately RMB5,957.7 million (2021: approximately RMB9,688.0 million), representing a decrease of 38.5% as compared to the corresponding period in 2021. The decrease in revenue was due to the decrease in GFA delivered to the buyers from 1,083,385 sq.m. for the six months ended 30 June 2021 to 919,611 sq.m. for the six months ended 30 June 2022 and the decrease in ASP from RMB8,448.3 per sq.m. for the six months ended 30 June 2021 to RMB5,835.8 per sq.m. for the six months ended 30 June 2022. Such decrease in ASP was mainly due to the delivery of resettlement houses in Anhui Province which had lower ASP for the six months ended 30 June 2022.

Revenue generated from various segments are analyzed as follows:

For the six months ended	Commercial Properties <i>RMB'million</i>	Residential Properties <i>RMB'million</i>	Properties			Total <i>RMB'million</i>
			Investment and Management <i>RMB'million</i>	Hotel <i>RMB'million</i>	Others <i>RMB'million</i>	
30 June 2022	192.8	5,173.9	287.8	129.1	174.0	5,957.6
30 June 2021	217.6	8,935.2	233.2	132.0	170.0	9,688.0

Revenue from the properties sector contributed 90.1% in total to the Group's revenue. Revenue from the commercial sector decreased by 11.4% which was primarily due to less GFA in commercial properties delivered in the six months ended 30 June 2022. Revenue generated from the residential properties sector decreased by 42.1% for the six months ended 30 June 2022 as compared to the corresponding period in 2021. Such decrease in revenue generated from residential properties was mainly due to decrease of GFA delivered from 1,067,559.9 sq.m. in the six months ended 30 June 2021 to 905,402.7 sq.m. in the six months ended 30 June 2022 and the decrease in ASP from RMB8,369.7 sq.m. in the six months ended 30 June 2021 to RMB5,714.5 sq.m. in the six months ended 30 June 2022. Such decrease in ASP was mainly due to the delivery of resettlement houses in Anhui Province which had lower ASP in the six months ended 30 June 2022.

Revenue from the properties investment and management sector increased by 23.4%, which was mainly due to the increase in GFA of rented properties and regular rental review.

Revenue generated from the hotel sector decreased by 2.2% from RMB132.0 million for the six months ended 30 June 2021 to RMB129.1 million for the six months ended 30 June 2022.

Revenue generated from other sector had insignificant difference between the six months ended 30 June 2022 versus 2021.

The unaudited consolidated gross profit for the six months ended 30 June 2022 was approximately RMB1,427.3 million (corresponding period in 2021: approximately RMB3,232.2 million), representing a decrease of 55.8% which was mainly due to the decrease in revenue and the decrease in gross profit margin from 33.4% for the six months ended 30 June 2021 to 24.0% for the six months ended 30 June 2022.

Fair value gains on investment properties increased by 6.6% to approximately RMB87.9 million (corresponding period in 2021: approximately RMB82.5 million for the six months ended 30 June 2022). The increase in valuation was mainly due to the increase in GFA in investment properties.

Net other losses of approximately RMB138.9 million was incurred for the six months ended 30 June 2022 (corresponding period in 2021: net other income of approximately RMB36.8 million). Such changes was mainly due to the increase in exchange losses arising from currency translation of the offshore liabilities denominated in USD and HKD for the six months ended 30 June 2022.

Selling and marketing costs were approximately RMB213.6 million for the six months ended 30 June 2022, representing a decrease of 53.4% compared with the corresponding period in 2021 (corresponding period in 2021: approximately RMB458.4 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 RMB361.2 million for the six months ended 30 June 2022, representing a decrease of 3.8% compared with the corresponding period in 2021 (corresponding period in 2021: approximately RMB375.6 million).

Interest expenses on borrowings including capitalised interest decreased by 54.0% to approximately RMB98.9 million (corresponding period in 2021: approximately RMB214.8 million). The decrease was mainly due to the drop in borrowings from RMB4,008.6 million as at 30 June 2021 to RMB3,371.4 million as at 30 June 2022.

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 2022 was approximately RMB316.8 million (corresponding period in 2021: approximately RMB1,205.0 million), representing a decrease of 73.7% compared with the corresponding period in 2021.

Regarding the recognised sales for the six months ended 30 June 2022, the ASP per sq.m. achieved by the Group was RMB5,835.8 per sq.m., representing a decrease of 30.9% from RMB8,448.3 per sq.m. for the corresponding period in 2021. The decrease in ASP for the six months ended 30 June 2022 was mainly due to more resettlement houses being delivered in Anhui Province with lower ASP during the six months ended 30 June 2022.

CAPITAL STRUCTURE

As at 30 June 2022, the Group had aggregate cash and cash equivalents (excluding restricted cash) of approximately RMB3,215.2 million (31 December 2021: approximately RMB3,665.9 million). Restricted cash of the Group was RMB171.6 million as at 30 June 2022 (31 December 2021: approximately RMB233.4 million). Bank loans and other borrowings of the Group repayable within one year and after one year were approximately RMB673.9 million and RMB2,697.6 million respectively as at 30 June 2022 (31 December 2021: approximately RMB684.1 million and RMB2,778.4 million respectively). The cash and cash equivalents of the Group were mainly denominated in Renminbi as at 30 June 2022.

FINANCIAL RATIOS

Set out below are the major ratios of the Group:

	As at 30 June 2022	As at 30 June 2021
Gross profit margin	24.0%	33.4%
Operating profit margin	12.7%	25.0%
Net profit margin	4.7%	13.0%
Current ratio	1.12	1.08
Total liabilities to total assets	73.1%	75.4%
Bank loans and other borrowings to shareholders' funds	18.5%	23.2%
Non-current bank loans and other borrowings to total assets	3.7%	2.3%
Gearing ratio*	0%	0%

* 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.

FOREIGN EXCHANGE RISK

As at 30 June 2022, 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 99.6%, 0.2% and 0.2% (31 December 2021: Renminbi, Hong Kong dollars and US dollars accounted for 99.4%, 0.2% and 0.4% 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 85.8%, 11.2% and 3.0% (31 December 2021: Renminbi, US dollars and New Taiwan dollars accounted for 86.7%, 10.3% and 3.0% respectively of the total bank loans and other borrowings of the Group).

The sales, purchases, bank borrowings and other borrowings of the Group for the six months ended 30 June 2022 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 for the six months ended 30 June 2022 as the hedging cost was comparable to the corresponding risk.

INTEREST RATE RISK

As at 30 June 2022, 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 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.

SUBSEQUENT EVENTS

Saved as the abovementioned, there was no matter between the balance sheet date (i.e. 30 June 2022) and the date of this report that would cause a material impact to the Group.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, the total issued share capital of the Company was 6,093,451,026 ordinary shares.

As at 30 June 2022, the interests or short position of those persons, other than the Directors or chief executives of the Company 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 ^(Note 1)	Approximate Percentage of Interest in the Company
Galaxy Earnest Limited	Interest of a controlled corporation ^(Note 2)	5,086,500,000 (L)	83.47%
Mr. Wong Wun Ming ^(Note 3)	Beneficial owner	5,100,000,000 (L)	83.70%

Notes:

- (1) The letter “L” denotes a long position in the shares or underlying shares.
- (2) Mr. Wong Wun Ming is interested 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 Securities and Futures Ordinance.
- (3) To the best knowledge of the Company, Mr. Wong Wun Ming passed away on 8 July 2022.

Save as disclosed above, as at 30 June 2022, 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.

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

As at 30 June 2022, the total number of issued shares of the Company was 6,093,451,026 ordinary shares.

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.

HUMAN RESOURCES

As at 30 June 2022, the Group had immaterial difference in employee number as compared to 31 December 2021 which employed 4,174 staff (31 December 2021: 4,066 staff). For the six months ended 30 June 2022, the unaudited total staff costs of the Group including directors' emoluments were approximately RMB193.2 million (corresponding period in 2021: approximately RMB177.2 million), representing an increase of 9.0%. 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 the annual salary review for considering the grant of annual bonus or not and in the 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.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments during the six months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2022, there was no purchase, sale or redemption of listed securities of the Company by the Company.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES

The Group had no material acquisition or disposal of subsidiaries during the six months ended 30 June 2022.

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 2022, the Company had complied with all code provisions in the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

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 for Securities Transactions by Directors of Listed Issuers (“**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 2022.

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:

Dr. Lam was appointed as an independent non-executive director of RENHENG Enterprise Holdings Limited (Stock Code: 3628) effective from 30 June 2022. Dr. Lam resigned as a non-executive director of National Arts Group Holdings Limited (Stock Code: 8228, formerly known as National Arts Entertainment and Culture Group Limited) effective from 25 July 2022. Moreover, Dr. Lam, a former non-executive director of Hong Kong Aerospace Technology Group Limited (formerly known as Eternity Technology Holdings Limited, Stock Code: 1725), was re-designated as executive director on 3 January 2022, the shares of all of which are listed on the Stock Exchange.

SPECIAL INTERNAL CONTROL REVIEW

Reference is made to the announcement dated 27 June 2022. Regulatory Announcement & News Exchange's Disciplinary Action against Mingfa Group (International) Company Limited (Stock Code: 846) and Four Former Directors.

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 Mr. Chan Sing Lai. 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 2022.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at <http://www.ming-fa.com>. The interim report for the six months ended 30 June 2022 of the Company will be available on both websites and will be despatched to the shareholders of the Company in due course.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board of
Mingfa Group (International) Company Limited
POON WING CHUEN
Company Secretary

Hong Kong, 30 August 2022

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

*Executive Directors: Mr. Ng Man Fung Walter, Mr. Zhong Xiaoming
and Mr. Liu Yuwei*

Non-executive Director: Dr. Lam, Lee G. (Chairman of the Board)

*Independent non-executive
Directors: Mr. Lau Kin Hon, Mr. Chu Kin Wang Peleus, and
Mr. Chan Sing Lai*