

OVERVIEW

We are a property developer in Fujian and Jiangsu Provinces, focusing primarily on large-scale, mixed use commercial complexes and integrated residential properties. We are one of the leading property developers in Fujian Province, according to the China Real Estate Top 10 Research Team (中國房地產Top10研究組)⁽¹⁾ based on a number of factors including scale, profitability and growth rate⁽²⁾. We are also a well-known developer in Jiangsu Province, where Nanjing Mingfa Riverside New Town (南京明發濱江新城), our flagship integrated residential project with a GFA of approximately 2.2 million sq.m. in Nanjing, Jiangsu Province, was awarded the “Most Influential Property in Nanjing” (南京最具有吸引力品牌樓盤)⁽³⁾ and the “Riverside Landmark Project” (濱江地標樓盤)⁽⁴⁾. “Mingfa 明發”⁽⁵⁾ is formally accredited as a Well-known Trademark in China (“中國馳名商標”)⁽⁵⁾ and we obtained a “Class One Qualification for Real Estate Development Enterprises in the PRC” certificate⁽⁶⁾. We also engage in the development of other properties including logistics centres, R&D centres and hotels.

We began our real estate development business in Xiamen, Fujian Province in 1994, focusing on industrial and residential property development and quickly established ourselves as one of the leading developers in Fujian Province. We developed and implemented a “selected regional focus” growth strategy, by which we focused on the development of a broad range of properties in cities where we have an established presence, before selectively penetrating neighboring cities experiencing strong economic growth. Leveraging on our well-recognized brand and management capabilities, we expanded our business to Jiangsu Province, one of the most affluent provinces in the Greater Yangtze River Delta, in 2002, and Anhui Province, one of the most populous provinces in central China, in the second half of 2005. Going forward, we plan to continue to implement our “selected regional focus” growth strategy and expand our operations into other selected high-growth areas across China.

Notes:

- (1) China Real Estate Top 10 Research Team is a research team jointly established in 2003 by the Enterprise Research Institute of the Development Research Centre of the State Council (國務院發展研究中心企業研究所), the Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and the China Index Academy (中國指數研究院), which are independent third parties. In 2006, the China Real Estate Association (中國房地產協會), also an Independent Third Party, joined the China Real Estate Top 10 Research Team. China Real Estate Top 10 Research Team mainly consists of 27 core members. According to the Top 100 China Real Estate Enterprises Research Report, the China Real Estate Top 10 Research Team has conducted research on the Top 100 Real Estate Enterprises in the PRC since 2004. Its research is regarded as an important indicator of the market position of property developers in the PRC and is used by major international financial institutions. Based on the standing of the China Real Estate Top 10 Research Team in the real estate industry in the PRC, our Directors believe China Real Estate Top 10 Research Team’s research to be reliable. Our Directors further confirm that the Top 100 China Real Estate Enterprises Research Report was not commissioned by our Company.
- (2) We are one of the eight property developers based in Fujian Province selected for inclusion in the Top 100 China Real Estate Enterprises Research Report published by China Real Estate Top 10 Research Team in 2008. We were evaluated based on a composite of indices including a scale index (total assets, net assets, operating income, amount of investment, GFA under construction and GFA completed), a profitability index (net profit, return on assets and return on equity), a solvency index (current ratio and liability ratio), a tax compliance index (amount of tax paid), a growth index (growth rate of sales amount, business income growth rate, net profit growth rate and amount of land reserves) and operation efficiency index.
- (3) Awarded by Nanjing Daily (南京日報) in 2006.
- (4) Awarded jointly by Nanjing Broadcasting and Television Group (南京廣電集團), Nanjing Broadcasting and Television (南京廣播電視報) and United Media of Nanjing Broadcasting and Television (南京廣電聯合媒體) in 2008.
- (5) Awarded by the Trademark Office of the State Administration for Industry and Commerce (國家工商行政管理總局商標局) in 2008.
- (6) Awarded by the Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部) in 2009.

We initially focused on the development of industrial and residential properties. From 2004, we gradually expanded our product range to include more large-scale, mixed use commercial complexes and other types of properties, such as logistics centres, R&D centres and hotels, in an effort to diversify our sources of income, improve our financial stability and manage our business exposure to market risks associated with any single category of properties.

Commercial complexes

Our large-scale, mixed use commercial complexes are generally situated in strategic locations and form the landmarks of new city centres in high-growth areas in second and third-tier cities, with easy access to existing city centres and neighboring cities. We believe that our focus on such locations allows us to acquire sizeable sites that are suitable for the development of our large-scale commercial complexes at competitive costs.

Our large-scale, mixed use commercial complexes typically have a total GFA of approximately 400,000 sq.m. or more, and comprise a combination of retail stores, offices, hotels, entertainment centres, residential properties and other ancillary facilities. We sell part of these commercial complexes and retain the remaining units to generate rental income and long-term capital appreciation, depending on local market conditions and cash flow requirements of the Group. We seek to establish long-term relationships with leading international and domestic brands for our commercial complexes. To this end, we have entered into arrangements with international and domestic brands such as B&Q, Carrefour and New World Department Store between 2004 and 2006 for leases with a fixed term of 20 years. We have also entered into arrangements with domestic brands between 2004 and 2007 for leases with a fixed term of less than 20 years. We believe that securing such long-term anchor tenants enables us to enhance the profile, reputation and attractiveness of our commercial complexes, which in turn will increase their overall commercial value.

We believe that our commercial complexes, such as the Xiamen Mingfa Shopping Mall and the Nanjing Mingfa Shopping Mall, are viewed as landmark properties in their cities, and help to stimulate the growth and development of the surrounding neighborhoods. As at the Latest Practicable Date, we had four other similar large-scale, mixed use commercial complex projects under development in Wuxi and Yangzhou, Jiangsu Province, and Hefei, Anhui Province. Going forward, we plan to increase the number of such commercial complexes in our property portfolio.

Residential properties

Our residential property development projects cover a wide range of products, including high-rise apartment buildings and townhouses that meet the housing needs of broad customer segments, from middle-income customers seeking improved living conditions at a reasonable cost to more affluent customers.

Our large-scale, integrated residential projects generally have a total GFA of approximately 500,000 sq.m. or more. Situated in areas surrounding our large-scale, mixed use commercial

complexes, or developed as part of such commercial complexes, our residential properties typically include ancillary facilities and services, such as clubhouses, retail spaces, schools and hospitals. We usually develop these projects in phases over a period of three to five years.

Logistics centres and R&D centres

Our logistics centres and R&D centres are generally located in new economic zones of high-growth second and third-tier cities. These centres consist of multiple types of facilities and services, including exhibition halls, warehouses, data centres and research facilities. We generally lease these properties to generate rental income and also engage third party property management companies to manage the daily operations.

Our logistics centres meet the needs of customers in industries such as construction materials, metals, chemicals, leather, textiles and electronics. We also intend to provide to our customers naming and planning rights to some of our buildings.

Hotels

We currently own three completed hotels, comprising a hotel in Nanjing, Jiangsu Province, and one each in Xiamen and Quanzhou, both in Fujian Province. In addition, we have four hotels that are under development and another three for future development in various cities in Fujian, Jiangsu and Anhui Provinces. We have entered into partnerships with various domestic hotel management groups to manage the daily operations of our hotels and we intend to enter into similar arrangements for our future hotels.

As at August 31, 2009, we had a total of 34 projects at various stages of development. The completed property developments had an aggregate GFA of approximately 2.7 million sq.m., the properties under development had an aggregate GFA of approximately 2.9 million sq.m., and the properties held for future development had an aggregate GFA of approximately 3.1 million sq.m. In addition, as at August 31, 2009, the total planned GFA for the properties that we expect to obtain pursuant to MOUs with governmental bodies and acquisitions of project companies was approximately 3.3 million sq.m. For more details on such MOUs and acquisitions, please refer to the sections headed “Business — Primary Market Land Acquisition — MOUs with governmental bodies” and “Business — Secondary Market Land Acquisition — Acquisitions of project companies” of this prospectus.

For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, our revenues were RMB1,296.2 million, RMB2,168.7 million, RMB2,061.1 million and RMB912.9 million, respectively. Our profits for the corresponding periods were RMB482.4 million, RMB415.8 million, RMB417.0 million and RMB146.6 million, respectively.

OUR COMPETITIVE STRENGTHS

Extensive experience and strong execution capabilities in developing and managing large-scale, mixed use commercial complexes and integrated residential properties

We have extensive experience and have built up strong execution capabilities in developing a wide range of property products and managing a well-diversified property portfolio, which includes large-scale, mixed use commercial complexes, integrated residential properties and other properties. Such a diversified portfolio provides us with multiple revenue sources and lowers the risk of over-reliance on any particular property sector.

We primarily focus on the development of large-scale, mixed use commercial complexes, which typically comprise a combination of retail stores, offices, hotels, entertainment centres, residential properties and other ancillary facilities. We believe that our commercial complexes are viewed as landmark properties in their cities, as evidenced by the awards they have received. For example, Xiamen Mingfa Shopping Mall, our flagship commercial complex in Xiamen, Fujian Province, was awarded the title of “2004 Excellent Commercial Property in China” (2004中國房地產優秀商業地產) by the Committee of China International Real Estate & Archi-tech Fairs (中國住交會組委會), the Main Stream Media Association of China International Real Estate & Archi-tech Fairs (中國住交會主流媒體聯盟) and a “Top 10 Commercial Property Malls in China” (中國十大商業地產) by the Organizing Committee of 2004 China Urban Land Operation Exposition (2004中國城市土地運營博覽會組委會) and China Main Stream Real Estate Media Promotion Association (中國主流媒體房地產宣傳聯盟) in 2004. We seek to distinguish ourselves by focusing on the size of our commercial complexes which we believe allows us to enjoy economies of scale in the form of lower land costs and favorable government subsidies, and to build critical mass in terms of attracting a large number of customers and tenants for the establishment of future city centres. Some of our commercial complexes that are currently under development, such as Nanjing Mingfa Shopping Mall and Yangzhou Mingfa Shopping Mall, have total GFAs of approximately 400,000 sq.m. each. We believe these commercial complexes, when completed, will become among the largest shopping malls in their respective cities and will further solidify our position as a leading commercial property developer in both Fujian and Jiangsu Provinces.

Our large-scale integrated residential properties are primarily targeted at middle-income consumers seeking an improved living environment at a reasonable cost. We believe that our focus on this customer base has allowed us to capitalize on the stable growth in the prices of and the strong demand for the residential properties desired by such customers. The attractiveness and value of our residential properties are further enhanced as they are located in the surrounding areas of, or developed as part of, our large-scale, mixed use commercial complexes. An example of our success in targeting middle-income consumers can be seen in Nanjing Mingfa Riverside New Town, our flagship residential project in Nanjing, Jiangsu Province, which was awarded the “Most Influential Property in Nanjing” (南京最具影響力品牌樓盤) and one of the “Top 10 Best Selling Properties in Nanjing” (南京十大暢銷樓盤) by *Nanjing Daily* (南京日報) in 2006.

Leading position in Fujian and Jiangsu Provinces

We have successfully established ourselves as a leading property developer in Fujian and Jiangsu Provinces, which are among the most developed and fastest growing provinces near the west coast of the Taiwan Strait in Southeast China (海峽西岸經濟區) and in the Greater Yangtze River Delta region, respectively. As at August 31, 2009, our property portfolio comprised approximately 1.0 million sq.m. of completed GFA in Fujian Province and approximately 1.6 million sq.m. of completed GFA in Jiangsu Province.

We believe our strategic geographic focus on Fujian and Jiangsu Provinces has enabled us to capitalize on opportunities resulting from the strong historical economic development and significant market demand in the local real estate markets. Through our in-depth local knowledge and operating expertise, we believe we have been able to consistently deliver quality properties and generate attractive investment returns for most of our projects in Fujian and Jiangsu Provinces, which has in turn allowed us to establish a proven track record and enhance our competitive advantage in these provinces.

Sizeable high quality landbank acquired at competitive costs

We believe a quality landbank acquired at competitive costs is crucial to our long-term growth and profitability and, accordingly, we adopt a forward-looking and systematic approach in our land acquisitions. Through the in-depth industry experience of our senior management and their insights into development trends in the regions where we operate, we endeavor to acquire at low cost project sites in areas which we believe have good potential to become new commercial centres. We believe our strong brand name and proven track record of aligning our development plans with those of the local urban planning authorities have provided us with a competitive advantage and stronger bargaining power as compared to our competitors when acquiring such project sites. Historically, we have been invited by local authorities to participate in the land acquisition and development process, and we have acquired several of our sites through this channel, including the site for Nanjing Mingfa Shopping Mall. During our Track Record Period, our average land cost constituted approximately 5.3% of our average selling price.

Our landbank is well diversified and balanced in terms of product types to cater to different market segment demands. As at August 31, 2009, our total landbank was approximately 9.3 million sq.m. (of which 3.3 million sq.m. we expect to obtain pursuant to MOUs signed with government bodies and acquisition of project companies) and we plan to use such land for development of commercial complexes, residential properties, logistics centres, R&D centres and hotels. We believe that the size of our current landbank is sufficient for our development needs for the next three to four years and our strategic site locations provide significant profit potential.

Efficient management structure, experienced management team and professional workforce

We have a flat and centralized management structure. We believe that such structure allows for quick and efficient supervision from our senior management and helps to enhance our operational efficiency and resource optimization.

Our senior management team is highly experienced and has extensive industry knowledge, management skills and operating experience in the PRC real estate industry. Our team is led by our founder and Chairman, Mr. Wong Wun Ming, who has more than 20 years of experience in real estate development. Mr. Wong has developed strategic insights into the economic environment and market dynamics that affect PRC real estate, particularly in Fujian and Jiangsu Provinces. Most members of our senior management team have been working in the real estate industry for over ten years. Under the strategic leadership of our management team, we have achieved significant scale and established strong market positions in Fujian and Jiangsu Provinces.

Our workforce is comprised of employees who are highly experienced in their respective areas of expertise, such as site selection and acquisition, project development, finance, as well as sales and marketing. We implement a comprehensive human resources strategy aimed at recruiting, developing and retaining a highly qualified workforce to support our long-term growth. We also invest in continuing education and training programs for our management staff and other employees to continuously upgrade their skills and knowledge. We believe the professionalism and execution capabilities of our workforce have been key factors to our success and will continue to be one of our competitive strengths.

Strong brand recognition in Fujian and Jiangsu Provinces

We place great emphasis on building strong brand recognition in the regions in which we operate and have successfully established a strong reputation for designing and developing distinctive and quality products. Our success has been recognized through a number of awards, certificates and recognitions, with the more notable ones set out below:

- One of the “Top 100 Real Estate Enterprises” in China (中國百強房地產商) awarded by China Real Estate Top 10 Research Group (中國房地產TOP10研究組) in 2008;
- “Mingfa 明發” and the logo  as well-known trademarks (馳名商標) awarded by the Trademark Office of the State Administration for Industry and Commerce (國家工商行政管理總局商標局) in 2008;
- One of the “Top 500 PRC Enterprises” (中國企業500強) awarded by China Enterprise Confederation (中國企業聯合會) and China Enterprise Directors Association (中國企業家聯會) in 2007;
- “Class One Qualification for Real Estate Development Enterprises” in China (房地產開發企業一級資質) awarded by the Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部) in 2009;
- “Most Influential Enterprises in the 20-Year Growth of the Chinese Real Estate Industry” (“中國地產二十年最具影響力企業”) awarded by the Asian Boao Real Estate Forum in 2007;
- One of the “Most Creditable Companies in China” (全國重合同守信用單位) awarded by the State Administration of Industry and Commerce (國家工商行政管理總局) in 2006;
- One of “China’s Outstanding Real Estate Enterprises” (“中國房地產優秀品牌企業”) awarded by the Organizing Committee of China Property Fair Alliance (中國住交會組委會) and the

Propaganda Association of China Property Fair Alliance (中國住交會主流媒體宣傳聯盟) in 2004; and

- One of the “Top 50 Chinese Municipal Operators” (“中國城市運營商50強”) by the Propaganda Association of China Mainstream Media Bureau (中國主流媒體宣傳聯盟) in 2004.

We believe that our strong brand name, particularly in Fujian and Jiangsu Provinces, will continue to strengthen our competitiveness and enable us to consolidate and further implement our “selected regional focus” growth strategy.

OUR STRATEGIES

Further strengthen our position in Fujian and Jiangsu Provinces and penetrate new areas through our “selected regional focus” growth strategy

With our proven track record, in-depth local knowledge and strong market reputation, we intend to further strengthen our leading position in Fujian and Jiangsu Provinces, which we believe will continue to be among the most affluent provinces in China. We believe this continued growth, driven primarily by the development of private businesses in Fujian and Jiangsu Provinces, has produced a strong and stable demand for our properties.

We plan to continue to implement our “selected regional focus” growth strategy by exploring opportunities in other high-growth second- and third-tier cities in South China and the Greater Yangtze River Delta region, which allows us to capture the economic growth in these regions. We also intend to focus on key cities in other regions, such as Tianjin in Pan-Bohai Area. We believe that there will be increasing growth opportunities in the property markets in these regions, given their rapid urbanization, high economic growth and significant property appreciation potential.

Continue to focus on the development of large-scale, mixed use commercial complexes and integrated residential properties

We will continue to develop large-scale, mixed use commercial complexes and integrated residential properties. We seek to strategically locate these developments in newly urbanized areas of selected high-growth second and third-tier cities, with easy access to city centres and neighboring cities. We believe that such properties will form the cornerstones of new city centres in their regions, leading to strong market demand and good profit potential for our properties. We also believe that the size of such properties will continue to allow us to enjoy economies of scale in the form of lower land costs and favorable government policies and, in turn, higher gross profit margins from the sale or leasing of such properties.

Expand our landbank by acquiring new high quality sites at strategic locations at competitive costs

We will continue to grow our landbank by strategically selecting new high quality sites. We seek sites suitable for development of integrated commercial and residential properties in high-growth

areas in second and third-tier cities. We employ thorough market research and analysis in our searches, conducted by our experienced land acquisition team.

We intend to capitalize on our extensive operational experience and strong capabilities as well as our proven track record in order to acquire more high-quality project sites at competitive prices. We will also take up social corporate responsibility, assisting local government authorities in their future city development plans, which we believe will provide us with a competitive advantage and stronger bargaining power over our competitors when acquiring new high quality sites at competitive costs.

Further grow our investment property portfolio to increase the stability of our income stream

We intend to further expand our investment property portfolio, which will comprise large-scale, mixed use commercial complexes and integrated residential properties as well as logistics centres, R&D centres, and hotels for long-term investment purposes with the intention to diversify risks, increase our income stream and enhance our long-term financial performance.

Continue to maintain strict financial discipline

We will continue to maintain strict financial discipline in our business expansion. Historically, we have maintained a healthy balance sheet with a prudent gearing ratio and our strong pre-sales have provided strong operational cash flow and liquidity. We believe that by maintaining a low geared balance sheet, we will be able to achieve sustainable growth over the middle to long term. We intend to continue to actively manage our property development process to ensure strict cost control and our sales and pre-sales to ensure adequate internal cash for our ongoing capital requirements. We will also exercise prudent financial management in our capital commitment and deploy our capital resources effectively to maximize return for shareholders and to ensure a sustainable growth.

DESCRIPTION OF OUR PROPERTY DEVELOPMENTS

As at the Latest Practicable Date, we had 34 projects in various stages of development (as set out below). We divide our property developments, for which we have received the relevant land use rights certificates or entered into land use rights grant contracts, into three categories:

- completed properties, comprising property projects we have completed since our inception, with the certificates of completion issued by the relevant government authorities;
- properties under development, comprising property projects with respect to which we have received land use rights certificates and partly received permit for commencement of construction works but have not yet received completion examination report; and
- properties held for future development, comprising property projects with respect to which we have signed (i) the relevant land use rights grant contracts with the relevant PRC land administrative authorities or (ii) the project company equity transfer agreements but which we have not yet commenced construction.

As the development of some of our projects comprise multiple-phases, one project may include different phases at various stages of completion, under development or held for future development. As

at August 31, 2009, we had completed real estate developments with an aggregate GFA of 2.7 million sq.m., properties under development with an aggregate GFA of 2.9 million sq.m. and properties held for future development with an aggregate GFA of 3.1 million sq.m. In addition, as at August 31, 2009, the total planned GFA for the properties that we expect to obtain pursuant to MOUs with governmental bodies and acquisitions of project companies was approximately 3.3 million sq.m. For more details on such MOUs and acquisitions, please refer to the sections headed “Business — Primary Market Land Acquisition — MOUs with governmental bodies” and “Business — Secondary Market Land Acquisition — Acquisitions of project companies” of this prospectus.

The site area information for an entire project is based on the relevant land use rights certificates. The aggregate GFA of an entire project is calculated by multiplying its site area by the maximum permissible plot ratio as specified in the relevant land use rights grant contracts or other approval documents from the local governments relating to the project. The total GFA of a project includes saleable GFA and leasable GFA and refers to (i) total GFA completed for completed property developments; and (ii) total GFA under development for both properties under development and properties held for future development. Saleable GFA refers to the internal floor areas (exclusive of non-saleable GFA, which refers to certain common areas and communal facilities, including, among others, schools and sports facilities) allocated to the residential units we develop for sale, and the GFA that is available for leasing purposes. We hold properties for leasing purposes as investments to earn rental income and for capital appreciation. However, we will exercise discretion to sell such properties if we believe their sale, as compared to rental, will ultimately generate more economic value for us.

We consider a property sold after we have executed the property purchase agreement with a customer and have delivered the property to the customer. We consider a property pre-sold when we have executed the property purchase agreement but have not yet completed the construction of the property.

We include in this prospectus project names which we have used, or intend to use, to market our properties. Some of the names for property developments are subject to approval by relevant authorities and may be subject to change.

The above classification of properties reflects the basis on which we operate our business and may differ from classifications employed for other purposes or by other developers. In general, it takes us approximately one to two years to complete a building or a building complex. Depending on the size of a development and other factors, however, the entire development period may be substantially longer. We also monitor selling prices, sales volume and the level of our land reserve and accordingly, adjust the pace of our real estate developments. As a result, we may obtain multiple sets of governmental approvals and permits, including land use rights certificates from the relevant authorities for a group of real estate developments that we view as a single real estate development for business purposes.

Our classification of properties in this prospectus is not directly comparable with the classification of properties in the Property Valuation Report and the Accountant’s Report.

BUSINESS

The table below sets forth our classification of properties, and the corresponding classification of properties in the Property Valuation Report and the Accountant's Report:

This prospectus	Property Valuation Report	Accountant's Report
<ul style="list-style-type: none"> • Completed properties, comprising properties with certificates of completion (including completed properties that have been sold) • Property under development, comprising properties for which we have obtained land use rights certificates and partly received construction permits or approval letters for early construction, but not yet received certificates of completion • Property held for future development, comprising properties for which we have not obtained land use rights certificates, but have entered into the land use rights grant contracts or the project company equity transfer agreements, or MOUs 	<ul style="list-style-type: none"> • Group I — Properties which were completed and held by the Group for sale or own use (excluding completed properties that have been sold and delivered) • Group II — Properties held by the Group for Investment • Group III — Properties held by the Group under development • Group IV — Properties held by the Group for future development • Group V — Properties contracted to be acquired by the Group • Group VI — Properties intended to be acquired by the Group 	<ul style="list-style-type: none"> • Completed properties held for sale (excluding completed properties that have been sold) • Land use rights (attributable to completed properties held for sale) • Investment properties • Property, plant and equipment • Properties under development • Land use rights (attributable to properties under development) • Property, plant and equipment • Expenditure incurred for projects for which we have not yet obtained land use rights certificates was recorded as prepayments, deposits, other receivables within our current assets and other non-current assets

The following table sets forth certain information about our completed projects, projects under development and projects held for future development as at August 31, 2009:

Project Name	Project Chinese Name	Location	Site Area (sq.m)	Total GFA (sq.m)	GFA sold and delivered as at August 31, 2009 (sq.m)	GFA pre-sold as at August 31, 2009 (sq.m)	Total Unsold GFA (sq.m)	Total saleable/leasable unsold GFA (sq.m)	Residential Office	Hotel	Industrial /Carpark /Others	Cost incurred ^b (RMB million)	Total actual/ budgeted costs (RMB million)	Commencement date	Completion date	Interest attributable to us (%)	Reference to valuation report (Property number)
COMPLETED PROJECTS HELD FOR SALE / OWN USE																	
Fujian Province																	
Xiamen Mingfa Shopping Mall ^{1,8}	廈門明發商業廣場	Xiamen, Fujian	76,637	186,614	136,929	—	49,685	—	49,685	—	—	1,208	1,208	2004.9	2007.10	70%	12
Xiamen Mingfa International New Town	廈門明發國際新城	Xiamen, Fujian	26,016	114,313	89,472	—	24,841	—	20,961	—	3,879	367	367	1996.6	2002.2	100%	4
Xiamen Mingfa Seascape Garden	廈門明發海景苑	Xiamen, Fujian	18,247	107,789	80,876	—	19,865	498	18,802	—	565	388	388	2001.10	2004.12	100%	5
Xiamen Mingfa Garden	廈門明發園	Xiamen, Fujian	18,697	80,199	60,568	—	18,652	—	14,673	—	3,979	185	185	2002.12	2005.4	100%	3
Xiamen Mingfa Town	廈門明發城	Xiamen, Fujian	12,879	59,404	42,329	—	17,075	—	—	—	17,075	118	118	2004.12	2008.1	100%	14
Xiamen Mingfa Noble Place	廈門明發豪庭	Xiamen, Fujian	5,529	45,030	39,318	—	5,556	—	1,315	—	4,241	164	164	2002.7	2004.12	100%	8
Xiamen Jianqun Elegant Garden	廈門建群雅苑	Xiamen, Fujian	10,257	40,136	31,602	—	8,534	—	4,273	—	4,262	125	125	2003.1	2005.4	100%	7
Xiamen Mingli Garden	廈門明麗花園	Xiamen, Fujian	17,356	11,516	7,724	—	3,609	3,609	—	—	—	54	54	2004.12	2008.1	100%	6
Xiamen Lianfeng Furniture Park	廈門聯豐傢俱城	Xiamen, Fujian	1,555	4,872	—	—	4,872	—	—	—	4,872	8	8	1994.12	1996.11	100%	10
Xiamen Mingfa Hotel (16F and 17F) ⁵	廈門明發大酒店 (16F及17F)	Xiamen, Fujian	337	1,516	—	—	1,516	—	1,516	—	—	5	5	1996.6	2002.1	100%	9
Xiamen Mingfa Industrial Park ⁸	廈門明發工業園	Xiamen, Fujian	89	1,327	—	—	1,327	—	1,327	—	—	25	25	1997.8	2005.4	100%	11
Quanzhou Mingfa Hotel ¹	泉州明發大酒店	Quanzhou, Fujian	5,402	13,707	—	—	13,707	—	—	13,707	—	30	30	Acquired in 2000	—	100%	13
Sub-total			193,000	666,422	488,818	—	169,239	4,107	112,552	13,707	38,873	2,677	2,677	—	—	—	—
Jiangsu Province																	
Nanjing Mingfa Riverside New Town ^{2,8}	南京明發濱江新城	Nanjing, Jiangsu	808,610	1,650,519	1,200,469	—	450,050	189,499	148,347	—	112,204	3,575	3,575	2003.3	2009.11	100%	1
Nanjing Pearl Spring Resort ⁴	南京珍珠泉度假村	Nanjing, Jiangsu	112,973	66,372	—	—	66,372	30,627	—	35,745	—	204	204	2003.12	2008.12	100%	2
Sub-total			921,583	1,716,891	1,200,469	—	516,422	220,126	148,347	35,745	112,204	3,779	3,779	—	—	—	—
Total completed projects held for sale / own use			1,114,583	2,383,313	1,689,287	—	685,661	224,233	260,900	49,452	151,077	6,456	6,456	—	—	—	—
COMPLETED PROJECTS HELD FOR INVESTMENT																	
Fujian Province																	
Xiamen Mingfa Shopping Mall	廈門明發商業廣場	Xiamen, Fujian	90,137	219,487	—	—	—	—	151,488	12,785	55,214	994	994	2004.9	2007.10	70%	17
Xiamen Mingfa Technological Park	廈門明發科技園	Xiamen, Fujian	48,977	62,131	—	—	—	—	62,131	—	—	66	66	2004.4	2008.5	100%	19
Xiamen Lianfeng Furniture Park	廈門聯豐傢俱城	Xiamen, Fujian	6,782	21,248	—	—	—	—	21,248	—	—	23	23	1994.12	1996.11	100%	16
Xiamen Mingfa Industrial Park ⁸	廈門明發工業園	Xiamen, Fujian	780	23,503	11,914	—	—	—	—	—	11,588	10	10	1997.8	2005.4	100%	21
Xiamen Mingfa Hotel ⁸	廈門明發大酒店	Xiamen, Fujian	2,426	10,925	—	—	—	—	—	10,925	—	41	41	1996.6	2002.1	100%	15
Unit 401, Xiamen Lianfeng Building ⁴	廈門市聯豐大廈401室	Xiamen, Fujian	—	2,028	—	—	—	—	—	2,028	—	—	—	Acquired in 2004.3	—	100%	18
Sub-total			149,102	339,322	11,914	—	—	—	153,515	23,710	150,182	1,134	1,134	—	—	—	—

The company has not obtained the Land Use Right Certificate and/or the Property Title Certificate; only a Land Grant Contract has been signed.
As at August 31, 2009, a total GFA of 1,650,519 sq.m. was completed. The remaining GFA of 535,367 sq.m. is expected to be completed by December 2009.

Portion for sale only

Portion for own use only

Mingfa Offices

MOU projects — please refer to "Business — MOUs and Other Agreements in relation to Land Acquisition"

Acquisition of project companies — please refer to "Business — Secondary Market Land Acquisition — Acquisitions of project Companies"

Site areas are calculated based on proportion of GFA held for such use

Cost incurred includes development costs, land acquisition costs and capitalized borrowing costs

Project Name	Project Chinese Name	Location	Site Area (sq.m)	Total GFA (sq.m)	GFA sold and delivered as at August 31, 2009 (sq.m)	GFA pre-sold as at August 31, 2009 (sq.m)	Total Unsold GFA (sq.m)	Total saleable/leasable unsold GFA (sq.m)	Residential	Hotel	Industrial / Carpark / Others	Cost incurred ^p (RMB million)	Total actual/ budgeted costs (RMB million)	Completion date	Commencement date	Interest attributable to us (%)	Reference to valuation report (Property number)
Jiangsu Province																	
Nanjing Mingfa Riverside New Town ⁸	南京明發濱江新城	Nanjing, Jiangsu	1,289	2,631	—	—	—	2,631	—	—	—	6	6	2003.3	2009.11	100%	20
Sub-total			1,289	2,631	—	—	—	2,631	—	—	—	6	6	—	—	—	—
Total completed projects held for investment																	
Sub-total			150,391	341,952	11,914	—	—	156,146	23,710	150,182	—	1,140	1,140	—	—	—	—
PROJECTS UNDER DEVELOPMENT																	
Fujian Province																	
Xiamen Mingfa Group Mansion	廈門明發集團大廈	Xiamen, Fujian	13,186	36,346	—	—	36,346	30,050	—	—	6,296	41	72	2006.2	2009.12	100%	28
Sub-total			13,186	36,346	—	—	36,346	30,050	—	—	6,296	41	72	—	—	—	—
Jiangsu Province																	
Nanjing Mingfa Riverside New Town ⁸	南京明發濱江新城	Nanjing, Jiangsu	262,283	535,367	—	262,082	273,284	46,380	—	—	103,975	1,114	3,815	2003.3	2009.11	100%	22
Nanjing Mingfa International Industrial Material Park	南京明發國際工業原料城	Nanjing, Jiangsu	351,136	463,298	—	—	463,298	—	—	—	463,298	437	475	2006.12	2009.12	100%	24
Nanjing Mingfa Shopping Mall	南京明發商業廣場	Nanjing, Jiangsu	182,588	415,779	—	53,969	361,810	273,796	19,672	68,342	904	1,465	1,465	2008.2	2010.12	100%	23
Yangzhou Mingfa Shopping Mall	揚州明發商業廣場	Yangzhou, Jiangsu	145,267	399,353	—	—	399,353	94,739	23,131	56,369	298	1,011	1,011	2007.10	2011.4	100%	27
Wuxi Mingfa Shopping Mall	無錫明發商業廣場	Wuxi, Jiangsu	216,643	489,364	—	582	488,782	59,650	365,333	34,081	29,718	622	1,171	2006.3	2010.12	70%	26
Sub-total			1,157,916	2,303,160	—	316,634	1,986,526	277,318	910,623	76,884	721,702	3,375	7,937	—	—	—	—
Anhui Province																	
Hefei Mingfa Shopping Mall	合肥明發商業廣場	Hefei, Anhui	176,698	578,610	—	38,100	540,510	101,128	325,624	34,038	79,719	617	1,388	2007.4	2010.12	100%	25
Subtotal			176,698	578,610	—	38,100	540,510	101,128	325,624	34,038	79,719	617	1,388	—	—	—	—
Total projects under development																	
Subtotal			1,347,800	2,918,116	—	354,734	2,563,382	378,446	1,266,297	110,922	807,717	4,033	9,397	—	—	—	—
PROJECTS HELD FOR FUTURE DEVELOPMENT																	
Fujian Province																	
Zhangzhou Mingfa Shopping Mall ¹	漳州明發商業廣場	Zhangzhou, Fujian	223,589	688,383	—	—	688,383	165,336	394,830	32,570	95,647	315	2,506	2009.7	2013.5	100%	36
Xiamen Mingfa Harbor Resort	廈門明發海灣度假村	Xiamen, Fujian	58,952	161,705	—	—	161,705	—	161,705	—	—	199	686	2009.9	2013.3	100%	29
Xiamen Mingfeng Town ¹	廈門明豐城	Xiamen, Fujian	19,909	103,921	—	—	103,921	—	—	103,921	51	274	274	2009.11	2013.2	100%	38
Honglai Mingfa Commercial Centre ¹	洪濤明發商業中心	Nan'an, Fujian	27,065	77,153	—	—	77,153	60,801	14,982	—	1,370	7	170	2009.9	2011.12	100%	39
Mingfa — Yuanchang Shanzhuang ⁷	明發 - 源昌山莊	Xiamen, Fujian	52,900	335,373	—	—	335,373	290,950	—	—	44,423	145	749	2010.3	2013.12	100%	43
Sub-total			382,415	1,366,534	—	—	1,366,534	517,087	409,812	194,275	245,361	717	4,385	—	—	—	—

1 The company has not obtained the Land Use Right Certificate and/or the Property Title Certificate; only a Land Grant Contract has been signed.
 2 As at August 31, 2009, a total GFA of 1,650,519 sq.m. was completed. The remaining GFA of 535,367 sq.m. is expected to be completed by December 2009.

3 Portion for sale only

4 Portion for own use only

5 Mingfa Offices

6 MOU projects — please refer to “Business — MOUs and Other Agreements in relation to Land Acquisition”

7 Acquisition of project companies — please refer to “Business — Secondary Market Land Acquisition — Acquisitions of project Companies”

8 Site areas are calculated based on proportion of GFA held for such use

9 Cost incurred includes development costs, land acquisition costs and capitalized borrowing costs

Project Name	Project Chinese Name	Location	Site Area (sq.m)	Total GFA (sq.m)	GFA sold and delivered as at August 31, 2009 (sq.m)	GFA pre-sold as at August 31, 2009 (sq.m)	Total Unsold GFA (sq.m)	Total saleable/leasable unsold GFA (sq.m)			Cost incurred ^p (RMB million)	Total actual/ budgeted costs (RMB million)	Commencement date	Completion date	Interest attributable to us (%)	Reference to valuation report (Property number)
								Residential	Retail/ Office	Hotel /Carpark / Others						
Jiangsu Province																
Nanjing Mingfa Business Park	南京明發企業總部基地	Nanjing, Jiangsu	547,215	827,762	—	—	827,762	—	—	827,762	87	1,501	2009.11	2012.12	100%	31-34
Wuxi Mingfa International New Town	無錫明發國際新城	Wuxi, Jiangsu	258,297	549,561	—	—	549,561	14,230	—	95,323	340	1,298	2009.12	2012.12	100%	30
Zhenjiang Jinxiu Yinshan	鎮江錦繡銀山	Zhenjiang, Jiangsu	296,702	404,678	—	—	404,678	258,818	55,000	38,340	162	931	2010.4	2012.12	100%	35
Nanjing Mingfa City Square ¹	南京明發城市廣場	Nanjing, Jiangsu	128,683	291,915	—	—	291,915	164,792	71,473	55,650	280	881	2009.9	2011.9	100%	37
Mingfa International Industrial Material Park and Mingfa International Town ⁶	明發國際工業原料城和明發國際城	Huai'an, Jiangsu	666,670	1,180,219	—	—	1,180,219	—	—	—	10	1,416	2007.11	2013.12	100%	41
Nanjing Mingfa Riverside New Town, District II ⁶	明發濱江新城二區	Nanjing, Jiangsu	229,953	400,000	—	—	400,000	350,000	—	50,000	—	909	2007.8	2014.12	100%	40
Nanjing Mingfa Furniture Centre ⁶	明發傢俱中心	Nanjing, Jiangsu	83,333	53,408	—	—	53,408	10,232	10,484	32,692	9	53	2005.5	2012.12	100%	42
Subtotal			2,210,853	3,707,543	—	—	3,707,543	1,223,850	1,331,406	38,340	888	6,989	—	—	—	—
Anhui Province																
Ma An Shan Complex ⁶	馬鞍山城市綜合體	Ma An Shan, Anhui	504,810	1,300,000	—	—	1,300,000	1,000,000	300,000	—	—	3,562	2009.7	2013.12	100%	44
Sub-total			504,810	1,300,000	—	—	1,300,000	1,000,000	300,000	—	—	3,562	—	—	—	—
TOTAL PROJECTS FOR FUTURE DEVELOPMENT			3,098,078	6,374,077	—	—	6,374,077	2,740,937	2,041,218	232,615	1,359,308	1,605	—	—	—	—
TOTAL			5,710,852	12,017,459	1,701,201	354,734	9,623,121	3,343,616	3,724,561	416,698	13,234	31,929	—	—	—	—

1 The company has not obtained the Land Use Right Certificate and/or the Property Title Certificate; only a Land Grant Contract has been signed.
2 As at August 31, 2009, a total GFA of 1,650,519 sq.m. was completed. The remaining GFA of 535,367 sq.m. is expected to be completed by December 2009.

3 Portion for sale only

4 Portion for own use only

5 Mingfa Offices

6 MOU projects — please refer to “Business — MOUs and Other Agreements in relation to Land Acquisition”

7 Acquisition of project companies — please refer to “Business — Secondary Market Land Acquisition — Acquisitions of project Companies”

8 Site areas are calculated based on proportion of GFA held for such use

9 Cost incurred includes development costs, land acquisition costs and capitalized borrowing costs

The following table sets forth certain information about our commercial projects, residential projects, logistics and R&D centres and hotels as at August 31, 2009:

Project Name	Project Chinese Name	Location	Site Area (sq.m)	Total GFA (sq.m)	GFA sold and delivered as at August 31, 2009 (sq.m)	GFA pre-sold as at August 31, 2009 (sq.m)	Total Unsold GFA (sq.m)	Residential (sq.m)	Retail/Office (sq.m)	Hotel (sq.m)	Industrial/Carpark/Others (sq.m)	Commencement date	Completion date	Interest attributable to us (%)	Reference to valuation report (Property number)
COMMERCIAL															
Completed projects held for sale / own use															
Xiamen Mingfa Shopping Mall ^{3,8}	廈門明發商業廣場	Xiamen, Fujian	76,637	186,614	136,929	—	49,685	—	49,685	—	—	2004.9	2007.10	70%	12
Xiamen Mingfa Industrial Park ⁸	廈門明發工業園	Xiamen, Fujian	89	1,327	—	—	1,327	—	1,327	—	—	1997.8	2005.4	100%	11
Sub-Total			76,726	187,941	136,929	—	51,012	—	51,012	—	—	—	—	—	—
Completed projects held for investment															
Xiamen Mingfa Shopping Mall ⁸	廈門明發商業廣場	Xiamen, Fujian	90,137	219,487	—	—	—	—	151,488	12,785	55,214	2004.9	2007.10	70%	17
Unit 401, Xiamen Lianfeng Building	廈門市聯豐大廈401室	Xiamen, Fujian	—	2,028	—	—	—	—	2,028	—	—	Acquired in 2004.3	Acquired in 2004.3	100%	18
Sub-Total			90,137	221,514	—	—	—	—	153,515	12,785	55,214	—	—	—	—
Projects under development															
Hefei Mingfa Shopping Mall	合肥明發商業廣場	Hefei, Anhui	176,698	578,610	—	38,100	540,510	101,128	325,624	34,038	79,719	2007.4	2010.12	100%	25
Wuxi Mingfa Shopping Mall	無錫明發商業廣場	Wuxi, Jiangsu	216,643	489,364	—	582	488,782	59,650	365,333	34,081	29,718	2006.3	2010.12	70%	26
Nanjing Mingfa Shopping Mall	南京明發商業廣場	Nanjing, Jiangsu	182,588	415,779	—	53,969	361,810	—	273,796	19,672	68,342	2008.2	2010.12	100%	23
Yangzhou Mingfa Shopping Mall	揚州明發商業廣場	Yangzhou, Jiangsu	145,267	399,353	—	—	399,353	94,739	225,114	23,131	56,369	2007.10	2011.4	100%	27
Sub-Total			721,195	1,883,106	—	92,652	1,790,454	255,517	1,189,867	110,922	234,148	—	—	—	—
Projects held for future development															
Zhangzhou Mingfa Shopping Mall	漳州明發商業廣場	Zhangzhou, Fujian	223,589	688,383	—	—	688,383	165,336	394,830	32,570	95,647	2009.7	2013.5	100%	36
Nanjing Mingfa City Square ¹	南京明發城市廣場	Nanjing, Jiangsu	128,683	291,915	—	—	291,915	164,792	71,473	—	55,650	2009.9	2011.9	100%	37
Honglai Mingfa Commercial Centre ¹	洪濤明發商業中心	Nan'an, Fujian	27,065	77,153	—	—	77,153	60,801	14,982	—	1,370	2009.9	2011.12	100%	39
Mingfa International Industrial Material Park and Mingfa International Town ⁶	明發國際工業原料城和明發國際城	Huai'an, Jiangsu	666,670	1,180,219	—	—	1,180,219	—	1,180,219	—	—	2007.11	2013.12	100%	41
Sub-Total			1,046,007	2,237,670	—	—	2,237,670	390,929	1,661,504	32,570	152,667	—	—	—	—
Total			1,934,065	4,530,230	136,929	92,652	4,079,135	646,446	3,055,898	156,277	442,029	—	—	—	—
RESIDENTIAL															
Completed projects held for sale / own use															
Nanjing Mingfa Riverside New Town ⁸	南京明發濱江新城	Nanjing, Jiangsu	808,610	1,650,519	1,200,469	—	450,050	189,499	148,347	—	112,204	2003.3	2009.11	100%	1
Xianmen Pearl Spring Resort ⁴	廈門明珠泉度假村	Nanjing, Jiangsu	112,973	66,372	—	—	66,372	30,627	—	35,745	—	2003.12	2008.12	100%	2
Xiamen Mingfa International New Town	廈門明發國際新城	Xiamen, Fujian	26,016	114,313	89,472	—	24,841	—	20,961	—	3,879	1996.6	2002.2	100%	4
Xiamen Mingfa Seascape Garden	廈門明發海景苑	Xiamen, Fujian	18,247	107,789	80,876	—	19,865	498	18,802	—	565	2001.10	2004.12	100%	5
Xiamen Mingfa Garden	廈門明發園	Xiamen, Fujian	18,697	80,199	60,568	—	18,652	—	14,673	—	3,979	2002.12	2005.4	100%	3
Xiamen Mingfa Noble Place	廈門明發豪庭	Xiamen, Fujian	5,529	45,030	39,318	—	5,556	—	1,315	—	4,241	2002.7	2004.12	100%	8
Xiamen Jianqun Elegant Garden	廈門建群雅苑	Xiamen, Fujian	10,257	40,136	31,602	—	8,534	—	4,273	—	4,262	2003.1	2005.4	100%	7
Xiamen Mingli Garden	廈門明麗花園	Xiamen, Fujian	17,356	11,516	7,724	—	3,609	3,609	—	—	—	2004.12	2008.1	100%	6
Sub-Total			1,017,684	2,115,874	1,510,029	—	597,479	224,233	208,372	35,745	129,130	—	—	—	—

1 The company has not obtained the Land Use Right Certificate and/or the Property Title Certificate; only a Land Grant Contract has been signed.
 2 As at August 31, 2009, a total GFA of 1,650,519 sq.m. was completed. The remaining GFA of 555,367 sq.m. is expected to be completed by December 2009.
 3 Portion for sale only
 4 Portion for own use only
 5 Mingfa Offices
 6 MOU projects — please refer to "Business — MOUs and Other Agreements in relation to Land Acquisition"
 7 Acquisition of project companies — please refer to "Business — Secondary Market Land Acquisition — Acquisitions of project Companies"
 8 Site areas are calculated based on proportion of GFA held for such use

BUSINESS

Project Name	Project Chinese Name	Location	Site Area (sq.m)	Total GFA (sq.m)	GFA sold and delivered as at August 31, 2009 (sq.m)	GFA pre-sold as at August 31, 2009 (sq.m)	Total Unsold GFA (sq.m)	Total saleable/leasable unsold GFA (sq.m)	Residential	Retail/Office	Hotel	Industrial/Carpark/Others	Commencement date	Completion date	Interest attributable to us (%)	Reference to valuation report (Property number)
Completed projects held for investment																
Nanjing Mingfa Riverside New Town: Phase I ¹	南京明發濱江新城	Nanjing, Jiangsu	1,289	2,631	—	—	—	—	2,631	—	—	—	2003.3	2009.11	100%	20
Sub-total			1,289	2,631	—	—	—	—	2,631	—	—	—			—	—
Projects under development																
Nanjing Mingfa Riverside New Town ⁸	南京明發濱江新城	Nanjing, Jiangsu	262,283	535,367	—	262,082	273,284	122,929	46,380	—	—	103,975	2003.3	2009.11	100%	22
Sub-total			262,283	535,367	—	262,082	273,284	122,929	46,380	—	—	103,975			—	—
Projects held for future development																
Wuxi Mingfa International New Town	無錫明發國際新城	Wuxi, Jiangsu	258,297	549,561	—	—	549,561	440,008	14,230	—	—	95,323	2009.12	2012.12	100%	30
Zhenjiang Jinxu Yinshan Project	鎮江錦繡鎮山	Zhenjiang, Jiangsu	296,702	404,678	—	—	404,678	258,818	55,000	38,340	—	52,520	2010.4	2012.12	100%	35
Mingfa — Yuanchang Shan/zhuang ⁷	明發 - 源昌山莊	Xiamen, Fujian	52,900	335,373	—	—	335,373	290,950	—	—	—	44,423	2010.3	2013.12	100%	43
Nanjing Mingfa Riverside New Town, District II ⁶	明發濱江新城二區	Nanjing, Jiangsu	229,953	400,000	—	—	400,000	350,000	—	—	—	50,000	2007.8	2014.12	100%	40
Ma An Shan Complex ⁶	馬鞍山城市綜合體	Ma An Shan, Anhui	504,810	1,300,000	—	—	1,300,000	1,000,000	300,000	—	—	—	2009.7	2013.12	100%	41
Sub-total			1,342,662	2,989,612	—	—	2,989,612	2,339,776	369,230	38,340	—	242,266			—	—
Total			2,623,918	5,643,483	1,510,029	262,082	3,860,376	2,686,938	626,612	74,085	—	475,371			—	—
Logistics and R&D Centres																
Completed projects held for sale / own use																
Xiamen Mingfa Town	廈門明發城	Xiamen, Fujian	12,879	59,404	42,329	—	17,075	—	—	—	—	17,075	2004.12	2008.1	100%	14
Xiamen Lianfeng Furniture Park	廈門聯豐傢俱城	Xiamen, Fujian	1,555	4,872	—	—	4,872	—	—	—	—	4,872	1994.12	1996.11	100%	10
Sub-total			14,434	64,275	42,329	—	21,947	—	—	—	—	21,947			—	—
Completed projects held for investment																
Xiamen Lianfeng Furniture Park	廈門聯豐傢俱城	Xiamen, Fujian	6,782	21,248	—	—	—	—	—	—	—	21,248	1994.12	1996.11	100%	16
Xiamen Mingfa Technological Park	廈門明發科技園	Xiamen, Fujian	48,977	62,131	—	—	—	—	—	—	—	62,131	2004.4	2008.5	100%	19
Xiamen Mingfa Industrial Park ⁸	廈門明發工業園	Xiamen, Fujian	780	23,503	11,914	—	—	—	—	—	—	11,588	1997.8	2005.4	100.0%	21
Sub-total			56,539	106,882	11,914	—	—	—	—	—	—	94,968			—	—
Projects under development																
Nanjing Mingfa International Industrial Material Park	南京明發國際工業原料城	Nanjing, Jiangsu	351,136	463,298	—	—	463,298	—	—	—	—	463,298	2006.12	2009.12	100%	24
Xiamen Mingfa Group Mansion	廈門明發集團大廈	Xiamen, Fujian	13,186	36,346	—	—	36,346	30,050	—	—	—	6,296	2006.2	2009.12	100%	28
Sub-total			364,322	499,644	—	—	499,644	—	30,050	—	—	469,594			—	—
Projects held for future development																
Xiamen Mingfeng Town ¹	廈門明豐城	Xiamen, Fujian	19,909	103,921	—	—	103,921	—	—	—	—	103,921	2009.11	2013.2	100%	38
Nanjing Mingfa Business Park	南京明發企業總部基地	Nanjing, Jiangsu	547,215	827,762	—	—	827,762	—	—	—	—	827,762	2009.11	2012.12	100%	31-34
Nanjing Mingfa Furniture Centre ⁶	明發傢俱中心	Nanjing, Jiangsu	83,333	53,408	—	—	53,408	10,232	10,484	—	—	32,692	2005.5	2012.12	100%	42
Sub-total			650,458	985,091	—	—	985,091	10,232	10,484	—	—	964,375			—	—
Total			1,085,752	1,655,893	54,243	—	1,506,682	10,232	40,534	—	—	1,550,884			—	—

1 The company has not obtained the Land Use Right Certificate and/or the Property Title Certificate; only a Land Grant Contract has been signed.

2 As at August 31, 2009, a total GFA of 1,650,519 sq.m. was completed. The remaining GFA of 555,367 sq.m. is expected to be completed by December 2009.

3 Portion for sale only

4 Portion for own use only

5 Mingfa Offices

6 MOU projects — please refer to "Business — MOUs and Other Agreements in relation to Land Acquisition"

7 Acquisition of project companies — please refer to "Business — Secondary Market Land Acquisition — Acquisitions of project Companies"

8 Site areas are calculated based on proportion of GFA held for such use

Project Name	Project Chinese Name	Location	Site Area (sq.m)	Total GFA (sq.m)	GFA sold and delivered as at August 31, 2009 (sq.m)	GFA pre-sold as at August 31, 2009 (sq.m)	Total Unsold GFA (sq.m)	Total saleable/leasable unsold GFA (sq.m)				Commencement date	Completion date	Interest attributable to us (%)	Reference to valuation report (Property number)
								Residential	Retail/Office	Hotel	Industrial/Carpark/Others				
Hotel															
Completed projects held for sale/ own use															
Xiamen Mingfa Hotel (16F and 17F) ⁵	廈門明發大酒店 (16F及17F)	Xiamen, Fujian	337	1,516	—	—	1,516	—	1,516	—	—	1996.6	2002.1	100%	9
Quanzhou Mingfa Hotel ⁴	泉州明發大酒店	Quanzhou, Fujian	5,402	13,707	—	—	13,707	—	—	13,707	—	Acquired in 2000	—	100%	13
Sub-total			5,739	15,223	—	—	15,223	—	1,516	13,707	—				
Completed projects held for investment															
Xiamen Mingfa Hotel ^{4,8}	廈門明發大酒店	Xiamen, Fujian	2,426	10,925	—	—	—	—	—	—	—	1996.6	2002.1	100%	15
Sub-total			2,426	10,925	—	—	—	—	—	10,925	—				
Projects held for future development															
Xiamen Mingfa Harbor Resort	廈門明發海灣度假村	Xiamen, Fujian	58,952	161,705	—	—	161,705	—	—	161,705	—	2009.9	2013.3	100%	29
Sub-total			58,952	161,705	—	—	161,705	—	—	161,705	—				
Total			67,117	187,853	—	—	176,928	—	1,516	186,337	—				
Grand Total			5,710,852	12,017,459	1,701,201	354,734	9,623,121	3,343,616	3,724,561	416,698	2,468,284				

- 1 The company has not obtained the Land Use Right Certificate and/or the Property Title Certificate; only a Land Grant Contract has been signed.
- 2 As at August 31, 2009, a total GFA of 1,650,519 sq.m. was completed. The remaining GFA of 535,367 sq.m. is expected to be completed by December 2009.
- 3 Portion for sale only
- 4 Portion for own use only
- 5 Mingfa Offices
- 6 MOU projects — please refer to “Business — MOUs and Other Agreements in relation to Land Acquisition”
- 7 Acquisition of project companies — please refer to “Business — Secondary Market Land Acquisition — Acquisitions of project Companies”
- 8 Site areas are calculated based on proportion of GFA held for such use

The table below sets out the total sales revenues and the relevant average selling prices per sq.m. during the Track Record Period for the following projects. For details, please refer to the section headed “Financial Information — Review of Historical Operating Results” of this prospectus.

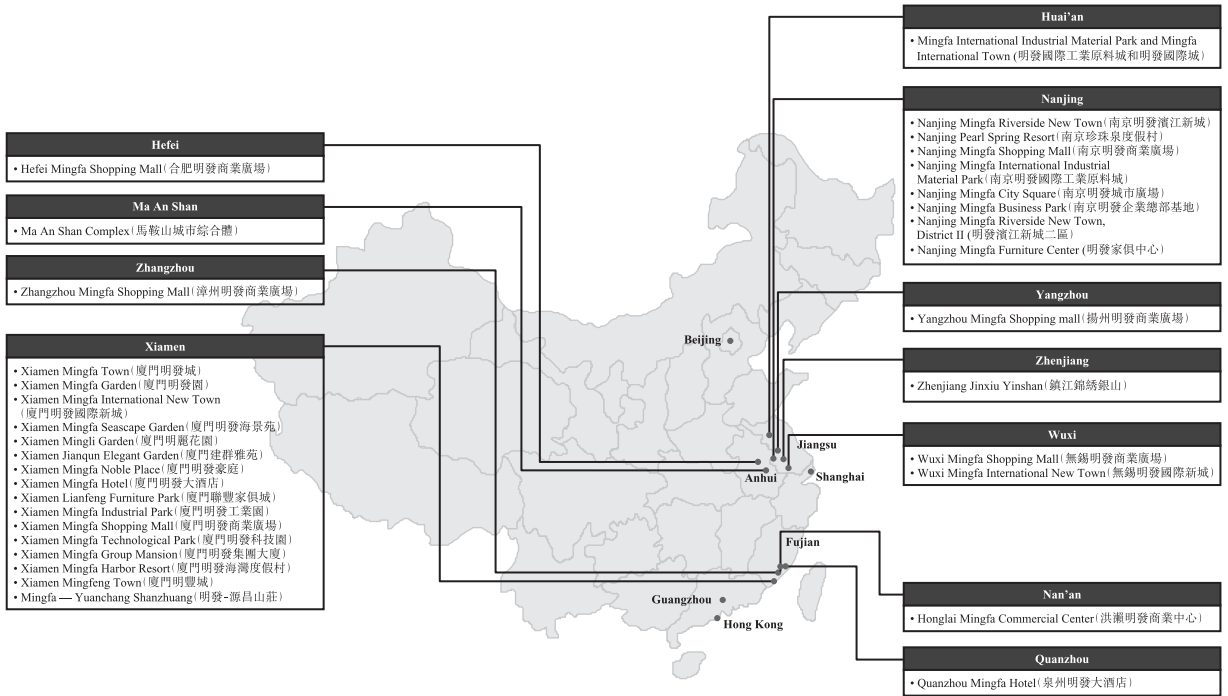
	Year ended December 31, 2006		Year ended December 31, 2007		Year ended December 31, 2008		Six months ended June 30, 2009	
	Revenues	Average selling price	Revenues	Average selling price	Revenues	Average selling price	Revenues	Average selling price
	RMB'000	RMB per sq.m.	RMB'000	RMB per sq.m.	RMB'000	RMB per sq.m.	RMB'000	RMB per sq.m.
Commercial								
Xiamen Mingsfa Shopping Mall (廈門明發商業廣場)	—	—	704,512	29,388	1,251,023	20,753	10,629	21,429
Nanjing Mingfa Riverside New Town (南京明發濱江新城)	19,515	6,833	70,801	6,726	107,864	11,746	11,026	16,098
Subtotal	19,515	6,833	775,313	22,473	1,358,887	19,562	21,655	18,337
Residential								
Nanjing Mingfa Riverside New Town (南京明發濱江新城)	1,190,825	3,148	1,290,928	3,104	544,072	3,904	751,772	4,016
Xiamen Mingsfa Garden (廈門明麗花園)	—	—	—	—	—	—	—	—
Others	43,655	6,237	26,304	6,034	38,533	15,799	84,933	18,476
Subtotal	1,234,480	3,205	1,317,232	3,135	594,151	4,153	837,325	4,362
Total	1,253,995	3,232	2,092,545	4,603	1,953,038	9,189	858,980	4,447

The table below sets out the occupancy rate of completed projects held for investment during the Track Record Period:

	As at December 31,		As at June 30,		Remarks
	2006	2007	2006	2009	
	2006	2007	2008	2009	
Xiamen Mingsfa Shopping Mall (廈門明發商業廣場)	27%	81%	89%	89%	Started leasing in 2007. The remaining unleased portion is held for leasing.
Xiamen Mingsfa Technological Park (廈門明發科技園)	—	—	—	—	Started leasing out in July 2009 to an independent third party (承包協議) who then sub-leases the GFA to other tenants. Occupancy rate as at August 31, 2009 was 84%.
Xiamen Lianfeng Furniture Park (廈門聯豐傢俱城)	46%	42%	32%	30%	Entered into a lease agreement for all the remaining GFA in August 2009 with an independent third party (承包協議) who then sub-lease the GFA to other tenants.
Xiamen Mingsfa Industrial Park (廈門明發工業園)	43%	88%	13%	19%	Entered into a lease agreement for all the remaining GFA in August 2009 with an independent third party (承包協議) who then sub-lease the GFA to other tenants.
Xiamen Mingsfa Hotel (廈門明發大酒店)	—	100%	100%	100%	Started leasing out in 2007. The 100% occupancy rate is due to the leasing of all the leaseable GFA to an independent third party (承包協議) who then sub-leases the GFA to other tenants.
Unit 401, Xiamen Lianfeng Building (廈門市聯豐大廈401室)	—	—	50%	50%	Started leasing out in 2008.
Nanjing Mingfa Riverside New Town: Phase I&II (南京明發濱江新城)	—	—	—	100%	Started leasing out in 2009.

DESCRIPTION OF OUR PROJECTS

The following map indicates the location of our 34 projects in China as at the Latest Practicable Date:



PROJECT LOCATIONS IN XIAMEN



1. Xiamen Mingfa Shopping Mall (廈門明發商業廣場)
2. Xiamen Mingfa Noble Place (廈門明發豪庭)
3. Xiamen Mingfa Town (廈門明發城)
4. Xiamen Mingli Garden (廈門明麗花園)
5. Xiamen Mingfa Industrial Park (廈門明發工業園)
6. Xiamen Lianfeng Furniture Park (廈門聯豐家俱城)
7. Xiamen Mingfa Hotel (廈門明發大酒店)
8. Xiamen Mingfa Garden (廈門明發園)
9. Xiamen Jianqun Elegant Garden (廈門建群雅苑)
10. Xiamen Mingfeng Town (廈門明豐城)
11. Xiamen Mingfa Group Mansion (廈門明發集團大廈)
12. Xiamen Mingfa International New Town (廈門明發國際新城)
13. Xiamen Mingfa Seascape Garden (廈門明發海景苑)
14. Xiamen Mingfa Harbor Resort (廈門明發海灣度假村)
15. Xiamen Mingfa Technological Park (廈門明發科技園)
16. Mingfa — Yuanchang Shanzhuang (明發-源昌山莊)

PROJECT LOCATION IN ZHANGZHOU



PROJECT LOCATION IN QUANZHOU



PROJECT LOCATION IN NAN'AN

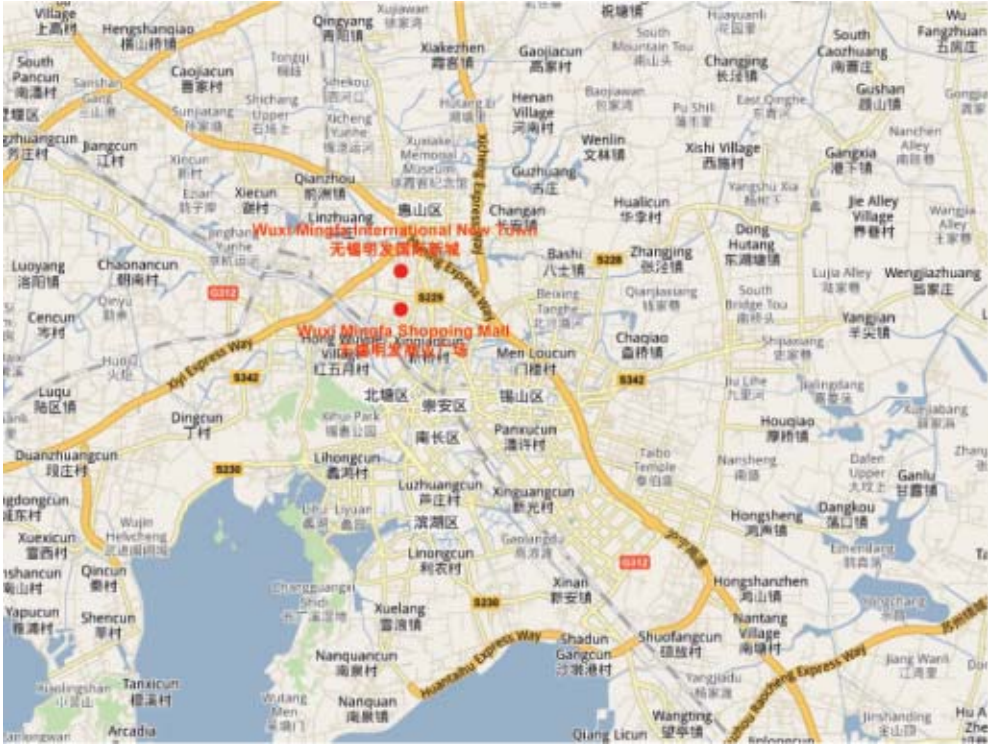


PROJECT LOCATIONS IN NANJING



1. Nanjing Mingfa Riverside New Town (南京明發濱江新城)
2. Nanjing Mingfa City Square (南京明發城市廣場)
3. Nanjing Mingfa Business Park (南京明發企業總部基地)
4. Nanjing Pearl Spring Resort (南京珍珠泉度假村)
5. Nanjing Mingfa Shopping Mall (南京明發商業廣場)
6. Nanjing Mingfa International Industrial Material Park (南京明發國際工業原料城)

PROJECT LOCATIONS IN WUXI



PROJECT LOCATION IN YANGZHOU



PROJECT LOCATION IN HEFEI



The following are descriptions of our projects as at the Latest Practicable Date. The completion dates set out in the descriptions of completed projects refer to the dates on which the completion examination reports were obtained. If the completion examination report has not been obtained, the completion date of the project or project phase represents our best estimate based on our current development plans.

I. COMMERCIAL PROJECTS

Completed projects held for sale/investment

1. Xiamen Mingfa Shopping Mall (廈門明發商業廣場)



Xiamen Mingfa Shopping Mall is located to the northwest of Jiahe Road and Lianqian Road, Siming district, Xiamen, Fujian Province. Xiamen Mingfa Shopping Mall has a total GFA of approximately 406,000 sq.m., making it the largest shopping mall in Xiamen. Xiamen Mingfa Shopping Mall is a large prominent shopping mall in the city centre of Xiamen which provides a one-stop shopping experience for a broad range of shoppers. It includes anchor shops and designated regions within the shopping mall to cater to different tastes, such as international cuisines and life style shopping. The shopping mall comprises international well-known brand names such as Carrefour and B&Q, large department stores such as New World Department Store, supermarkets and a cinema with seven screens. The shopping mall also contains a ferris wheel allowing shoppers to have a bird's-eye view of the shopping mall and the surrounding areas.

Xiamen Mingfa Shopping Mall was awarded the title of “2004 Excellent Commercial Property in China” (2004中國房地產優秀商業地產) by the Committee of China International Real Estate & Architect Fairs (中國住交會組委會), the Main Stream Media Association of China International Real Estate & Fairs (中國住交會主流媒體聯盟) and a “Top 10 Commercial Property Malls in China” (中國十大商業地產) by the Organizing Committee of 2004 China Urban Land Operation Exposition (2004中國城市土地運營博覽會組委會) and China Main Stream Real Estate Media Promotion Association (中國主流媒體房地產宣傳聯盟) in 2004.

Xiamen Mingfa Shopping Mall is a joint development project between Mingfa Group and Baolong, an independent third party. Under the cooperation agreement dated November 8, 2002 (the “**Master Agreement**”), the planning, design and construction of the project will be undertaken jointly by Mingfa Group and Baolong on a 70:30 basis. The corresponding operational rights, including selling and leasing the properties, development costs, expenses, liabilities, profit sharing and other economic benefits will also be shared on a 70:30 basis. As at June 30, 2009, Mingfa Group had distributed approximately RMB382.8 million to Baolong according to the profit sharing arrangement.

We received several requests from Baolong in the past for the settlement of their 30% interests in the remaining completed properties held for sale and investment properties (together, the “**Remaining Properties**” which had a total GFA of 264,063 sq.m., comprising 50,085 sq.m. held for sale and 213,978 sq.m. held for investment as at June 30, 2009). Mingfa Group has not agreed to such requests as it believed that the Master Agreement does not provide either party with any right to allocate the Remaining Properties on a 70:30 basis and only stipulates the sharing of after-tax profit and losses based on such ratio.

Since any preliminary allocation of the Remaining Properties will still be subject to the final determination of all the costs and expenses incurred by the development and operation of the project and such determination will involve the valuation of the Remaining Properties, in order to maintain our cooperative relationship with Baolong, on December 4, 2008, Mingfa Group entered into a further agreement with Baolong (the “**Supplemental Agreement**”) at Baolong’s request to record the results of a random allocation of certain investment properties of the project. The allocation represented an initial step towards the final profit and loss sharing arrangement stipulated in the Master Agreement. The key terms of the Supplemental Agreement are set out below:

- (a) both Mingfa Group and Baolong have agreed on an allocation of certain investment properties in Xiamen Mingfa Shopping Mall;
- (b) because (i) each of the investment properties cannot be individually allocated on a 70:30 basis and (ii) the aggregate fair market value of the investment properties allocated to Mingfa Group and Baolong may not reflect a 70:30 allocation, the allocation may result in either party being allocated properties with an aggregate GFA that is higher (or lower) than the 70:30 basis. The Supplemental Agreement acknowledges the outcome of this allocation;
- (c) because of the possible excess or shortfall in the (i) GFA and (ii) fair market value of the investment properties allocated to Baolong, if the total GFA allocated to Baolong exceeds 30% of the Remaining Properties, Baolong will compensate Mingfa Group at the fixed price of RMB9,500 per sq.m. for each of the excess sq.m. allocated to Baolong. This payment will be made as one lump sum payment when Mingfa Group and Baolong arrange the transfer of legal title of the relevant investment properties. The fixed price of RMB9,500 per sq.m. was determined through arms-length negotiations between Baolong and Mingfa Group, with each party accepting its own risk in relation to market price fluctuations;
- (d) in relation to the investment properties that have been allocated to Baolong, Baolong will not arrange the transfer of the legal titles to the properties for the time being. In the future,

when Baolong decides to arrange for the transfer of such legal titles, Mingfa Group should support the transfer of such legal titles; and

- (e) if there are matters in relation to the asset allocation which are not set out in the Supplemental Agreement, both Mingfa Group and Baolong can sign a further supplemental agreement in accordance with the Master Agreement.

Even though neither the Master Agreement nor the Supplemental Agreement provides for the timing by which the asset allocation must take place, Baolong has, since the signing of the Supplemental Agreement, requested Mingfa Group to implement the allocation of certain investment properties on an expedited basis. Mingfa Group has not agreed to implement the allocation on an expedited basis for the following reasons:

- (i) the Supplemental Agreement does not require the allocation to take place unless and until the parties have completed a final overall determination and settlement of the profit derived from or losses and expenses incurred by the Xiamen Mingfa Shopping Mall project; and
- (ii) there is no specific timeline agreed upon between the parties on when the asset allocation must be implemented. The Supplemental Agreement also expressly provides that Baolong will not proceed to effect title registration of its allocated investment properties for the time being.

Our PRC legal counsel has advised us that:

- (a) while the Supplemental Agreement is a valid and binding agreement under PRC law, the Supplemental Agreement does not have the effect of superseding or replacing the Master Agreement. The Supplemental Agreement should be read in conjunction with the Master Agreement. The Master Agreement, as modified by the Supplemental Agreement, governs the relationship and the profit and loss sharing arrangement between the parties in connection with the Xiamen Mingfa Shopping Mall project;
- (b) following the signing of the Supplemental Agreement, the profit and loss sharing arrangement between Mingfa Group and Baolong shall continue, pending final determination and settlement of the profit and losses as well as the assets and liabilities of the Xiamen Mingfa Shopping Mall project. Under the profit and loss sharing arrangement, Mingfa Group and Baolong have been, and will continue to be, entitled to the after-tax profit that results from the development and operation of the project on the agreed 70:30 basis. At the same time, Mingfa Group and Baolong have been, and will continue to be subject to, the losses and other risks associated with the development and operation of the project based on the agreed 70:30 basis; and
- (c) there are clear stipulations in the Master Agreement dealing with the project's return and risk allocation between the parties. The Supplemental Agreement does not, however, stipulate the time by which the asset allocation must be carried out. Any asset allocation of the Xiamen Mingfa Shopping Mall could not be implemented until and unless the parties have accounted for and finally determined and settled the profit and losses as well as the assets and liabilities of the Xiamen Mingfa Shopping Mall project.

BUSINESS

As at the Latest Practicable Date, the parties were still in discussion on how the profits and losses for the project should be determined and settled, and as such, had not agreed on the timing by which the asset allocation must be implemented.

Although the Master Agreement sets out clearly the conditions upon which any allocation of Mingfa Group's and Baolong's interests in the Xiamen Mingfa Shopping Mall will be implemented, we cannot assure you that the PRC courts would agree with our interpretation of the Master Agreement and the Supplemental Agreement. Please refer to the section headed "Risk Factors — We may become involved in potential disagreement with Baolong regarding the timing by which the allocation of certain investment properties in Xiamen Mingfa Shopping Mall must be implemented" of this prospectus.

In the past, we experienced certain delays in the delivery of properties in our Xiamen Mingfa Shopping Mall. As a result, we were required to make certain late delivery payments to our customers and may experience further potential claims in relation to such delays. We have made a provision of RMB36.8 million in our financial statements as at June 30, 2009 in relation to our total liabilities (actual and potential). For more details, please refer to the section headed "Business — Legal Proceedings" and Appendix I headed "Accountant's Report — Note 26. Provision for other liabilities and charges" of this prospectus.

We developed Xiamen Mingfa Shopping Mall for both sale and investment purposes⁽¹⁾. Details of the portion of Xiamen Mingfa Shopping Mall held for sale as at August 31, 2009 are as follows:

Completion date	October 2007
Site area (sq.m.)	76,637
Total GFA (sq.m.)	186,614
Total unsold GFA (sq.m.)	49,685
GFA sold and delivered as at August 31, 2009 (sq.m.)	136,929
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	1,208
Total actual/budgeted costs (RMB million)	1,208
Interest attributable to us (%)	70%

Total unsold GFA

	<u>Retail/Office</u>
Total GFA (sq.m.)	49,685

Details of the portion of Xiamen Mingfa Shopping Mall held for investment as at August 31, 2009 are as follows:

Completion date	October 2007
Site area (sq.m.)	90,137
Total GFA (sq.m.)	219,487
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	994
Total actual/budgeted costs (RMB million)	994
Interest attributable to us (%)	70%

	<u>Retail/Office</u>	<u>Hotel</u>	<u>Industrial/ Carpark/ Others</u>
<u>Total leasable GFA</u>			
Total GFA (sq.m.)	151,488	12,785	55,214

Note:

(1) Investment properties refer to the properties held by the Group for leasing.

*Projects under development***2. Hefei Mingfa Shopping Mall (合肥明發商業廣場)**

Hefei Mingfa Shopping Mall is located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang district, Hefei, Anhui Province. The location has easy access to efficient transportation networks and good infrastructure.

Hefei Mingfa Shopping Mall will be a large-scale, integrated commercial, residential, hotel and office complex with a total GFA of approximately 579,000 sq.m. It will comprise anchor retail stores, themed pedestrian-only walkways, restaurants, hotels and cinemas as well as residential properties. The shopping mall, when completed, is expected to become one of the largest integrated shopping malls in Anhui Province. The Group plans to introduce well-known brands as anchor tenants.

Although Hefei Mingfa Shopping Mall is still under construction, the shopping mall has already received various awards including:

- i. “2007-2008 Hefei Leadership Commercial Property” (2007-2008合肥領袖商業地產) by www.hfhouse.com (合肥房地產交易網) and www.ahhouse.com (安徽房地產交易網);
- ii. “Model Electrization-Designed Residential Property” (電氣化家居設計典範樓盤) by the Promotion Centre of Industrialization of Residential Property of Ministry of Construction (建設部住宅產業化促進中心), the Popularization Department of Scientific Technology of China Science Association (中國科協科學技術普及部) and International Copper Association (China) (國際銅業協會 (中國)) in November 2007;
- iii. “Model Project Incorporating Chinese Construction Culture” (中國建築文化典範樓盤) by the Chinese Construction Culture Centre of Ministry of Construction (建設部中國建築文化中心) in August 2007; and
- iv. “Excellent Landmark City Complex in Hefei Real Estate Market” (合肥樓市優秀地標性城市綜合體) by China Main Stream Business Press Real Estate Association (全國主流商報地產聯盟) in April 2008.

BUSINESS

Details of Hefei Mingfa Shopping Mall as at August 31, 2009 are as follows:

Expected completion date	December 2010
Site area (sq.m.)	176,698
Total GFA (sq.m.)	578,610
Total unsold GFA (sq.m.)	540,510
GFA pre-sold as at August 31, 2009 (sq.m.)	38,100
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	617
Total actual/budgeted costs (RMB million)	1,388
Interest attributable to us (%)	100%

<u>Total saleable/leasable unsold GFA</u>	<u>Residential</u>	<u>Retail/Office</u>	<u>Hotel</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	101,128	325,624	34,038	79,719

3. Wuxi Mingfa Shopping Mall (無錫明發商業廣場)



Wuxi Mingfa Shopping Mall is located in Sitou Village and Tangtou Village, Yanqiao town, Huishan district, Wuxi, Jiangsu Province, at the intersection of Wuxi town's Weishan Road and Beihuan Road. The location has easy access to efficient transportation networks.

Wuxi Mingfa Shopping Mall will be a large-scale, integrated commercial, residential and hotel complex with a total GFA of approximately 489,000 sq.m. This project is expected to comprise supermarkets, department stores, cinemas and a number of themed pedestrian-only walkways. We believe that this shopping mall, when completed, will become one of the largest integrated shopping malls and a new commercial landmark centre in Wuxi. The Group plans to introduce internationally well known brands as anchor tenants.

Wuxi Mingfa Shopping Mall is a joint development project among Ming Fat Hong Kong, You Zhaofeng ("Mr. You") and Xu Heshan ("Mr. Xu"). To the best knowledge of our Directors, Mr. You and Mr. Xu are independent parties. Mr. You and Mr. Xu are the two shareholders of Wuxi Jinshida Land Company Limited ("Wuxi Jinshida", subsequently renamed Mingfa Group Real Estate Exploiture (WX)), which holds the operation and development rights with respect to the Wuxi Mingfa Shopping Mall project.

Pursuant to a cooperation agreement dated April 18, 2005, and two supplemental cooperation agreements dated May 10, 2005 and May 29, 2005. Mr. Xu, Ming Fat Hong Kong and Mingfa Group's shareholdings in Wuxi Jinshida (now known as Mingfa Group Real Estate Exploiture (WX)) are 30%, 65% and 5%, respectively.

Details of Wuxi Mingfa Shopping Mall as at August 31, 2009 are as follows:

Expected completion date	December 2010
Site area (sq.m.)	216,643
Total GFA (sq.m.)	489,364
Total unsold GFA (sq.m.)	488,782
GFA pre-sold as at August 31, 2009 (sq.m.)	582
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	622
Total actual/budgeted costs (RMB million)	1,171
Interest attributable to us (%)	70%

<u>Total saleable/leasable unsold GFA</u>	<u>Residential</u>	<u>Retail/Office</u>	<u>Hotel</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	59,650	365,333	34,081	29,718

4. Nanjing Mingfa Shopping Mall (南京明發商業廣場)



Nanjing Mingfa Shopping Mall is located at the intersection of Dingqiang Road and Yulan Road in Yuhuatai district, Nanjing, Jiangsu Province.

Nanjing Mingfa Shopping Mall will be a large-scale integrated commercial, hotel and office complex with a total GFA of approximately 420,000 sq.m. This project is designed to include retail space, office space, hotel space and ancillary facilities. The shopping mall will have convenient access to major transportation such as trains, subway, light-rail trains and other public transportation. The shopping mall is in the vicinity of the Nanjing South Bus Terminal, subway station and Nanjing South Railway Station. The Nanjing South Railway Station is currently under construction and is expected to become a major railway station in China upon its completion.

As a large integrated commercial complex with shopping, entertainment, dining, recreation, hotel and leisure activities under one roof, the shopping mall is expected to attract well-known brands as anchor tenants. We expect that Nanjing Mingfa Shopping Mall will attract a broad range of visitors, from both Nanjing and other areas in Jiangsu Province.

We obtained the relevant pre-sale permits on June 4, 2008 and commenced pre-sale of units in the development in late June, 2008.

Details of Nanjing Mingfa Shopping Mall as at August 31, 2009 are as follows:

Expected completion date	December 2010
Site area (sq.m.)	182,588
Total GFA (sq.m.)	415,779
Total unsold GFA (sq.m.)	361,810
GFA pre-sold as at August 31, 2009 (sq.m.)	53,969
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	904
Total actual/budgeted costs (RMB million)	1,465
Interest attributable to us (%)	100%

<u>Total saleable/leasable unsold GFA</u>	<u>Retail/Office</u>	<u>Hotel</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	273,796	19,672	68,342

5. Yangzhou Mingfa Shopping Mall (揚州明發商業廣場)



Yangzhou Mingfa Shopping Mall is located south of Yunhe Road East and west of Baolin Road, Guangling District, Yangzhou, Jiangsu Province.

Yangzhou Mingfa Shopping Mall will be a large-scale, commercial, residential and hotel complex with a total GFA of approximately 399,000 sq.m. It is conveniently located next to the Great Canal of China, the East Yangzhou Bus Station as well as the Beijing-Shanghai Highway and Ningbo-Nantong Highway. Upon completion, Yangzhou Mingfa Shopping Mall will comprise residential properties and a hotel as well as shopping, entertainment, leisure and dining facilities. There will also be streets dedicated to supermarkets, furniture stores, electronics stores, cinemas and anchor stores. We believe that the property will become one of the largest integrated shopping malls in Yangzhou. The Group plans to introduce well-known brands as anchor tenants. We believe that Yangzhou Mingfa Shopping Mall will attract a broad range of visitors from both Yangzhou and other areas in Jiangsu Province.

Details of Yangzhou Mingfa Shopping Mall as at August 31, 2009 are as follows:

Expected completion date	April 2011
Site area (sq.m.)	145,267
Total GFA (sq.m.)	399,353
Total unsold GFA (sq.m.)	399,353
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	298
Total actual/budgeted costs (RMB million)	1,011
Interest attributable to us (%)	100%

<u>Total saleable/leasable unsold GFA</u>	<u>Residential</u>	<u>Retail/Office</u>	<u>Hotel</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	94,739	225,114	23,131	56,369

Projects held for future development

6. Zhangzhou Mingfa Shopping Mall (漳州明發商業廣場)

Zhangzhou Mingfa Shopping Mall will be located in Long Wen District, east of Long Jiang Road, north of Shui Xian Avenue, west of Liu Hao Road and south of Xin Pu Road, Zhangzhou, Fujian Province.

Zhangzhou Mingfa Shopping Mall is designed as an integrated commercial complex providing residential, retail, office, dining, entertainment and hotel facilities with a total GFA of approximately 690,000 sq.m. It is conveniently located near a transportation hub that provides high speed train services. The Group plans to introduce well-known brands as anchor tenants for the project.

We believe that upon completion, Zhangzhou Mingfa Shopping Mall will become one of the largest commercial complexes in Zhangzhou given its prime location, accessibility and the variety of the facilities available.

Details of Zhangzhou Mingfa Shopping Mall as at August 31, 2009 are as follows:

Expected completion date	May 2013
Site area (sq.m.)	223,589
Total GFA (sq.m.)	688,383
Total unsold GFA (sq.m.)	688,383
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	315
Total actual/budgeted costs (RMB million)	2,506
Interest attributable to us (%)	100%

<u>Total saleable/leasable unsold GFA</u>	<u>Residential</u>	<u>Hotel</u>	<u>Retail/Office</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	165,336	32,570	394,830	95,647

7. Nanjing Mingfa City Square (南京明發城市廣場)

Nanjing Mingfa City Square will be located on Dingshan Road, the core area of the Pukou district, Nanjing, Jiangsu Province.

Nanjing Mingfa City Square is expected to be a large-scale, commercial, residential and office complex, covering an area of approximately 130,000 sq.m. We believe the Dingshan area will be developed into an administrative centre by the District Government in the future. This project is adjacent to the Laoshan Forest Park and the Pearl Spring Resort, and is also close to the entrance of Weisan Road Tunnel, a tunnel under construction connecting to the city of Nanjing. With convenient transportation and comprehensive ancillary facilities, we believe this project will become a prominent development when completed.

Details of Nanjing Mingfa City Square as at August 31, 2009 are as follows:

Expected completion date	September 2011		
Site area (sq.m.)	128,683		
Total GFA (sq.m.)	291,915		
Total unsold GFA (sq.m.)	291,915		
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	280		
Total actual/budgeted costs (RMB million)	881		
Interest attributable to us (%)	100%		
<u>Total saleable/leasable unsold GFA</u>	<u>Residential</u>	<u>Retail/ Office</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	164,792	71,473	55,650

8. Honglai Mingfa Commercial Centre (洪瀨明發商業中心)



Honglai Mingfa Commercial Centre will be located east of Honglai town, Nan'an, Fujian Province.

Honglai Mingfa Commercial Centre is expected to be an integrated high-end commercial and residential complex located in a prime location of the central business district with convenient access to public transportation. This project is designed and positioned to meet the modern needs and demands of the business community in terms of scale, style, construction, management operations and layout. We believe that, upon completion, this project will attract well-known international retailers to open up their shops in this development.

Details of Honglai Mingfa Commercial Centre as at August 31, 2009 are as follows:

Expected completion date	December 2011
Site area (sq.m.)	27,065
Total GFA (sq.m.)	77,153
Total unsold GFA (sq.m.)	77,153
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	7
Total actual/budgeted costs (RMB million)	170
Interest attributable to us (%)	100%

<u>Total saleable/leasable unsold GFA</u>	<u>Residential</u>	<u>Retail/Office</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	60,801	14,982	1,370

II. RESIDENTIAL

Completed projects held for sale / investment / own use

9. Nanjing Mingfa Riverside New Town (南京明發濱江新城)



Nanjing Mingfa Riverside New Town is located in Taishan village, Pukou district, Nanjing, Jiangsu Province. It is situated next to a national and three provincial new development zones, is within 20 minutes of downtown Nanjing and forms part of the Yangtze River's "Golden Bund" (金外灘).

Nanjing Mingfa Riverside New Town is one of our most significant residential property projects. It is a large-scale, integrated residential property project with a river-front avenue extending approximately 2.4 kilometers along the Yangtze River and complemented by comprehensive public ancillary facilities. This project has a total GFA of approximately 2.2 million sq.m. and comprises over 200 commercial and residential buildings, including 189 high-rise residential buildings, as well as shopping malls and commercial spaces. Ancillary facilities at this project include kindergartens, schools and a multi-functional clubhouse.

Phase I comprises 63 high-rise residential buildings ranging between 10 to 18 storeys, as well as ancillary facilities including two kindergartens, one primary school and one clubhouse. Phase II comprises 72 high-rise residential buildings ranging between 10 to 26 storeys. Phase III comprises 54 high-rise residential buildings ranging between 9 to 34 storeys.

Nanjing Mingfa Riverside New Town was selected as one of the "2006 Top 10 Best-Selling Projects" (2006十大暢銷樓盤) by Nanjing Daily (南京日報), and awarded the "2006 Golden Flat Type" (2006金牌戶型) by Xiandai Express (現代快報) and "Riverside Landmark Project" (濱江地標樓盤) jointly

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by Nanjing Broadcasting and Television Group (南京廣播電集團), Nanjing Broadcasting and Television (南京廣播電視報) and the United Media of Nanjing Broadcasting and Television (南京廣播電聯合媒體) in 2008.

Details of Nanjing Mingfa Riverside New Town held for sale as at August 31, 2009 are as follows:

Expected completion date	November 2009
Site area (sq.m.)	808,610
Total GFA (sq.m.) ⁽¹⁾	1,650,519
Total unsold GFA (sq.m.)	450,050
GFA sold and delivered as at August 31, 2009 (sq.m.)	1,200,469
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	3,575
Total actual/budgeted costs (RMB million)	3,575
Interest attributable to us (%)	100%

<u>Total saleable/leasable unsold GFA</u>	<u>Residential</u>	<u>Retail/Office</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	189,499	148,347	112,204

Note:

(1) Please note that this area does not include 2,631 sq.m. held for investment.

Details of Nanjing Mingfa Riverside New Town under development as at August 31, 2009 are as follows:

Completion date	November 2009
Site area (sq.m.)	262,283
Total GFA (sq.m.)	535,367
Total unsold GFA (sq.m.)	273,284
GFA pre-sold as at August 31, 2009 (sq.m.)	262,082
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	1,114
Total actual/budgeted costs (RMB million)	3,815
Interest attributable to us (%)	100%

<u>Total saleable/leasable unsold GFA</u>	<u>Residential</u>	<u>Retail/Office</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	122,929	46,380	103,975

10. Nanjing Pearl Spring Resort (南京珍珠泉度假村)

Nanjing Pearl Spring Resort is located in the Pearl Spring resort zone within the Jiangsu Province provincial resort zone, which is situated north of Puhe Highway Road, Dingshan town, Pukou district, Nanjing, Jiangsu Province.

Nanjing Pearl Spring Resort comprises 53 resort townhouse units held for sale and five hotel buildings that we retain for our own use. Located at the national level Forest Park, which is at the intersection of the Laoshan forest park and the Pearl Spring scenic zone, Nanjing Pearl Spring Resort overlooks numerous scenic spots. The well-equipped development is designed to cater for business meetings and holidays.

We entered into a management agreement with Nanjing Xuanwu Hotel Co., Ltd. on February 28, 2006 to manage and operate our resort for a term of three years commencing on January 1, 2007. Under this agreement, Nanjing Xuanwu Hotel Co., Ltd. is responsible for the day-to-day management and operations, but we have the right to appoint one or two representative(s) to monitor the financial operations of the resort. Others matters such as operational plan, budget, management structure, staff remuneration and welfare are reported to us on a regular basis. If Nanjing Xuanwu Hotel Co., Ltd. fails to meet specific annual revenue targets or commits a material breach of laws and regulations, we are entitled to unconditionally terminate the management agreement. Under the agreement, Nanjing Xuanwu Hotel Co., Ltd. is entitled to receive a management fee of RMB42,000 per month if the annual revenue targets are met. If Nanjing Xuanwu Hotel Co., Ltd. manages to maintain a high occupancy rate for the resort and generates revenue exceeding the pre-set

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annual revenue targets, it is entitled to a bonus of 3% of the portion exceeding the pre-set target. If, however, Nanjing Xuanwu Hotel Co., Ltd. fails to generate sufficient revenue to meet the annual target, a proportional deduction of their annual management fee will be made.

Details of Nanjing Pearl Spring Resort as at August 31, 2009 are as follows:

Completion date	December 2008	
Site area (sq.m.)	112,973	
Total GFA (sq.m.)	66,372	
Total unsold GFA (sq.m.)	66,372	
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	204	
Total actual/budgeted costs (RMB million)	204	
Interest attributable to us (%)	100%	
<u>Total saleable/leasable unsold GFA</u>	<u>Residential</u>	<u>Hotel</u>
Total GFA (sq.m.)	30,627	35,745

11. Xiamen Mingfa International New Town (廈門明發國際新城)



Xiamen Mingfa International New Town is located along south of Lianqian Road, the centre of Xiamen's downtown area, Qianpu, Siming district, Xiamen, Fujian Province.

Xiamen Mingfa International New Town is one of the earliest modern and self-equipped complexes in this region, comprising 18 commercial and residential buildings, with retail shops and comprehensive ancillary facilities.

Xiamen Mingfa International New Town is located only steps away from the Xiamen Huandao Road and is near to the Xiamen International Convention and Exhibition Centre. The project is adjacent to a large park with panoramic sea views for some of its units.

Details of Xiamen Mingfa International New Town as at August 31, 2009 are as follows:

Completion date	February 2002
Site area (sq.m.)	26,016
Total GFA (sq.m.)	114,313
Total unsold GFA (sq.m.)	24,796
GFA sold and delivered as at August 31, 2009 (sq.m.)	89,517
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	367
Total actual/budgeted costs (RMB million)	367
Interest attributable to us (%)	100%

<u>Total saleable/leasable unsold GFA</u>	<u>Retail/Office</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	20,648	4,148

12. Xiamen Mingfa Seascape Garden (廈門明發海景苑)



Xiamen Mingfa Seascape Garden is located at Qian Punan Er Road, Xiamen, Siming district, Xiamen, Fujian Province.

Xiamen Mingfa Seascape Garden is an integrated residential, office and retail complex comprising seven high-rise buildings, clubhouse facilities, a shopping mall, seaview residential units and offices. This project is situated adjacent to Xiamen Huandao Road, facing Jinmen Island of Taiwan.

In 2003, Xiamen Mingfa Seascape Garden was awarded the title “Healthy Residential Community” (健康住區) by the China Real Estate Association (中國房地產協會) and *China Real Estate Business* (中國房地產報社).

Details of Xiamen Mingfa Seascape Garden as at August 31, 2009 are as follows:

Completion date	December 2004
Site area (sq.m.)	18,247
Total GFA (sq.m.)	107,789
GFA sold and delivered as at August 31, 2009 (sq.m.)	80,876
Total unsold GFA (sq.m.)	19,865
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	388
Total actual/budgeted costs (RMB million)	388
Interest attributable to us (%)	100%

<u>Total saleable/leasable unsold GFA</u>	<u>Residential</u>	<u>Retail/Office</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	498	18,802	565

13. Xiamen Mingfa Garden (廈門明發園)



Xiamen Mingfa Garden is located at the centre of Xiamen's downtown area, along Lvling Road, Siming district, Xiamen, Fujian Province.

Xiamen Mingfa Garden is an integrated commercial and residential complex comprising four 11-storey buildings, with the lower levels designated for retail use and the upper levels for residential use. Located along Xiamen Huandao Road, this project is in close proximity to various public buildings, including the Xiamen International Convention and Exhibition Centre, the Xiamen Opera House, the Xiamen Guanyin Shan International Business Operations Centre and Xiangshan International Yacht Pier.

Details of Xiamen Mingfa Garden as at August 31, 2009 are as follows:

Completion date	April 2005
Site area (sq.m.)	18,697
Total GFA (sq.m.)	80,199
GFA sold and delivered as at August 31, 2009 (sq.m.)	60,568
Total unsold GFA (sq.m.)	18,652
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	185
Total actual/budgeted costs (RMB million)	185
Interest attributable to us (%)	100%

<u>Total saleable/leasable unsold GFA</u>	<u>Retail/Office</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	14,673	3,979

14. Xiamen Mingfa Noble Place (廈門明發豪庭)



Xiamen Mingfa Noble Place is located on Taiwan Street, the centre of Xiamen Huli Commercial District of Fujian Province, which is a key area under the municipal planning of Xiamen local government.

Xiamen Mingfa Noble Place is an integrated commercial and residential complex where the lower levels comprise retail shops, and the higher levels comprise residential units. This project is conveniently located in the Jiang Tou business district in Xiamen city, opposite the Shuijn Park, which allows for easy access to the local transportation system and various ancillary facilities. We believe this project enhances the Mingfa brand awareness in this area.

Details of Xiamen Mingfa Noble Place as at August 31, 2009 are as follows:

Completion date	December 2004
Site area (sq.m.)	5,529
Total GFA (sq.m.)	45,030
GFA sold and delivered as at August 31, 2009 (sq.m.)	39,318
Total unsold GFA (sq.m.)	5,556
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	164
Total actual/budgeted costs (RMB million)	164
Interest attributable to us (%)	100%

<u>Total saleable/leasable unsold GFA</u>	<u>Retail/Office</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	1,315	4,241

15. Xiamen Jianqun Elegant Garden (廈門建群雅苑)



Xiamen Jianqun Elegant Garden is located north of Lianqian Road East, Qianpu, Siming district, Xiamen, Fujian Province.

Xiamen Jianqun Elegant Garden is an integrated residential and office complex, comprising low-rise buildings with 11 stories. This project is conveniently located with easy access to the local transportation system and sports facilities. It is situated along Xiamen Huandao Road, and in close proximity to the Xiamen International Convention and Exhibition Centre, the Xiamen Opera House, the Xiamen Guanyin Shan International Business Operations Centre and Xiangshan International Yacht Pier.

Details of Xiamen Jianqun Elegant Garden as at August 31, 2009 are as follows:

Completion date	April 2005
Site area (sq.m.)	10,257
Total GFA (sq.m.)	40,136
GFA sold and delivered as at August 31, 2009 (sq.m.)	31,602
Total unsold GFA (sq.m.)	8,534
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	125
Total actual/budgeted costs (RMB million)	125
Interest attributable to us (%)	100%

<u>Total saleable/leasable unsold GFA</u>	<u>Retail/Office</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	4,274	4,262

16. Xiamen Mingli Garden (廈門明麗花園)



Xiamen Mingli Garden is located in Qianpu Kecuo, Siming district, Xiamen, Fujian Province.

Xiamen Mingli Garden is a development consisting of European resort-style houses, including 30 houses and a multi-functional club house. All houses are built along the natural landscape, enjoying both panoramic ocean and mountain views. Each house covers an approximate area of 320 to 420 sq.m.

Details of Xiamen Mingli Garden as at August 31, 2009 are as follows:

Completion date	January 2008
Site area (sq.m.)	17,356
Total GFA (sq.m.)	11,516
GFA sold and delivered as at August 31, 2009 (sq.m.)	7,724
Total unsold GFA (sq.m.)	3,609
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	54
Total actual/budgeted costs (RMB million)	54
Interest attributable to us (%)	100%
<u>Total saleable/leasable unsold GFA</u>	<u>Residential</u>
Total GFA (sq.m.)	3,609

Projects held for future development

17. Wuxi Mingfa International New Town (無錫明發國際新城)

Wuxi Mingfa International New Town will be located south of Yanqiao town, Huishan district, Wuxi, Jiangsu Province.

Wuxi Mingfa International New Town comprises two parcels of land and is expected to be an integrated residential complex comprising high-rise apartments, buildings and townhouse units. This project is situated in the central business district of Wuxi and enjoys convenient access to several highways connecting to a number of neighboring cities, including Zhenjiang and Nanjing and a range of residential and public ancillary facilities.

Details of Wuxi Mingfa International New Town as at August 31, 2009 are as follows:

Expected completion date	September 2012		
Site area (sq.m.)	258,297		
Total GFA (sq.m.)	549,561		
Total unsold GFA (sq.m.)	549,561		
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	340		
Total actual/budgeted costs (RMB million)	1,298		
Interest attributable to us (%)	100%		
<u>Total saleable/leasable unsold GFA</u>	<u>Residential</u>	<u>Retail/Office</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	440,008	14,230	95,323

18. Zhenjiang Jinxiu Yinshan (鎮江錦繡銀山)

Zhenjiang Jinxiu Yinshan is located in the centre of Zhenjiang City, Jiangsu Province, near the New Administration Centre of Zhenjiang and adjacent to the local government's new administrative centre.

Zhenjiang Jinxiu Yinshan is expected to be an integrated commercial, residential and hotel complex comprising residential buildings, townhouse units, hotels and other ancillary facilities, complemented by retail shops, restaurants and themed pedestrian-only walkways. This project is adjacent to Yinshan Park, local sports facilities, commercial streets and other large residential districts nearby.

Details of Zhenjiang Jinxiu Yinshan as at August 31, 2009 are as follows:

Expected completion date	December 2012
Site area (sq.m.)	296,702
Total GFA (sq.m.)	404,678
Total unsold GFA (sq.m.)	404,678
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	162
Total actual/budgeted costs (RMB million)	931
Interest attributable to us (%)	100%

<u>Total saleable/leasable unsold GFA</u>	<u>Residential</u>	<u>Retail/Office</u>	<u>Hotel</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	258,818	55,000	38,340	52,520

III. Logistics and R&D Centres

Completed projects held for sale / investment / own use

19. Xiamen Mingfa Town (廈門明發城)



Xiamen Mingfa Town is located at Lvling Road, Siming Industrial Park, Siming district, Xiamen, Fujian Province. This project is located adjacent to the Lvling residential district.

The project comprises four low-rise buildings. Located along Xiamen Huandao Road, this project is in close proximity to the Xiamen International Convention and Exhibition Centre, the Xiamen Opera House, the Xiamen Guanyin Shan International Business Operations Centre and Xiangshan International Yacht Pier.

As at the Latest Practicable Date, we had entered into over 300 “Transfer of Right to Use Properties Contracts” providing long-term occupancy and usage rights to purchasers of the Xiamen Mingfa Town which is located on a site approved for industrial use. For further information, please refer to the section headed “Business — Legal and Compliance Matters — Usage Right Transfer Arrangements” of this prospectus.

Details of Xiamen Mingfa Town as at August 31, 2009 are as follows:

Completion date	January 2008
Site area (sq.m.)	12,879
Total GFA (sq.m.)	59,404
Total unsold GFA (sq.m.)	17,066
GFA sold and delivered as at August 31, 2009 (sq.m.)	42,287
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	118
Total actual/budgeted costs (RMB million)	118
Interest attributable to us (%)	100%
	Industrial/ Carpark/ Others
Total saleable/leasable unsold GFA	
Total GFA (sq.m.)	17,066

20. Xiamen Lianfeng Furniture Park (廈門聯豐家俱城)



Xiamen Lianfeng Furniture Park is located on Honglian Road, Siming district, Xiamen, Fujian Province. It is located on a site approved for industrial use.

Xiamen Lianfeng Furniture Park comprises six blocks of five-storey buildings, and can be used for research and development, exhibition and office purposes. Xiamen Lianfeng Furniture Park is in close proximity to the Xiamen International Convention and Exhibition Centre, the Xiamen Opera House, the Xiamen Guanyin Shan International Business Operations Centre and Xiangshan International Yacht Pier with convenient access to the expressway.

Details of the portion of Xiamen Lianfeng Furniture Park held for own use as at August 31, 2009 are as follows:

Completion date	November 1996
Site area (sq.m.)	1,555
Total GFA (sq.m.)	4,872
Total unsold GFA (sq.m.)	4,872
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	8
Total actual/budgeted costs (RMB million)	8

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Details of the portion of Xiamen Lianfeng Furniture Park held for investment as at August 31, 2009 are as follows:

Completion date	November 1996
Site area (sq.m.)	6,782
Total GFA (sq.m.)	21,248
Cost incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	23
Total actual/budgeted costs (RMB million)	23
Interest attributable to us (%)	100%
Total saleable/leasable unsold GFA	
Total GFA (sq.m.)	21,248

Completed properties held for investment

21. Xiamen Mingfa Technological Park (廈門明發科技園)



Xiamen Mingfa Technological Park is located in Kaiyuan Xing'an Industrial Park, Tong'an district, Xiamen, Fujian Province. It is located on a site approved for industrial use.

Xiamen Mingfa Technological Park is an integrated industrial and office complex comprising three industrial buildings and a nine-storey office building. The property is located across from Dongnan Logistics Zone, with easy access to transportation networks. It is used for exhibition, R&D and office purposes.

Details of Xiamen Mingfa Technological Park as at August 31, 2009 are as follows:

Completion date	May 2008
Site area (sq.m.)	48,977
Total GFA (sq.m.)	62,131
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	66
Total actual/budgeted costs (RMB million)	66
Interest attributable to us (%)	100%

Total saleable/leasable unsold GFA

	Industrial/ Carpark/ Others
Total GFA (sq.m.)	<u>62,131</u>

22. Xiamen Mingfa Industrial Park (廈門明發工業園)



Xiamen Mingfa Industrial Park is located at No.2 Honglian Road West, Siming District, Xiamen, Fujian Province. It is located on a site which is made up of a portion approved for residential and commercial use, and another portion approved for industrial use.

Xiamen Mingfa Industrial Park is an industrial and commercial complex meeting national standards for integrated industrial parks, and is used for manufacturing, exhibition and research and development purposes. It enjoys convenient access to transportation networks and is in close proximity to the Xiamen International Convention and Exhibition Centre, the Xiamen Opera House, the Xiamen Guanyin Shan International Business Operations Centre and Xiangshan International Yacht Pier.

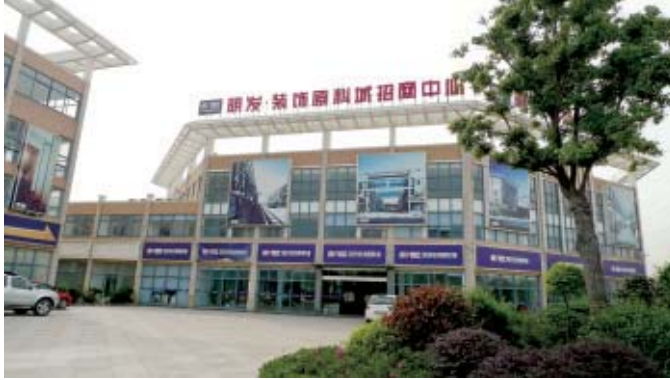
Details of Xiamen Mingfa Industrial Park held for investment as at August 31, 2009 are as follows:

Completion date	April 2005
Site area (sq.m.)	780
Total GFA (sq.m.)	23,503
Total unsold GFA (sq.m.)	11,588
Costs incurred (including development costs, land acquisition units and capitalized borrowing costs) (RMB million)	10
Total actual/budgeted costs (RMB million)	10
Interest attributable to us (%)	100%

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Details of Xiamen Mingfa Industrial Park held for sale as at August 31, 2009 are as follows:

Completion date		April 2005
Site area		89
Total GFA (sq.m.)		1,327
Total unsold GFA (sq.m.)		1,327
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)		25
Total actual/budgeted costs (RMB million)		25
Interest attributable to us (%)		100%
<u>Total saleable/leasable unsold GFA</u>	<u>Retail/Office</u>	<u>Industrial/ Carpark/ Others</u>
Total GFA (sq.m.)	1,327	11,588

*Projects under development***23. Nanjing Mingfa International Industrial Material Park (南京明發國際工業原料城)**

Nanjing Mingfa International Industrial Material Park is located in Yuhua Economic Development Zone, an economic development zone in Nanjing, Jiangsu Province. It is located on a site approved for industrial use.

Nanjing Mingfa International Industrial Material Park is a large-scale, integrated industrial complex with a total GFA of approximately 464,000 sq.m. The property has an exhibition area of approximately 340,000 sq.m. which is complemented by offices, management and other ancillary facilities. When the property is completed, we will occupy and use the park in compliance with the land use rights granted to us and the relevant PRC laws and regulations.

The property is one of the largest industrial raw materials trading centres in the Greater Yangtze River Delta and Southeast China, serving industries such as construction, metals, chemicals, leather, textiles and electronics. In line with the regional and national trends of the industrial raw materials market, and maintaining high standards in exhibition, logistics and communications, this project is expected to become a multi-functional and large-scale platform for industrial raw material trading.

BUSINESS

Details of Nanjing Mingfa International Industrial Material Park as at August 31, 2009 are as follows:

Expected completion date		December 2009
Site area (sq.m.)		351,136
Total GFA (sq.m.)		463,298
Total unsold GFA (sq.m.)		463,298
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)		437
Total actual/budgeted costs (RMB million)		475
Interest attributable to us (%)		100%
		Industrial/ Carpark/ Others
<u>Total saleable/leasable unsold GFA</u>		<u>463,298</u>
Total GFA (sq.m.)		463,298

24. Xiamen Mingfa Group Mansion (廈門明發集團大廈)

Xiamen Mingfa Group Mansion will be located in Qianpu Industrial Park, Xiamen, Fujian Province.

Xiamen Mingfa Group Mansion is an integrated office complex comprising offices and exhibition centres. The modern development offers sea-view office units targeting small and medium-sized businesses. The project is located in a coastal commercial area with excellent transportation facilities and within close proximity to the Xiamen International Convention and Exhibition Centre.

Details of Xiamen Mingfa Group Mansion as at August 31, 2009 are as follows:

Expected completion date	December 2009	
Site area (sq.m.)	13,186	
Total GFA (sq.m.)	36,346	
Total unsold GFA (sq.m.)	36,346	
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	41	
Total actual/budgeted costs (RMB million)	72	
Interest attributable to us (%)	100%	
		Industrial/ Carpark/ Others
<u>Total saleable/leasable unsold GFA</u>	<u>Retail/Office</u>	
Total GFA (sq.m.)	30,050	6,296

Projects for future development

25. Xiamen Mingfeng Town (廈門明豐城)

Xiamen Mingfeng Town is located in Lingdou, Siming District, Xiamen, Fujian Province.

Xiamen Mingfeng Town is expected to be an integrated complex comprising office, manufacturing and R&D premises, and is one of the high-tech establishments that receives local government support in Xiamen. Situated in the Xiamen Software Park, Xiamen Mingfeng Town offers seaview offices targeting companies in the high-tech sector, and is expected to become a high quality modern research centre. The project is expected to be developed into a high-end R&D centre in close proximity to the Xiamen International Convention and Exhibition Centre, the Xiamen Opera House, the Xiamen Guanyin Shan International Business Operations Centre and the Xiangshan International Yacht Pier.

Details of Xiamen Mingfeng Town as at August 31, 2009 are as follows:

Expected completion date	February 2013
Site area (sq.m.)	19,909
Total GFA (sq.m.)	103,921
Total unsold GFA (sq.m.)	103,921
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	51
Total actual/budgeted costs (RMB million)	274
Interest attributable to us (%)	100%
	Industrial/ Carpark/ Others
<u>Total saleable/leasable unsold GFA</u>	
Total GFA (sq.m.)	103,921

26. Nanjing Mingfa Business Park (南京明發企業總部基地)

Nanjing Mingfa Business Park is located in Nanjing High-Tech Development Zone, Pukou District, Nanjing, Jiangsu Province. It is located on a site approved for industrial use.

This project is intended to integrate technology development, business headquarters and product exhibition centres, and expects to target middle-to-large-scale, domestic and international businesses. We intend to give our customers the naming rights to their buildings, which represents a branding opportunity to our customers. In addition, the buildings within the project can be customized to meet the specific design and layout needs of our customers. Support facilities including reception services and business support also provide networking opportunities for our customers. When the property is completed, we will occupy and use the park in compliance with the land use rights granted to us and the relevant PRC laws and regulations.

This project is planned to comprise approximately 280 office buildings, exhibition facilities and other facilities with an aggregate GFA of approximately 830,000 sq.m. The Group plans to introduce a centralized and modern system for management, construction and operations in order to attract local and international research centres, operations centres, procurement centres and headquarters.

Details of Nanjing Mingfa Business Park as at August 31, 2009 are as follows:

Expected completion date	December 2012
Site area (sq.m.)	547,215
Total GFA (sq.m.)	827,762
Total unsold GFA (sq.m.)	827,762
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	87
Total actual/budgeted costs (RMB million)	1,501
Interest attributable to us (%)	100%
	Industrial/ Carpark/ Others
<u>Total saleable/leasable unsold GFA</u>	
Total GFA (sq.m.)	827,762

IV. HOTEL

Completed projects held for own use

27. Quanzhou Mingfa Hotel (泉州明發大酒店)



Quanzhou Mingfa Hotel is a three-star hotel located at No. 1 Nan Huan Road, Huoju village, Jiangnan town, Licheng district, Quanzhou, Fujian Province.

Quanzhou Mingfa Hotel is a 17-storey hotel, comprising 169 executive suites, seaview suites, business suites and standard rooms, complemented by restaurants, shops and entertainment facilities. The hotel is conveniently located at the intersection of Xiamen, Quanzhou city centre, Jin Jiang, Shi Shi and Nan'an, and is approximately eight kilometers from the Quanzhou Pujiang Airport. It is adjacent to the Quanzhou Convention Centre and Business Centre, enjoying access to convenient transportation.

Quanzhou Mingfa Hotel is currently managed by Mingfa Hotel (QZ).

On November 15, 2004, we entered into an equity transfer agreement at an arms-length basis to sell 34% of our equity interest in Mingfa Hotel (QZ) to a third party buyer at a consideration of RMB10,000,000, which was based on the capital contribution for which we were responsible for. Such consideration was paid in full. The equity transfer was neither executed nor registered with the relevant government authorities, as the parties entered into further negotiations to take into account the better than expected operational results and financial performance of the project and the improvements in the market outlook and conditions.

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On January 18, 2008, the parties entered into a “cancellation agreement” for the return of the RMB10,000,000 that had been paid. The parties also agreed that an additional consideration amounting to RMB20,000,000 be paid to the buyer to reflect the increased value of the equity interest in Mingfa Hotel (QZ) had the transfer been completed on the date of the cancellation agreement.

The parties subsequently entered into extensive negotiations and on August 29, 2009, they entered into a “compensation cancellation agreement”, pursuant to which the consideration was re-adjusted to reflect the change in value of the equity interest in Mingfa Hotel (QZ) and the general market slowdown subsequent to January 18, 2008 when the cancellation agreement was entered into. As the parties have performed all obligations under the equity transfer agreement, as amended by the cancellation agreement and the compensation cancellation agreement, our Group ceases to have any liabilities or outstanding obligations owed to the buyer.

To the best knowledge of our Directors, the buyer is independent of our Group, our Directors, our Controlling Shareholders, members of our senior management and their respective associates, whether past or present.

For details on the accounting treatment of the abovementioned amounts, please refer to Appendix I headed “Accountant’s Report — Note 28(c)” of this prospectus.

Details of Quanzhou Mingfa Hotel as at August 31, 2009 are as follows:

Initial acquisition date	May 2000
Site area (sq.m.)	5,402
Total GFA (sq.m.)	13,707
Total unsold GFA (sq.m.)	13,707
Acquisition cost (RMB million)	30
Interest attributable to us (%)	100%
<u>Total saleable/leasable unsold GFA</u>	<u>Hotel</u>
Total GFA (sq.m.)	13,707

Completed projects held for investment/own use

28. Xiamen Mingfa Hotel (廈門明發大酒店)



Xiamen Mingfa Hotel is a three-star hotel located at No. 413 Lianqian East Road, Xiamen, Fujian Province. It is conveniently located approximately ten minutes away from the Xiamen Gaoqi International Airport by car and approximately three kilometers from the Xiamen Railway Station, and close to the Xiamen International Convention and Exhibition Centre. The property comprises a total of 120 guest rooms, complemented by dining, shopping, entertainment and business facilities.

On December 25, 2006, Mingfa Hotel (XM) and Meiyuan Kuaijie (Xiamen) Hotel Management Company Limited (“**Meiyuan Kuaijie**”) entered into a master lease agreement pursuant to which Mingfa Hotel (XM) agreed to lease Xiamen Mingfa Hotel to Meiyuan Kuaijie for a term of 10 years, commencing on January 15, 2007 and ending on January 14, 2017. Under the master lease agreement, Meiyuan Kuaijie can extend the contract term by giving Mingfa Hotel (XM) three months’ written notice prior to the expiration of the agreement. Pursuant to the master lease agreement, Meiyuan Kuaijie is required to pay a fixed annual payment of RMB4 million to Mingfa Hotel (XM). During the contract term, Meiyuan Kuaijie has the exclusive rights to operate and make profit from Xiameng Mingfa Hotel.

BUSINESS

Details of the portion of Xiamen Mingfa Hotel held for investment as at August 31, 2009 are as follows:

Completion date	January 2002
Site area (sq.m.)	2,426
Total GFA (sq.m.)	10,925
Costs incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	41
Total actual/budgeted costs (RMB million)	41
Interest attributable to us (%)	100%

Details of the portion of Xiamen Mingfa Hotel held for own use⁽¹⁾ as at August 31, 2009 are as follows:

Completion date	January 2002
Site area (sq.m.)	337
Total GFA (sq.m.)	1,516
Total unsold GFA (sq.m.)	1,516
Cost incurred (including development costs, land acquisition costs and capitalized borrowing costs) (RMB million)	5
Total actual/budgeted costs (RMB million)	5

<u>Total saleable/leasable unsold GFA</u>	<u>Retail/Office</u>	<u>Hotel</u>
Total GFA (sq.m.)	1,516	10,925

Note:

(1) The 16F and 17F are used as Mingfa offices.

Projects for future development

29. Xiamen Mingfa Harbor Resort (廈門明發海灣度假村)

Xiamen Mingfa Harbor Resort is located south of Wu Yuan Wan Bridge, west of Huan Wan Road, and along the seaview strip of Huli district, Xiamen, Fujian Province.

The resort is expected to comprise a high-end hotel and 30 townhouse units with conference, accommodation, leisure and entertainment facilities. Most of the hotel rooms will have panoramic ocean views. The resort is less than five minutes away by car from the Xiamen International Airport, and close to the Xiamen International Convention and Exhibition Centre, the Xiamen Opera House, the Xiamen Guanyin Shan International Business Operations Centre and Xiangshan International Yacht Pier.

With its attractive location, scenic surroundings, convenient transportation and surrounding infrastructure, we believe that this resort will become one of Xiamen's landmark hotel developments.

The planned total site area for this project is approximately 59,000 sq.m., with an aggregate GFA of approximately 162,000 sq.m. Construction is expected to commence before the end of 2009, with estimated completion by the first half of 2013.

On October 31, 2007, the MOC and the NDRC jointly issued a revised Foreign Investment Industrial Guidance Catalogue (the "**Catalogue**") which provides that, among other things, the development of villas and high-end hotels by foreign invested enterprises falls into the restricted category of investment and not the prohibited category.

The development of Xiamen Mingfa Harbor Resort will be undertaken by Mingfa Group, which is a wholly foreign-owned subsidiary of the Company. Since the project involves the development of a high-end hotel, it falls into the restricted category according to the Catalogue. We have obtained the planning permit for construction works which clearly permits us to design and develop a high-end hotel in this project and the approval for changing the business scope of Mingfa Group to include the development of Xiamen Mingfa Harbor Resort. We will obtain other approvals including the permit for commencement of construction works and the necessary approvals once we determine the kind of ratings for the hotel.

Details of Xiamen Mingfa Harbor Resort as at August 31, 2009 are as follows:

Expected completion date	March 2013
Site area (sq.m.)	58,952
Total GFA (sq.m.)	161,705
Total unsold GFA (sq.m.)	161,705
Cost incurred (RMB million)	199
Total actual/budgeted costs (RMB million)	686
Interest attributable to us (%)	100%
<u>Total saleable/leasable unsold GFA</u>	<u>Hotel</u>
Total GFA (sq.m.)	161,705

BUSINESS

Permits required for our properties completed and held by the Group for sale/own use, properties held by the Group for investments, properties held by the Group under development and properties held for future development

The table below sets forth the permits required for our properties at their current stage of development:

	Land use rights grant contract	Land use rights certificate	Primary registration of real estate title/Building ownership certificate/ Real estate title certificate⁽¹⁾	Business license
Properties completed and held by the Group for sale/own use				
Unsold Portion of Nanjing				
Mingfa Riverside New Town Phases I, Phase II and Phase III (Portion)	✓	✓	In progress ⁽³⁾⁽¹⁰⁾	✓
Nanjing Pearl Spring Resort	✓	✓	In progress ⁽⁴⁾	✓
Unsold portion of Xiamen Mingfa Garden	✓	NA ⁽⁵⁾	✓	✓
Unsold portion of Xiamen Mingfa International New Town	✓	NA ⁽⁵⁾	✓	✓
Unsold Portion of Xiamen Mingfa Seascape Garden	✓	NA ⁽⁵⁾	✓	✓
Unsold Portion of Xiamen Mingli Garden	✓	NA ⁽⁵⁾	✓ ⁽¹¹⁾	✓
Unsold Portion of Xiamen Jianqun Elegant Garden	✓	NA ⁽⁵⁾	✓	✓
Unsold Portion of Xiamen Mingfa Noble Place	✓	NA ⁽⁵⁾	✓	✓
Levels 16 and 17 of Xiamen Mingfa Hotel	✓	NA ⁽⁵⁾	✓	✓
Portion I of Xiamen Lianfeng Furniture Park ⁽²⁰⁾	✓	NA ⁽⁵⁾	✓	✓
Xiamen Mingfa Industrial Park (Retail portion of Phase 2)	✓	NA ⁽⁵⁾	✓	✓
Unsold Portion I of Xiamen Mingfa Shopping Mall	✓	NA ⁽⁵⁾	✓	✓
Quanzhou Mingfa Hotel	NA ⁽²⁾	✓	✓	✓
Xiamen Mingfa Town	✓	NA ⁽⁵⁾	✓ ⁽⁹⁾	✓
Properties held by the Group for investment				
Levels 1-15, Xiamen Mingfa Hotel	✓	NA ⁽⁵⁾	✓	✓
Portion II of Xiamen Lianfeng Furniture Park ⁽²¹⁾	✓	NA ⁽⁵⁾	✓	✓
Portion II of Xiamen Mingfa Shopping Mall ⁽²¹⁾	✓	NA ⁽⁵⁾	✓	✓
Unit 401 Xiamen Lianfeng Building	NA ⁽²⁾	NA ⁽⁵⁾	✓	✓
Xiamen Mingfa Technological Park	✓	NA ⁽⁵⁾	✓	✓
Various Unsold Retail Building of Nanjiang Mingfa Riverside				
New Town Phase I	✓	✓	In progress ⁽³⁾⁽¹⁰⁾	✓
Portion of Xiamen Mingfa Industrial Park (Phase I) ⁽²¹⁾	✓	NA ⁽⁵⁾	✓	✓

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	Land use rights grant contract	Land use rights certificate	Permit for commencement of construction works	Primary registration of real estate title/ Building ownership certificate/Real estate title certificate ⁽¹⁾	Business licence	Pre-sale permit
Properties held by the Group under development						
Nanjing Mingfa Riverside New Town, Phases II (Portion) & III	✓	✓	✓	NA ⁽⁶⁾	✓	✓
Nanjing Mingfa Shopping Mall	✓	✓	✓	NA ⁽⁶⁾	✓	✓
Nanjing Mingfa international Industrial Material Park	✓	✓	✓	NA ⁽⁶⁾	✓	NA ⁽⁸⁾
Hefei Mingfa Shopping Mall	✓	✓	✓	NA ⁽⁶⁾	✓	✓
Wuxi Mingfa Shopping Mall	✓	✓	✓	NA ⁽⁶⁾	✓	✓
Yangzhou Mingfa Shopping Mall	✓	✓	✓	NA ⁽⁶⁾	✓	NA ⁽⁸⁾
Xiamen Mingfa Group Mansion	✓	NA ⁽⁵⁾	✓	✓ (land portion only) ⁽⁶⁾	✓	NA ⁽⁸⁾

	Land use rights grant contract	Land use rights certificate	Construction Commencement Date	Planning permit for construction land	Planning permit for construction works	Permit for commencement of construction works	Primary registration of real estate title/Building ownership certificate/ Real estate title certificate ⁽¹⁾	Business licence
Properties held by the Group for future development								
Xiamen Mingfa Harbor Resort	✓	NA ⁽⁵⁾	December 7, 2009 ⁽¹⁹⁾	✓	✓	NA ⁽⁷⁾	✓ (land portion only) ⁽⁷⁾	✓
Nanjing Mingfa Business Park-Chunhe	✓	✓	June 30, 2007 ⁽¹⁷⁾	✓	✓	NA ⁽¹⁴⁾	NA ⁽¹⁴⁾	✓
Nanjing Mingfa Business Park-Technology Business City	✓	✓	November 30, 2007 ⁽¹⁷⁾	✓	✓	NA ⁽¹⁴⁾	NA ⁽¹⁴⁾	✓
Nanjing Mingfa Business Park-Lian Chang	✓	✓	June 30, 2007 ⁽¹⁷⁾	✓	✓	NA ⁽¹⁴⁾	NA ⁽¹⁴⁾	✓
Nanjing Mingfa Business Park-Li Chang	✓	✓	June 30, 2007 ⁽¹⁷⁾	✓	✓	NA ⁽¹⁴⁾	NA ⁽¹⁴⁾	✓
Wuxi Mingfa International New Town	✓	✓	NA ⁽¹⁶⁾	✓	In progress ⁽¹²⁾	NA ⁽¹⁴⁾	NA ⁽¹⁴⁾	✓
Jinxiu Yinshan Project, Phases I and II	✓	✓	December 21, 2009 ⁽¹⁹⁾	✓	In progress ⁽¹³⁾	NA ⁽⁷⁾	NA ⁽⁷⁾	✓
Xiamen Mingfeng Town	✓	NA ⁽⁵⁾	NA ⁽¹⁷⁾	✓	✓	NA ⁽¹⁴⁾	NA ⁽¹⁴⁾	✓
Zhangzhou Mingfa Shopping Mall	✓	✓	July 2, 2010 ⁽¹⁹⁾	✓	✓	NA ⁽⁷⁾	NA ⁽⁷⁾	✓
Nanjing Mingfa City Square	✓	✓	November 8, 2009 ⁽¹⁹⁾	✓	✓	NA ⁽⁷⁾	NA ⁽⁷⁾	✓
Honglai Mingfa Commercial Centre	✓	NA ⁽¹⁵⁾	NA ⁽¹⁸⁾	NA ⁽¹⁵⁾	✓	NA ⁽¹⁴⁾	NA ⁽¹⁴⁾	✓

Notes:

- (1) Primary registration of real estate title, building ownership certificate or real estate title certificate of the properties proves that the Company has complied with all the relevant regulations in relation to construction of the properties. Real estate title certificate is only applicable in Xiamen. In other cities, building ownership certificate is sufficient to show that the Company has proper title to the property, and to prove that the Company has complied with all the relevant regulations in relation to the construction of the properties. The building ownership certificate can only be obtained upon completion of the property development project.

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- (2) The Company purchased the property from a third party and obtained the primary registration of real estate title or its equivalent, each of which is able to show that the Company has proper legal title to the property. The fact that the third party is in possession of the relevant certificates or approvals has no impact on the Company's proper legal title to the property.
- (3) The Company has completed the primary registrations for blocks 101-163, 201-219, 223-228, 220-222, 229-231, 232-242, 244-253, 255-279, 299 and 301-327. The Company is in the process of completing all the remaining primary registration of real estate. The PRC legal adviser has confirmed that there are no legal impediments in completing all the primary registrations of real estate.
- (4) The Company is in the process of completing all the remaining primary registrations of real estate for the hotel portion, and expects to complete the relevant registrations by the end of November 2009. The Company will start the process of the primary registration of real estate title for the residential portion when the sale of the residential units begins. The PRC legal adviser has confirmed that there are no legal impediments in completing all the primary registration of real estate.
- (5) Land use rights certificate is not applicable because, in Xiamen, real estate title certificate (land portion) is equivalent to land use rights certificate. Such real estate title certificate consists of two portions, namely land and building portion.
- (6) For properties under development, they are not required to obtain real estate title certificate (building portion), building ownership certificate or primary registration of real estate title at the current stage of development.
- (7) For properties held by the Group for future development, they are not required to obtain the relevant certificates, approvals and real estate title certificate (building portion), building ownership certificate or primary registration of real estate title at the current stage of development.
- (8) Pre-sale permit is not required at the current stage of development.
- (9) The current real estate title certificate only covers the land portion of the property. The Company is in the process of obtaining the real estate title certificate (building portion) and expects to obtain it by the end of November 2009. The PRC legal adviser has confirmed that (i) the Company has obtained the land use rights of the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the land use rights of the property, (ii) the Company has obtained all the necessary approvals, certificates and permits during the development of Xiamen Mingfa Town and is entitled to the building ownership, (iii) there is no legal impediments for the Company to obtain the real estate title certificate (building portion), and (iv) based on the relevant PRC laws and regulations, obtaining the real estate title certificate (building portion) is not a prerequisite to enter into the occupancy and usage arrangement.
- (10) The Company expects to obtain the relevant certificate by November 2009. The PRC legal adviser has confirmed that there are no legal impediments in obtaining such certificate.
- (11) The current real estate title certificate only covers the land portion of the property. The Company has completed the registration for the whole project except for the portion "Huang Cuo Road 127 (黃厝路127號)" and "comprehensive management property (綜合管理用房)". The Company is in the process of completing all the remaining primary registrations of real estate title, and will complete the registrations before the sale of such property begins.
- (12) The Company is not required to obtain the relevant certificate at the current stage of development. Nevertheless, the Company, in anticipation of future development, has applied for the relevant certificate and expects to obtain it by the end of November 2009.
- (13) The Company is not required to obtain the relevant certificate at the current stage of development. Nevertheless, the Company, in anticipation of future development, has applied for the relevant certificate and expects to obtain it by the end of December 2009.
- (14) The Company has not obtained the relevant land for the project. Hence, the project is at the very initial stage of development, and the Company is not required to obtain the relevant certificates at the current stage of development.
- (15) As the relevant resettlement program is in progress, the Company has not paid up the premium fully and has not obtained the relevant land for the project. Hence, the project is at the very initial stage of development, and the Company is not required to obtain the relevant certificates and permits at the current stage of development.
- (16) Construction Commencement date is not stated on the relevant Land use rights grant contracts. The relevant land has not been delivered to the Company. Hence, the project will not be subject to idle land measures.
- (17) The relevant land has not been delivered to the Company because the demolition process has not been completed by the relevant governmental body. Based on the relevant PRC laws and regulations, the project will not be subject to idle land measures under the above circumstance.
- (18) The resettlement process on the relevant land is currently in progress. The relevant construction commencement date will be the date on which the land is delivered to the Company. Hence, the project will not be subject to idle land measures.

- (19) The Company currently plans to commence construction before the construction commencement date, and hence the Company is of the view that, given its current construction schedule, it will not be subject to idle land measures.
- (20) This unsold portion of the property is held by the Company for sale.
- (21) This unsold portion of the property is held by the Company as an investment property.

Other properties managed by us

On December 5, 2008, Xiamen Mingfa entered into a management agreement (the “**Management Agreement**”) with the No. 4 General Office of Xiamen People’s Government (the “**No. 4 General Office**”) in connection with Xiamen Hailian Complex Building (the “**Hailian Project**”), a 22-storey office building with auxiliary facilities built on an allocated land and a GFA of approximately 22,777 sq.m. The No. 4 General Office has obtained the relevant planning permit for construction works, planning permit for construction land and permit for commencement of construction works for the Hailian Project. Currently, Hailian Project’s construction is undertaken by Xiamen Mingfa and is expected to be completed in December 2009.

Under the terms of the Management Agreement, the No. 4 General Office agrees for the management of the Hailian Project to be contracted to Xiamen Mingfa for a term of 20 years commencing on the second day on which the completion certificate is issued. Upon expiry, any extension to such term shall be subject to further negotiations between the parties. Pursuant to the Management Agreement, Xiamen Mingfa is required to pay contracting fees to the No. 4 General Office which will be settled annually. The contracting fees are subject to a 10% increment every five years. For the first five year period, the annual contracting fee is approximately RMB800,000 as set out in the contract. As the legal owner of the Hailian Project, the No. 4 General Office is responsible for providing all necessary documents in order to obtain the land use rights certificate as well as facilitating the relevant approval, consent, registration or confirmation processes. During the contractual term, Xiamen Mingfa enjoys all the rights to operate and make profit from the Hailian Project, including the rights to subcontract, sublease or enter into cooperation agreements to manage the Hailian Project with third parties. In addition, during the contractual term, the No. 4 General Office is not allowed to transfer or assign the Hailian Project to third parties, or create any security interest over the Hailian Project. Neither party is entitled to terminate the Management Agreement unilaterally during the contract term.

For more details, please refer to the section headed “Business — Legal and Compliance Matters — Projects built on allocated land” of this prospectus.

MOUs and Other Agreements in relation to Land Acquisition

Generally, land use rights can be obtained in both the primary market and the secondary market in China. Primary market commonly refers to the grant of land use rights by relevant government authorities, and secondary market commonly refers to the acquisition of land use rights from entities or persons which hold such land use rights.

As at the Latest Practicable Date, we have entered into four MOUs with various governmental bodies with an intention to acquire the relevant land use rights in several cities in China for future development after being approached by the relevant local governmental bodies in connection with development of projects that are part of the redevelopment program. We believe that entering into these MOUs enables us to establish a close working relationship with the relevant governmental bodies. Although these MOUs set out the parties' intention to cooperate and develop the relevant projects, terms relating to the land parcels including the amount of land premium payable are subject to the land use rights grant contracts to be entered into between the competent governmental authorities and us. We are required to go through the public tender, auction, or listing-for-sale procedures under the PRC rules or obtain relevant government approvals before we can obtain the land use rights with respect to the land parcels under these MOUs. There is no assurance that these MOUs will lead to our acquisition of any land use rights.

We believe that due to our sizeable operations, strong brand name and ability to offer employment opportunities in the new areas we develop in Fujian and Jiangsu province, various provincial and local governments have offered us opportunities to participate in large-scale development projects. These local governments usually enter into MOUs with us, confirming their intention to support our projects once we obtain the underlying land use rights via the public tender, auction or listing-for-sale.

Historically, similar MOUs have played an important role in our land acquisitions. These MOUs encompass urban redevelopment projects in different regions and through various land acquisition channels and methods in the primary and secondary markets. Due to the differences in the applicable local government rules and regulations governing urban redevelopment projects, the expected timeframe for completing the transactions and obtaining the land use rights certificates may vary from one contract to another.

BUSINESS

Primary Market Land Acquisition — MOUs with governmental bodies

The table below summarizes the MOUs we have entered into as at the Latest Practicable Date:

No.	Project	Location	Date of Agreement	Site area <i>(sq.m.)</i>	Planned GFA <i>(sq.m.)</i>	Amount incurred as at June 30, 2009 <i>(RMB in millions)</i>	Estimated time for completion of the project
1.	Mingfa International Industrial Material Park and Mingfa International Town <i>(明發國際工業原料城和明發國際城)</i>	Huai'an, Jiangsu Province	November 2007	666,670	1,180,219	10	December 2013
2.	Nanjing Mingfa Riverside New Town, District II <i>(明發濱江新城二區)</i>	Nanjing, Jiangsu Province	August 2007	229,953	400,000	—	December 2014
3.	Nanjing Mingfa Furniture Centre <i>(明發家具中心)</i>	Nanjing, Jiangsu Province	May 2005	83,333	53,408	9	December 2012
4.	Ma An Shan Complex <i>(馬鞍山城市綜合體)</i>	Ma An Shan, Anhui Province	July 2009	504,810	1,300,000	—	December 2013
Total				1,484,766	2,933,627	19	

With respect to the four MOUs listed above, the counterparties are the local district governmental bodies in Jiangsu and Anhui Provinces, two of which are located in Nanjing, namely, Taishan Street Office of Pukou District in Nanjing, Jiangsu Province (江蘇省南京市浦口區人民政府泰山街道辦事處) and the People's Government of Pukou District, Nanjing (南京市浦口區人民政府), one within the Huai'an Economic Development Zone, being the Management Committee of Huai'an Economic Development Zone in Huai'an, Jiangsu Province (江蘇省淮安經濟開發區管理委員會), and the fourth being Hua Shan District People's Government in Ma An Shan, Anhui Province (安徽省馬鞍山市花山區人民政府). To the best knowledge of our Directors, all four counterparties are local governments or their branches, and are independent from our Group, our Directors, our Controlling Shareholders, members of our senior management and their respective associates, whether past or present.

The key terms of these MOUs are set out below:

Mingfa International Industrial Material Park and Mingfa International Town — On November 28, 2007, Ming Fat Hong Kong entered into an MOU with the Management Committee of Huai'an Economic Development Zone in Huai'an Jiangsu Province (the "**Management Committee**") in connection with the development of a parcel of land with a site area of approximately 666,670 sq.m. (the "**Industrial Park Project**"). A supplemental MOU was entered into on the same date to provide further details with respect to certain additional arrangements between the parties. The land will be used for logistics and outsourcing services as well as for commercial and residential purposes. Ming Fat Hong Kong agreed to pay an aggregate amount of RMB168,000,000, representing the estimated value of the parcel of land, under the MOU (as supplemented) for the development of the Industrial

Park Project. As at June 30, 2009, Ming Fat Hong Kong has paid a total amount of RMB10,000,000 to the Management Committee in relation to the Industrial Park Project. Pursuant to the MOU (as supplemented), the Management Committee is required to facilitate the relevant business and tax registration, planning and environmental compliance process for the project company as well as providing infrastructure and facility support in respect of electricity, water and transportation.

As the Industrial Park Project is an “encouraged” project initiated by the local government, the Management Committee agreed to offer certain tax preferential treatment and various support to Ming Fat Hong Kong for the Industrial Park Project. Once Ming Fat Hong Kong has obtained the necessary approvals for the Industrial Park Project, it is required to commence construction within three months. The Management Committee is entitled to forfeit the land if Ming Fat Hong Kong is not able to complete the construction works within three years from the date the planning permit for construction works is issued. There is no profit sharing arrangement between the Management Committee and Ming Fat Hong Kong under the MOU (as supplemented).

As at the Latest Practicable Date, no land use rights grant contract has been entered into between the relevant government authority and Ming Fat Hong Kong. All terms related to the land parcel of the Industrial Park Project, including the amount of land premium payable are subject to the definitive land use rights grant contract to be concluded after the public tender, auction or listing-for-sale process. As advised by our PRC legal adviser, Ming Fat Hong Kong is entitled to recover the payments made under the MOU provided that it has not breached the terms thereof.

Nanjing Mingfa Riverside New Town, District II — On August 16, 2007, Mingfa Group Real Estate (NJ) entered into an MOU with the People’s Government of Pukou District (the “**Pukou Government**”), Nanjing in connection with the development of a parcel of land with a site area of approximately 229,953 sq.m. as part of the redevelopment and city planning program (the “**New Town Project**”). Under the terms of the MOU, the Pukou Government is responsible for carrying out the relocation plan to facilitate the development process of the New Town Project and for paying part of the relocation compensation fees incurred. Pursuant to the MOU, Mingfa Group Real Estate (NJ) is required to complete the construction works within one year from the date the land is delivered. There is no explicit timeframe for Mingfa Group Real Estate (NJ) to make the required portion of relocation payments in relation to the New Town Project. It will make such payments when the parties decide to proceed with the New Town Project. There is no profit sharing arrangement between Mingfa Group Real Estate (NJ) and Pukou Government under the MOU.

As at the Latest Practicable Date, Mingfa Group Real Estate (NJ) has not made any payment in relation to the New Town Project. In addition, no land use rights grant contract has been entered into between Mingfa Group Real Estate (NJ) and the relevant government authority. All terms and conditions related to the land parcel of the New Town Project, including the amount of land premium payable are subject to the definitive land use rights grant contract to be concluded after the public tender, auction or listing-for-sale process.

Nanjing Mingfa Furniture Centre — On May 12, 2005, Ming Fat Hong Kong entered into an MOU with Taishan Street Office of Pukou District in Nanjing, Jiangsu Province (the “**Taishang Street Office**”) in connection with the development of a parcel of land with a site area of approximately

83,333 sq.m. (the “**Furniture Centre Project**”). The Furniture Centre Project involves the construction of a furniture centre, R&D centre and certain ancillary infrastructures. The minimum consideration under the MOU is RMB4,375,000, representing the estimated value of the parcel of land, and is required to be settled in three installments. As at June 30, 2009, Ming Fat Hong Kong has paid a deposit of RMB500,000 to Taishan Street Office for the Furniture Centre Project pursuant to the MOU. In addition, Ming Fat Hong Kong has paid certain land related prepayment fees in the amount of RMB8,684,300 (which was in addition to the total consideration payable under the MOU, in the form of prepayment for land compensation and land planning fees) to Taishan Street Office. The outstanding amount under the MOU is payable within 30 days after the land use rights certificate is issued to Ming Fat Hong Kong.

Pursuant to the MOU, Taishan Street Office is required to facilitate the relevant business and tax registrations, and the planning and environmental compliance processes for Ming Fat Hong Kong. Taishan Street Office also agreed to assist Ming Fat Hong Kong in obtaining the land use rights certificate for the Furniture Centre Project. Once Ming Fat Hong Kong has obtained the necessary approvals for the Furniture Centre Project, it is required to complete the construction works within two years (commencing from the date when the permit for commencement of construction works is issued). There is no profit sharing arrangement between Taishan Street Office and Ming Fat Hong Kong under the MOU.

On September 12, 2007, Mingfa Furniture Manufacturing (NJ) obtained the planning permit for construction land. However, no land use rights grant contract has been entered into between the relevant government authority and Ming Fat Hong Kong or Mingfa Furniture Manufacturing (NJ). All terms and conditions related to the underlying land parcel including the amount of land premium payable are subject to the definitive land use rights grant contract to be concluded after the public tender, auction or listing-for-sale process.

As advised by our PRC legal adviser, provided that Ming Fat Hong Kong has not breached the terms of the MOU, it is entitled to recover the deposit and land related prepayment fees if an event giving rise to rescission or termination of the MOU occurs.

Ma An Shan Complex — On July 30, 2009, Ming Fat Hong Kong and Hua Shan District People’s Government in Ma An Shan (the “**Ma An Shan Government**”) entered into an MOU in connection with the investment in and development of a parcel of land with a site area of approximately 504,810 sq.m. (the “**Ma An Shan Project**”). The Ma An Shan Project is a modern urban complex which comprises office, commercial and residential properties. Under the terms of the MOU, Ming Fat Hong Kong planned to construct a central business and office district with a site area of no less than 200,000 sq.m. and two shopping malls with a site area of no less than 15,000 sq.m. each. In addition, Ming Fat Hong Kong agreed to complete all construction works of the Ma An Shan Project within three to four years after acquiring the land use right, including the construction of a hotel with a site area of approximately 30,000 sq.m. With respect to the land premium, which is estimated to be approximately RMB637.5 million, Ming Fat Hong Kong agrees to pay RMB200 million as a bidding deposit when the parcel of land is put for sale through the public tender, auction, or listing-for-sale process. Such bidding deposit will be counted toward our payment of the land premium within seven days after Ming Fat Hong Kong signs the land use rights grant contract with the relevant

government authority. Within three months after signing the land use rights grant contract, Ming Fat Hong Kong agrees to pay RMB100,000,000, with the balance of the total land premium to be paid in full within six months. Under the MOU, the Ma An Shan Government agreed to offer certain tax preferential treatment and various support when available to Ming Fat Hong Kong for the Ma An Shan Project. There is no profit sharing arrangement between Ming Fat Hong Kong and the Ma An Shan Government under the MOU.

As at the Latest Practicable Date, Ming Fat Hong Kong has not yet made any payments in relation to the Ma An Shan Project. No land use rights grant contract has been entered into between Ming Fat Hong Kong and the relevant government authority.

Secondary Market Land Acquisition — Acquisitions of project companies

Unlike land use rights that are obtained in the primary market, and unless otherwise required by relevant PRC laws and regulations, land acquisition in the secondary market is not subject to the rules governing public tender, auction or listing-for-sale and can be achieved by agreements among relevant parties, which typically involve the following situations: (i) acquiring the equity interest in a company which holds or is entitled to obtain land use rights; and (ii) purchasing land use rights directly from third parties. We have successfully acquired land through acquisition in the secondary market and through urban redevelopment projects in the past, and will continue to do so when appropriate opportunities arise.

The table below summarizes the agreement for land acquisition we have entered into in the secondary market as at the date of this prospectus:

No.	Project	Location	Date of Agreement	Site area <i>(sq.m.)</i>	Planned GFA <i>(sq.m.)</i>	Amount incurred as at June 30, 2009 <i>(RMB millions)</i>	Estimated time for completion of the project
1.	Mingfa — Yuanchang Shanzhuang (明發-源昌山莊)	Xiamen, Fujian Province	December 2004	58,572	335,373	145	December 2013

Secondary Market Land Acquisition

Mingfa — Yuanchang Shanzhuang Project — On December 29, 2004, Mingfa Group entered into a share transfer agreement (the “**Yuanchang Agreement**”) with Yuanchang Real Estate (XM) and Cheng Zhu Investment (XM) (together with Yuanchang Real Estate (XM) are referred to as the “**Yuanchang Transferors**”) with respect to the operation and development rights of a parcel of land with a site area of approximately 52,900 sq.m. The Yuanchang Transferors are the two shareholders of Longxiang Real Estate (XM), which held the operation and development right relating to the parcel of land (the “**Yuanchang Shanzhuang Project**”).

Pursuant to the Yuanchang Agreement, the Yuanchang Transferors agreed to transfer 50% of all of the equity interest in Longxiang Real Estate (XM) to Mingfa Group. The total consideration

under the Yuanchang Agreement for the transfer was RMB291,000,000. The consideration amount was arrived at, following arms-length negotiations, after taking into account, inter alia, the then existing market conditions, comparable transactions as well as the prospective earnings, operations and financial position of Longxiang Real Estate (XM) in relation to the Yuanchang Shanzhuang Project. The parties also considered other factors, such as (i) the relevant fees paid in obtaining the operation rights of the Yuanchang Shanzhuang Project, (ii) the cost for removing the structures on the land, and (iii) the land grant premium and other taxes and fees incurred before the land use rights certificate is issued. To arrive at the agreed consideration for the equity transfer, the parties had informed themselves of the relevant market conditions and therefore were conversant with the factors affecting the consideration for the Yuanchang Shanzhuang Project and decided not to conduct an independent valuation. As at June 30, 2009, Mingfa Group has paid RMB145,000,000 to the Yuanchang Transferors.

The share transfer contemplated under the Yuanchang Agreement was completed in October 2007 and currently Longxiang Real Estate (XM) is held by the Yuanchang Transferors and Mingfa Group on a 50:50 basis. The land use rights, construction costs and profit related to the Yuanchang Shanzhuang Project will also be shared on a 50:50 basis. Longxiang Real Estate (XM) has already paid the land grant fee in March 2005. However, as at the Latest Practicable Date, no land use rights grant contract has been entered into between Longxiang Real Estate (XM) and the relevant government authority as the local government is still in their final stages of preparing the land for delivery to Longxiang Real Estate (XM) (i.e. removing certain structures and high-voltage power lines). The balance of RMB146 million under the Yuanchang Agreement will be settled when the land use rights grant contract is signed.

After Longxiang Real Estate (XM) signs the relevant land use rights grant contract and fulfills the obligations stated in such contract, Longxiang Real Estate (XM) will be able to construct residential and commercial properties on the land. Mingfa Group and the Yuanchang Transferors are following up closely with the local government regarding the status of their preparation of the land for delivery. As advised by our PRC legal adviser, Mingfa Group is entitled to recover the payments made under the Yuanchang Agreement provided that it has not breached the terms thereof. Mingfa Group intends to pay the balance of payment to the Yuanchang Transferors as soon as Longxiang Real Estate (XM) signs the land use rights grant contract with the relevant land authority. Our PRC legal adviser has confirmed that when Longxiang Real Estate (XM) signs the land use rights grant contract, there are no legal impediments that may prevent it from completing the transfer.

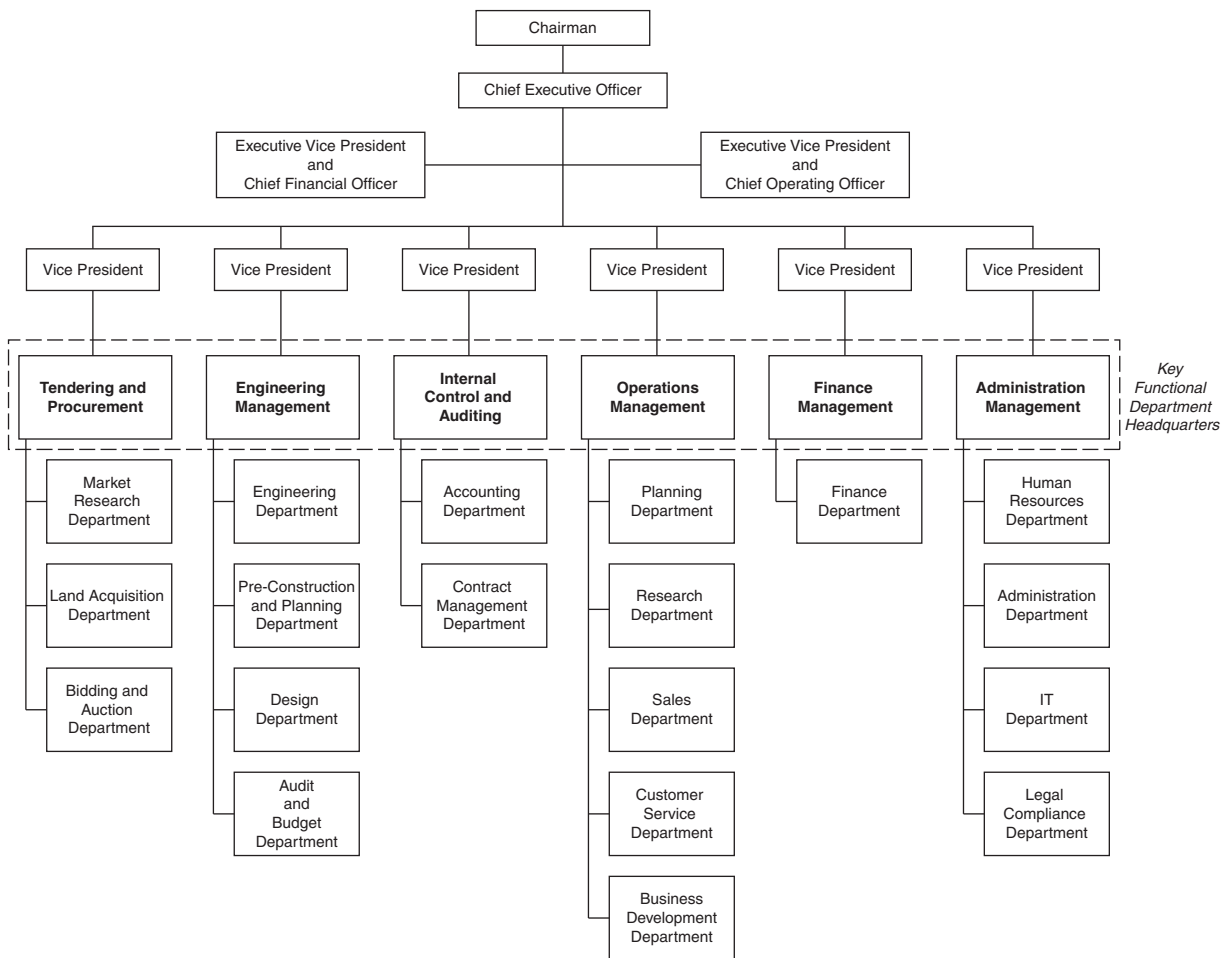
To the best knowledge of our Directors, the Yuanchang Transferors are independent third parties and are independent of our Group, our Directors, our Controlling Shareholders, members of our senior management and their respective associates, whether past or present.

The deposits, down payments or other considerations we paid under the MOUs and relevant arrangements for land acquisitions in both primary and secondary markets have been accounted for as prepayments, deposits or other receivables for land use rights in our financial statements. The aggregate amount of deposits, down payments or other considerations paid for such MOUs and relevant arrangements was, as at June 30, 2009, approximately RMB264.2 million (of which RMB100 million was deposit paid in relation to the Yangcheng Lake Project. Please see the section “Legal Proceedings — Disputes relating to Yangcheng Lake Project” for more details).

PROPERTY DEVELOPMENT

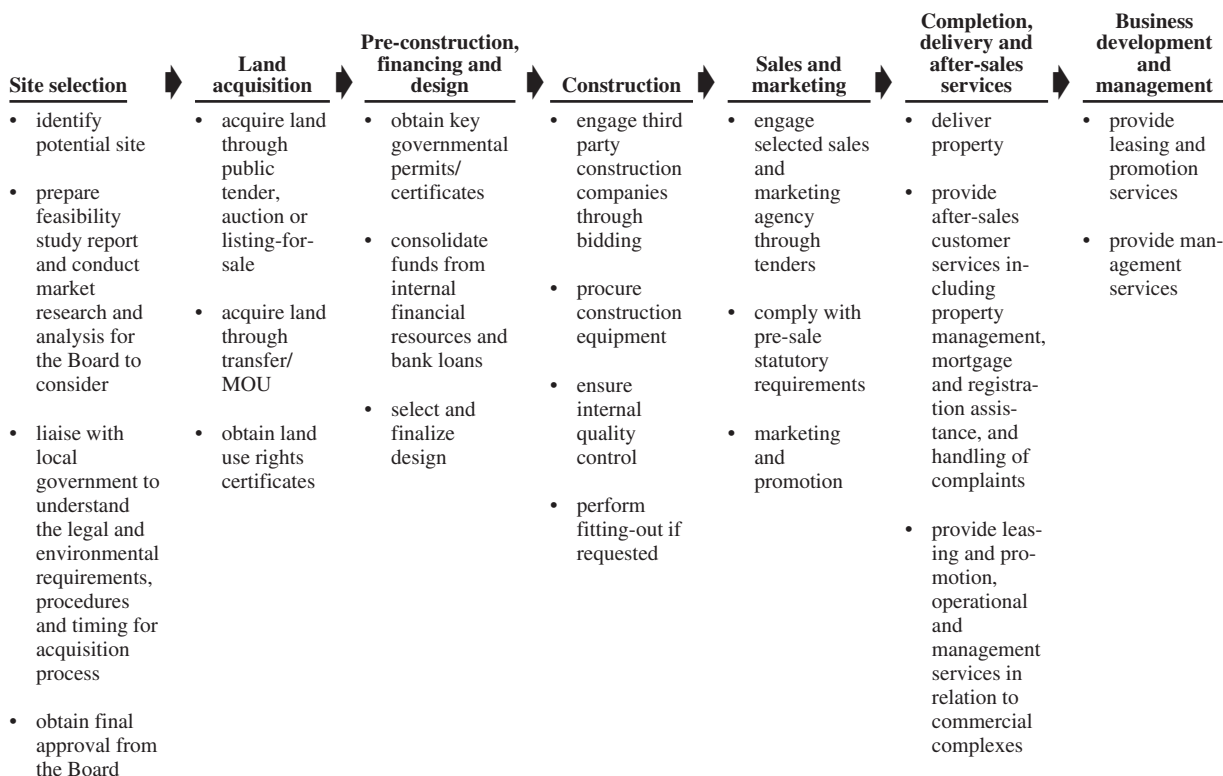
Our project development process is coordinated and supervised by our various key functional department headquarters located in Xiamen, which have been operating on a centralized basis since 2008. Our Chairman, Mr. Wong Wun Ming, our Chief Executive Officer, our Executive Vice Presidents and our senior management team work closely with the head of each of these department headquarters and provide the necessary management guidance. We believe our flat management structure is highly effective and allows for efficient supervision by our Chairman, our Chief Executive Officer, our Executive Vice Presidents and our senior management team and helps to enhance our operational efficiency and optimize our resources.

Our management structure is summarized in the following chart:



We have specialized personnel in charge of the various key stages of our systematic project development process for our properties which include, but are not limited to, site selection, land acquisition, pre-construction planning and design, construction, sales and marketing, completion, delivery and after-sales services.

We have summarized below the key stages of our project development process, followed by a more detailed description of each stage carried out by our various functional departments:



We also engage independent third party service providers, with whom we have worked and established good relationships over the years, to assist us in some of the above stages, such as planning and design, construction as well as sales and marketing. An example of such a provider is House, with whom we first worked with in our Xiamen Mingfa Shopping Mall in 2002.

A. Site selection

The site selection and evaluation process is the fundamental step in our project development process and is crucial to the success of a property development. Therefore, we devote significant management resources to it. In our site selection process, the research department, with the assistance of independent third party service providers, commences the site selection process by identifying and assessing the development potential of the possible site. Our Chairman, Mr. Wong Wun Ming, our Executive Directors and our senior management team will then participate in the evaluation to reach the final decision. We use a disciplined and systematic approach to identify suitable sites for project development. The primary criteria in our site selection and evaluation process includes the following:

- the economic development prospects, taking into account factors such as GDP growth, local government revenue, population, average income and disposable income in the area where the site is located;
- the supply and demand characteristics and property market conditions for residential properties and commercial complexes in the local market;

- the applicable zoning regulations and policies on real estate development, future land availability, preferential tax rates, specifications and requirements imposed by the local government on the project, and long-term and short-term development plans for the region and its surrounding areas;
- the size and geographic location of the site, in particular, its proximity and accessibility to city centres or business districts;
- the supporting infrastructure facilities, including transportation and utilities; and
- the total acquisition cost, investment and financial return.

After we identify a potential site, our market research department, land acquisition department and finance department will engage and supervise one of our independent third party service providers, such as House, to prepare an investment feasibility report and a financial analysis report for our executive Directors. Our research department will also work closely with our planning department and sales department, which will conduct its own research and analysis to assess the overall market positioning and profitability potential.

If our executive Directors decide to proceed with the acquisition of the relevant site based on the investment feasibility report and financial analysis report, our relevant departments, depending on the type of properties to be built on the site, will liaise with the local government to understand the terms and conditions, procedures and timing for the acquisition process. They will also seek suggestions and proposals from the local government on how the relevant site can fit into the overall development plan of the city or locality involved, before reporting back to the Executive Directors for their final approval.

B. Land acquisition

We acquire land use rights primarily through direct acquisition from the PRC Government by way of public tender, auction or listing-for-sale and in the secondary markets through transfer agreements with the original grantees of the land use rights. Under PRC law, all land to be developed for commercial purposes, such as business, tourism, entertainment and commodity residential housing, must be granted by way of public tender, auction or listing-for-sale. Starting from August 31, 2006, land for industrial use also must be granted by way of public tender, auction or listing-for-sale. Where land use rights are granted by way of public tender, the relevant authorities will consider not only the tender price but also the credit history and qualifications of the developer and its tender proposal. Where land use rights are granted by way of an auction, a public auction is held by the relevant local land bureau and the land use rights are granted to the highest bidder. Where land use rights are granted by way of listing-for-sale, the relevant local land bureau will announce the conditions for granting the land use rights at designated land transaction centres and the bids submitted by the bidders. The land use rights are granted to the bidder submitting the highest bid by the end of the listing-for-sale period. If two or more parties request a competitive bidding, an on-site competitive bidding shall take place and the land use rights are granted to the highest bidder.

Grantees of land use rights may dispose of the land use rights granted to them in private sales, subject to the terms and conditions of the land use rights grant contracts and relevant regulations of the

PRC. To the extent permitted by law, we may also choose to acquire land use rights in the secondary market through negotiated transfers in addition to the public tender, auction or listing-for-sale process. When opportunities arise, we may also obtain land use rights by acquiring equity interests of companies or persons that hold the relevant land use rights.

Based on our current development and growth targets, we expect to maintain a sufficient land bank to fulfill our development requirements for the next three to four years. We will continue to search for land sites which meet our criteria.

Please refer to Appendix V headed “Summary of Principal PRC Legal and Regulatory Provisions” of this prospectus for more information about PRC land grant regulations.

C. Pre-construction, planning and design

Before we commence construction of our projects, we undergo three key stages, namely, applications for the various government permits, financing and design.

Government Permits

Once we enter into the land use rights grant contracts for a parcel of land, we apply for various certificates, permits and licenses that are required to commence the construction and sale of our properties, the key ones being the land use rights certificate (《國有土地使用權證》), the planning permit for construction land (《建設用地規劃許可證》), the planning permit for construction works (《建設工程規劃許可證》), the permit for commencement of construction works (《建築工程施工許可證》) and the pre-sale permit (《預售許可證》).

Certificates, permits and licenses

Once we have obtained the rights to develop a parcel of land, we will begin to apply for the various permits and licenses that we need in order to begin construction and sale of our properties:

- **land use rights certificate** (國有土地使用權證) — a certification of the right of a party to use a parcel of land;
- **planning permit for construction land** (建設用地規劃許可證) — a permit authorizing a developer to begin the surveying, planning and design of a parcel of land;
- **planning permit for construction works** (建設工程規劃許可證) — a certificate indicating government approval for a developer’s overall planning and design of the project and allowing a developer to apply for a work commencement permit;
- **permit for commencement of construction works** (建築工程施工許可證) — a permit required for commencement of construction; and

- **pre-sale permit** (預售許可證) — a permit authorizing a developer to start the pre-sale of properties under development.

If the land use right is acquired by way of grant, the land use rights grant contract will need to be obtained before we can apply for the above-mentioned certificates, permits and licenses.

A property developer is allowed to commence construction of a property development upon receipt of the permit for commencement of construction work which will only be issued after the land use rights certificate, the planning permit for construction land and the planning permit for construction works (together with the permit for commencement of construction works, collectively known as the “**four certificates**”) are obtained. Save as disclosed in the section headed “Business — Legal and Compliance Matters — Permits, Certificates and Approvals — Planning permit for construction works and permit for commencement of construction works” of this prospectus, as at the Latest Practicable Date, we had obtained all of the “four certificates” for our properties under development taking into account their respective stages of development at such date.

Financing

Our financing methods vary from project to project and are subject to various limitations imposed by PRC regulations and monetary policies. Our policy is to finance our property development projects through internal funding to the extent practicable so as to keep the level of external funding to a minimum. As required by the State Council, we have to finance our projects with at least 20% internal funding for ordinary residential properties and at least 30% internal funding for other property development projects. The balance is typically derived from a combination of funding from our shareholders, bank borrowings as well as pre-sale and sale proceeds. For more details of such regulations and policies, please refer to Appendix V headed “Summary of the Principal PRC Legal and Regulatory Provisions” of to this prospectus.

During the Track Record Period, we have obtained bank borrowings from the Agricultural Bank of China, China Construction Bank, Industrial Commercial Bank of China, Bank of Communications and the Xiamen City Commercial Bank. Our Directors believe that our creditworthiness, as evident from various awards, has allowed us to maintain good business relationships with such banks. In 2005, we were awarded the “2001-2004 Good Credit Enterprise in Fujian Province” by the Administration for Industry and Commerce of Fujian Province. In 2003, we were awarded the “Best China Triple-A Credit Ratings Companies” by China Foreign Trade and Economic Cooperation Association and the Compilation Committee of Chinese Foreign Trade Enterprises. In 2001 and 2002, we were awarded “Key Real Estate Clients of China Construction Bank” by China Construction Bank. From 2001 to 2005, we were awarded the “Triple-A Credit Ratings Company” by Xiamen Financial Consulting and Rating Company. From 1999-2005, we were awarded the “Most Creditable Companies in Fujian Province” by Xiamen People’s Government. In 2007, we were awarded the “Most Creditable Companies in China” by the State Administration of Industry and Commerce.

For details of the laws and regulations governing pre-sales and borrowings by real estate companies, please refer to Appendix V headed “Summary of Principal PRC Legal and Regulatory Provisions” of this prospectus.

Project design

To achieve distinctive designs and operating efficiency, we typically outsource the design work to selected architectural and design firms with whom we have established strong relationships from past projects. Depending on the type of properties to be developed, we will involve the design firms with the relevant expertise in the preliminary design work for a development project at the site selection and land acquisition stages. When determining the design of a particular property development, we consider factors such as:

- the environment and community surrounding the site;
- the size of the site;
- advice provided by our professional advisers which include architects, planning experts and sales and marketing personnel; and
- the demand for the type and mix of buildings to be developed.

Our practice of involving architectural and design firms during the early stage of our development process helps to shorten the time it takes for us to complete a project. We typically receive a preliminary design when we are negotiating with the government on the terms of the grant. This enables us to commence construction shortly after the requisite approval to develop a land site has been granted. We believe that the overall time needed to complete the development is therefore reduced.

We select architectural and design firms for each project development through a selective bidding process. In making our final selection, we consider their proposed design concepts, their reputation for reliability and quality as well as the price of their proposed services. In our previous projects, we usually limit the bidding process by short-listing five architectural and design firms with whom we enjoy close working relationships.

Our design department and operations management headquarters are responsible for monitoring the progress and quality of the appointed architectural and design firms to ensure that they meet our specifications. They are usually assisted by one of our third party service providers, such as House, who will also help supervise the design process. In addition, upon completion of our projects that are built for rental purposes, we generally also render design support to facilitate the fitting-out work for our tenants.

D. Construction

Construction work

Our construction work is outsourced to third party construction companies and we typically hire more than one contractor for each project. Save as disclosed below, contractors are selected through a competitive bidding process. Standardized procedures have been established to select appropriate construction contractors to ensure that they meet our standards for quality and craftsmanship. We typically invite a minimum of three qualified construction contractors to bid for a construction project through a tender by invitation process.

On October 2, 2009, we entered into a strategic cooperation agreement (the “**Strategic Cooperation Agreement**”) with China State Construction Engineering Corporation Limited (“**CCC**”), an independent third party. Established in 2007, CCC is a key subsidiary of China State Construction Engineering Corporation, which is a state-owned enterprise that focuses on construction and real estate business in both domestic and overseas markets. Through the Strategic Cooperation Agreement, we believe that our construction projects will be able to benefit from CCC’s knowledge and experience gained from their handling of large-scale construction projects. Under the Strategic Cooperation Agreement, the parties agreed to (i) strengthen the parties’ cooperation in the construction of large-scale commercial complexes in the PRC in which the Company will first consider engaging CCC as the construction company for such projects, and CCC will first consider taking up such projects, (ii) develop a cooperation strategy for investigating, planning, designing and constructing future projects both in the PRC and overseas, and (iii) jointly establish a “Xiamen Mingfa Group — China State Construction Engineering Corp. Ltd. Strategic Cooperation and Coordination Committee” which will be responsible for coordinating, studying and executing projects and other matters between the parties. In the event that pursuant to the Strategic Cooperation Agreement, the parties decide to cooperate on a particular project, the parties will enter into separate contractual arrangements, in which the Company will engage CCC as its contractor for that specific project.

We typically conduct detailed due diligence work on the contractors during the bidding process before offering construction contracts to them. We will examine their track record, industry reputation for quality, professional qualifications, past performance and co-operation, management and quality control systems, their financial situation and resources and other information that is required as part of the bidding process to evaluate the suitability of the contractors who submit a bid for our construction contracts. Senior management personnel are actively involved in the bid assessment and selection process.

At the request of certain clients, fitting-out services may be provided and included as part of the agreed service contract. This procedure is normally performed by independent contractors in accordance with pre-approved interior design plans which accommodate both the design of the property as well as relevant regulations in the region. Fitting-out contractors are also selected by a tender process. Our construction contractors and fitting-out contractors must obtain the relevant licenses from the Ministry of Construction of the PRC, which changed its name to the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on March 15, 2008. All contractors we currently employ for our projects possess the necessary qualifications and licenses.

The terms of our standard construction contracts provide for progressive payments throughout the construction process, and contain express warranties on construction quality and schedule. We withhold 10% of the contract sum for one year after completion to apply against potential claims arising out of any construction defects. We require our contractors to comply with PRC laws and regulations on the quality of construction projects, as well as our own standards and specifications. Contractors are also subject to our quality control procedures, including examination of materials and supplies, on-site inspection and production of progress reports. We do not allow our construction contractors to subcontract or transfer their contractual arrangements with us to any third party without our prior consent.

Save for the delayed delivery of properties in our Xiamen Mingfa Shopping Mall, we did not experience any material construction delays or fail to complete the construction of any project during the Track Record Period. For more details on the delayed delivery of properties in our Xiamen Mingfa Shopping Mall, please refer to the section headed “Business — Legal Proceedings” and Appendix I headed “Accountant’s Report — Note 26 Provision for other liabilities and charges” of this prospectus.

Our contracts with construction contractors contain provisions requiring the contractors to comply with relevant environmental, labor, safety laws and regulations. Our engineering department together with the third party supervisory company will constantly conduct on-site inspections to ensure the implementation of such laws and regulations as well as to inspect any potential risk is covered by relevant insurance policies that we maintain. In the event that we discover any unsatisfactory work by the contractors during our on-site inspections, we will ensure that they rectify the situation without delay. Generally, the terms of such contract provide that the contractor is responsible for any increase in labor costs while any increase in excess of 5% of the agreed costs of construction materials will be for our account.

Quality control

We place a high emphasis on the quality of our properties, and have established standard procedures to ensure that the quality of our properties and services complies with relevant regulations and meets market standards. Such quality control procedures are implemented by the relevant functional departments as well as by each construction company. For each property development project, quality inspections and regulatory compliance reviews are carried out by the construction company, construction supervisory companies, the project team in charge as well as our general project management department.

In accordance with PRC regulations, we engage the services of PRC-qualified third party construction supervisory companies to supervise the construction of our real estate developments. These construction supervisory companies oversee, under a construction supervision contract, the progress and quality of the construction work of a real estate development throughout the construction phase.

For the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, (i) costs attributable to our single largest contractor, amounted to 30.9%, 38.9%, 21.2% and 18.2% of our total costs paid, respectively, and (ii) costs attributable to our five largest contractors

amounted to 74.1%, 66.7%, 54.6% and 50.6% of our total costs paid, respectively. As at the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders holding more than 5% of our issued share capital had any interest in or was associated with our five largest contractors.

Procurement

Our tendering and procurement headquarters are primarily responsible for procuring certain specialized equipment such as elevators, air-conditioners and generators, where necessary, from selected suppliers. Our construction contractors are responsible for purchasing the basic building materials such as steel and cement, in accordance with the agreed price range as set out in the supply contracts.

Our tendering and procurement headquarters typically solicits price quotes from at least two prospective suppliers, negotiates the price and other terms with them and finalizes the purchase arrangements with the supplier with the better terms by signing price confirmations for regular supplies and executing procurement contracts for major equipment and constructions. Each transaction is initiated by a purchase order from our tendering and procurement headquarters, and the suppliers are asked to deliver the supplies to locations specified by the relevant project companies. We believe our centralized procurement system gives us more bargaining power and better cost control, enabling us to benefit from economies of scale.

To maintain quality control, we employ very strict procedures for selection, inspection and testing of materials. Our project management teams inspect all equipment and materials to ensure compliance with the contract specifications before accepting the materials on site and approving payment. We reject materials which are below standard or do not comply with our specifications and return them to the suppliers.

Over the years, our project management teams have developed good working relationships with our closest suppliers, which allows us to produce quality products at optimal efficiency and increasingly low costs. These established relationships also help to ensure that supplies are delivered on time.

E. Sales and marketing

Sales and marketing

The operations management headquarters carries out our sales and marketing functions. It is responsible for brand building, market positioning, sales supervision, marketing as well as leasing and management of the our investment properties. Our operations management headquarters conducts detailed market analyses, prepares promotional materials, conducts general promotional campaigns, recommends unit prices and pricing-related policies for our projects and coordinates and monitors our relationship with the media. We provide our sales and marketing staff training on basic knowledge of real estate, sales and marketing, and laws and regulations in relation to the real estate sector.

Our operations management headquarters is involved in our real estate development projects starting from the early stages and provides its input at key steps. When our research and development

department identifies a potential project, our operations management headquarters will conduct local property market research and study the government's land policies. Before we decide to acquire land, our operations management headquarters provides us with the results of the research and analysis of the relevant land. During the land acquisition process, our sales and marketing department provides suggestions on the site plan and designs and assists the Company in the design preparation.

We use various advertising media, including newspapers, magazines, brochures, television, radio, internet, signage posters and outdoor billboards, to market our property developments. We participate in real estate exhibitions to enhance our brand name and promote our property developments projects. We also set up on-site reception centres to display information relating to the relevant real estate development and for certain major projects, off-site reception centres in areas frequented by targeted customers in circumstances where on-site reception centres may not be suitable.

We have a selected number of independent third party external sales, business promotion and marketing agencies. For example, we work closely with House, a real estate brokerage firm established in Xiamen in 1997 with business operations in ten cities throughout the PRC, and Hopefluent, a real estate brokerage firm established in Guangzhou in 1995 and listed on the Stock Exchange in 2004 which offers services through more than 40 branches in various locations in the PRC. When selecting these external agencies, we typically take into account their qualifications and reputation, the qualifications and experience of their professional staff, their past performance and market share, their project proposal, and their allocation of available resources.

Customers

For the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the percentage of revenue attributable to our five largest customers was less than 30% of our total revenue. As at the Latest Practicable Date, none of our Directors, their associates or any of our shareholders held more than 5% of our issued share capital had any interest in or was associated with our five largest customers.

Customers' payment arrangements

(i) Residential properties

Payment of the purchase price of our residential properties is due before delivery of the property. Typically, a down payment of no less than 30% of the purchase price is paid upon confirmation of the sale. It is common practice in the PRC for real estate developers to facilitate bank financing with various domestic banks for the purchasers of units in their residential properties. In accordance with market practice, the real estate developers are usually required by the banks to guarantee the obligations to repay the loans on the property. The guarantee periods normally last for up to 24 months until the property is delivered. If a purchaser defaults under the loan, once the real estate developer repays all debt owed by the purchaser to the mortgagee bank under the loan, the mortgagee bank will assign their rights under the loan and the mortgage to the developer and, after mortgage registration, the developer will have full recourse to the property.

Consistent with industry practice, we do not conduct independent credit checks on our customers but rely on credit checks conducted by the mortgage bank. As at June 30, 2009, the outstanding guarantees in respect of the residential mortgages of our customers amounted to RMB1,366.1 million. During the Track Record Period, we encountered one defaulted mortgage loan in the amount of RMB410,000 in March 2009. We believe that we will not incur any loss on this default if the foreclosed property is re-sold at the same or higher value than we paid out on the guarantee. For more details on the risks associated with guaranteeing mortgages, please refer to the section headed “Risk Factors — Risks Relating to Our Business — We provide guarantees for mortgages taken out by our customers and if a significant number of these guarantees are called upon, our business, financial condition and results of operations could be materially and adversely affected” of this prospectus.

(ii) Commercial properties

The payment method for purchasers of our property sales other than residential units is similar to the above arrangements, except with the key difference that the down payment is typically 50% of the purchase price. All sales, including pre-sales, are fully paid for before delivery. During the Track Record Period, we did not provide any financing facilities to our purchasers of commercial properties.

If there are any changes in laws, regulations, policies and practices that would prohibit property developers in the PRC from providing guarantees to banks in respect of loans offered to customers and these banks do not accept any alternative guarantees which may be provided by other third parties, or if no third party is available in the market to provide such guarantees or otherwise, our Directors believe that it might become more difficult for property purchasers to obtain loans from these banks during the pre-sale period, which could adversely affect the rate of pre-sales of our properties. However, as at the Latest Practicable Date, there were no impending changes in laws, regulations, policies or practices which will prohibit such practices in the regions where we operate.

F. Completion, delivery and after-sales services

We strive to develop quality properties within the time frame specified in any applicable pre-sale or sales contracts. Upon passing inspections by the relevant PRC government departments, including planning fire safety and environmental protection, we notify our customers and deliver the properties in accordance with the terms of the relevant sale and purchase agreement, which certifies the completion of construction and the receipt of full payment from our customers. We also assist our customers in obtaining ownership certificates from the relevant PRC government departments as well as in other areas related to various title registration procedures and financing, including the provision of information on potential mortgagee banks and the mortgage terms they offer.

In relation to ongoing after-sale customer services, our customer service centre and customer service executive in each city are responsible for handling any complaints and the relevant after-sale services we may provide to our customers and supervising the repair and ongoing maintenance of our developed properties that is carried out by the construction companies that we engage.

G. Business development and property management

We retain a portion of our commercial complexes for investment purposes. The leasing and promotion of such commercial complexes is handled by our operations management headquarters and Xiamen Mingsheng Investment Management (XM), and assisted by third party agencies. Xiamen Mingsheng Investment Management (XM) is also responsible for the management of such properties.

PROPERTY MANAGEMENT

In accordance with local regulations, we engage external property management companies to manage properties developed by us on behalf of our customers until the owners committee of the relevant property is established and a new property manager is appointed. We emphasize customer service and effective maintenance services for our completed projects, and when selecting property management companies at the initial stage, we consider the qualifications of the candidate companies, the quality of their services, their proposed fees and their ability to introduce us to potential future quality clients. Our staff responsible for property management also assist the individual project teams in handover inspections and the follow-up work required on our completed projects.

With respect to our completed residential property developments, the owners of units in these developments are free to choose their own property management company upon establishment of an owners committee.

In relation to our commercial property projects, some of the key property management and operation management companies include Xiamen Bai Shi Da Property Management Co., Ltd. and Xiamen Mingsheng Investment Management (XM). Xiamen Bai Shi Da Property Management Co., Ltd. established in 1999, is a leading property management company with level 2 qualifications under the Ministry of Construction of the PRC.

INVESTMENT PROPERTIES

Investment properties are self-owned properties we hold for leasing purposes or for capital appreciation or both, and that we do not occupy and use. As at the Latest Practicable Date, our investment properties are located in various parts of Xiamen, Nanjing, Hefei and Yangzhou. Our investment properties have gained in value due to the overall appreciation and the general growth of property prices in the areas where they are located. At the same time, the operation and management by our Company's professional team and other third party management companies have contributed to the increasing rental income from such properties, which in turn translates to a stable and steady cash flow to our Company. In addition, many of the retail units that we are developing will be held for investment, primarily to complement our commercial complexes and residential properties within the project site. For more details on investment properties, please refer to the section headed "Business — Description of Our Projects" of this prospectus.

Our objective regarding investment properties is to achieve a more stable earnings profile through increasing recurrent income from a diverse portfolio of investment properties including

offices, retail units and hotels. We also have plans to extend our business to the logistics and asset management industries to further diversify our services. For details, please refer to the section headed “Business — Our Strategies — Further grow our investment property portfolio to increase the stability of our income stream” of this prospectus.

Summaries of the major types of our investment properties are set out below:

Shopping malls

We choose our tenants according to the overall plans of our projects, with an aim to build a portfolio of diversified and quality tenants. We usually grant leases of a longer term, such as 10 to 20 years, to anchor tenants including major department stores such as Xiamen New World Department Store, domestic electrical appliance chain stores, such as Suning, and large-scale world top 500 retail stores and supermarkets such as Carrefour. For large-scale developments, such as our Xiamen Mingfa Shopping Mall, we introduce anchor tenants to enhance visitor volume and retail mix, and accordingly, they usually enjoy more favorable rental rates in return for their agreement to take up larger areas and longer lease terms. We actively market our investment properties to both international and domestic retail chains as well as smaller specialist shops mainly through advertising activities during the pre-leasing period. To launch new properties, we also selectively offer concessions such as rent-free periods for interior decoration to preferred tenants. We believe our strategies, combining a diverse mix of tenants, effective advertising and flexible leasing arrangements, will achieve a balanced, stable and profitable portfolio of recurrent income-generating investment properties.

Hotels

We currently own three completed hotels, comprising a hotel in Nanjing, Jiangsu Province, and one each in Xiamen and Quanzhou, both in Fujian Province. As at August 31, 2009, the aggregate GFA of our completed hotel properties was approximately 73,000 sq.m. In addition, we have four hotel properties that are under development and two for future development in various cities in Fujian, Jiangsu and Anhui Provinces. As at August 31, 2009, the aggregate GFA of the hotels under development and future development was approximately 356,000 sq.m.

We engage various hotel management groups to manage the daily operations of our hotels and intend to enter into similar arrangements for our future hotel properties.

We intend to continue to develop additional hotel properties in the future to take advantage of the rapid growth in domestic and international tourism in China. Like our hotel properties under development, most of these hotels will be part of our large-scale, mixed use commercial complexes and located within our development projects to simultaneously enhance their overall property values.

For more details of such properties, please refer to the section headed “Business — Description of Our Projects” of this prospectus.

Other investment properties

Our logistics centres and R&D centres are generally located in the new economic zones of high-growing second- and third-tier cities. These centres generally consist of multiple types of facilities and services, including exhibition halls, warehouses, data centres and research facilities. We may lease these properties to generate rental income and engage third party property management companies to manage the daily operations of these properties.

Our logistics centres meet the needs of customers in industries such as construction, metals, chemicals, leather, textiles and electronics. Our R&D centres provide headquarters locations to customers by giving them naming and planning rights to their buildings, allowing them to design a mix of administrative, research, and production facilities on their units to meet their needs.

For more details of such properties, please refer to the section headed “Business — Description of Our Projects” of this prospectus.

COMPETITION

The PRC real estate industry is highly competitive. We compete with other property developers on various fronts including, but not limited to, product and service quality, pricing, financial resources, brand recognition, and our ability to acquire suitable sites.

In recent years, an increasing number of property developers have commenced real estate development and investment projects in Fujian and Jiangsu Provinces as well as other fast growing regions in the PRC. Our major competitors consist of large national and regional real estate developers, including local property developers that focus on one or more cities in Fujian and Jiangsu Provinces, and to a lesser extent, foreign developers. Our competitors, however, may have a better track record, greater financial, marketing and land resources, stronger brand name and greater economies of scale than us in the cities or markets in which we operate. For more information on competition, please refer to the section headed “Risk Factors — Risks Relating to the PRC Real Estate Industry — The property market in the PRC is highly competitive and intense competition may materially and adversely affect our business, financial condition and results of operations” of this prospectus.

INSURANCE

We maintain insurance policies for some of our properties and assets. We also contribute to social insurance for our employees as required by PRC social security regulations, such as a pension contribution plan, medical insurance plan, unemployment insurance plan and work-related injury insurance plan. We do not, however, in general take out insurance coverage against potential losses or damage with respect to our properties developed for sale before their delivery to customers. Neither do we maintain insurance coverage against liability from tortious acts or other personal injuries on our project sites. Our Directors believe that this practice is consistent with the customary practice in the PRC real estate development industry. The construction companies are responsible for quality and safety control during the course of the construction and are required to maintain accident insurance for

their construction workers pursuant to PRC laws and regulations. In addition, there are certain types of losses for which insurance is not available on commercially practicable terms in the PRC, such as losses suffered due to earthquakes, typhoons, flooding, war and civil proceedings.

To help ensure construction quality and safety, we provide a set of standards and specifications in the construction contracts for the construction workers to comply with during the construction process. We also engage qualified supervisory companies to oversee the construction process. Under PRC law, construction companies bear the primary civil liability for personal injuries, accidents and death arising out of their construction work where such personal injuries, accidents and deaths are caused by the construction companies. The owner of the property may also bear civil liability for personal injuries, accidents and death if such personal injuries, accidents or death are due to the fault of such owner. Since we have taken the above steps to prevent construction accidents and personal injuries, our PRC legal adviser has advised us that we will generally be able to defend ourselves as the property owner if a personal injury claim is brought against us. To date, we have not experienced any destruction of or damage to our property developments nor have any personal injury-related claims been brought against us and no material personal injury incident has occurred at our project sites.

However, there are risks that we do not have sufficient insurance coverage for losses, damage and liabilities that may arise in our business operations. Please refer to the section headed “Risk Factors — Risks Relating to our Business — We have limited insurance to cover all potential losses and claims” of this prospectus.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we were the registrant of nine registered trade marks in the PRC and we had applied for the registration of four trade marks in the PRC under various categories including real estate businesses (real estate leasing, real estate agency and real estate management), construction, architecture, engineering, furniture and non-metal construction. We are also the owner of the domain names “cn-mf.com”, “mfcity.com.cn”, “waitanzhongxing.cn” and “ming-fa.com”.

For further details relating to our intellectual property, please refer to Appendix VII headed “Statutory and General Information — Further Information about the Business — Intellectual Property Rights” of this prospectus.

ENVIRONMENTAL MATTERS

We are subject to PRC national environmental laws and regulations as well as environmental regulations promulgated by local governments from time to time. These include the *Environmental Protection Law* (《中華人民共和國環境保護法》), the *Prevention and Control of Noise Pollution Law* (《中華人民共和國環境噪聲污染防治法》), the *Environmental Impact Assessment Law* (《中華人民共和國環境影響評價法》) and the *Administrative Regulations on Environmental Protection for Construction Projects* (《建設項目環境保護管理條例》). Pursuant to these laws and regulations, each real estate development is required to undergo environmental assessments. Depending on the impact of the project on the environment, an environmental impact assessment report, an environmental impact

analysis table or an environmental impact registration form (each an “**environmental impact assessment document**”) has to be submitted by a property developer before the relevant authorities will grant a permit for commencement of construction work on the property development. In addition, upon completion of the real estate development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

Our PRC legal adviser has confirmed that during the Track Record Period, we have no record of any material violation of relevant environmental rules and regulations, material environmental pollution incidents, or any material administrative penalty imposed on us as a result of violation of environmental rules and regulations, nor have we been subject to any penalty payable in connection with our failure to submit the environmental impact assessment documents before the commencement of construction of our projects.

Our Directors confirm that, as at the Latest Practicable Date, save as disclosed in the section headed “Business — Legal and Compliance Matters — Permits, Certificates and Approvals — Environmental Examination and Acceptance Certificate” of this prospectus, none of our PRC subsidiaries had breached any applicable PRC environmental laws and regulations in any material respect and there are no existing material legal proceedings, claims or disputes relating to environmental matters pending or threatened against any member of our Group. We will continue to strictly comply with PRC environmental laws and regulations, and further strengthen our management and supervision systems in respect of environmental protection.

LEGAL PROCEEDINGS

We are subject to various legal proceedings and claims that arise in the ordinary course of business. As at the Latest Practicable Date, save as disclosed below, there were no material outstanding claims or lawsuits involving us with any parties, and to the best of our knowledge, no material claims or lawsuits are pending or threatened by or against any member of our Group.

(a) Disputes relating to Xiamen Mingfa Shopping Mall

From September 2007 to June 2009, as the developer and project company of Xiamen Mingfa Shopping Mall, Mingfa Group was named as the defendant in a number of contract dispute claims, filed by owners comprising a total of 415 units of Xiamen Mingfa Shopping Mall (representing approximately 12% of the total number of units), who entered into property purchase agreements with Mingfa Group. The property purchase agreements contained terms and conditions which entitled the property owners to compensation in the event of delays in our delivery of properties to them. Due to a number of factors, including a change of design, Mingfa Group was unable to deliver the properties in Xiamen Mingfa Shopping Mall in accordance with the delivery schedule set out in such agreements, and became liable for certain penalties as compensation to the purchasers of those 415 units in Xiamen Mingfa Shopping Mall in accordance with the terms of these agreements. The delivery date set out in the agreements and the actual delivery date varied from property to property. The claims brought against Mingfa Group related to, among other things, the proposed commencement date for calculating the compensation payable for delays in delivering the completed property to the purchasers.

As at the Latest Practicable Date, the People's Court of Xiamen Siming District and Xiamen Intermediate People's Court had ruled in favor of the property owners in some of the cases. According to the proceedings concluded so far, it was determined that Mingfa Group was liable for damages of approximately RMB16.5 million due to the delayed deliveries of the properties. As at October 28, 2009, pursuant to the terms of the property purchase agreements, Mingfa Group has paid compensation in the aggregate of approximately RMB16.1 million in relation to the claims, and approximately RMB400,000 remains payable. We intend to settle this amount in full once we are able to contact the relevant property owners.

Our Directors believe that such delays in delivery of properties are not uncommon occurrences that may be faced by real estate developers. Furthermore, in relation to the remaining approximately 1,800 affected units that have been sold in Xiamen Mingfa Shopping Mall who have not yet filed any similar claims against us, we have entered into settlement agreements with the owners of each of them, pursuant to which we will pay an agreed amount of compensation for the late delivery of the relevant properties. As at October 28, 2009, we had paid compensation of approximately RMB34.1 million to the owners of 1,178 of the affected units as full settlement. For the remaining 13 affected units, a compensation amount of approximately RMB192,280 remains payable. We intend to settle this amount in full once we are able to contact the relevant property owners.

The total liability in relation to the unpaid compensation and the maximum potential payment regarding the outstanding claims described above amounts to approximately RMB0.6 million.

In addition, there are 610 units (representing 17.7% of the total number of units) that were affected by delays in our delivery of properties. As at the Latest Practicable Date, the owners of such affected units have not commenced proceedings against us in respect of the delay.

In relation to our total liabilities as discussed above, we have made provisions of RMB36.5 million in our accounts as at June 30, 2009. Our Directors believe that this provision is sufficient given that it was made on the assumptions that (i) the unpaid compensation amounts in relation to the concluded claims in court and settlement agreements as described above are fully paid up, (ii) the outstanding claims are ruled in favor of the claimant, and (iii) each of the 610 affected units makes a successful claim against us within the two-year statute of limitations period under PRC law for the maximum amount payable between the delivery date set out in the relevant agreement and the actual delivery date of the relevant property.

Please also refer to the section headed "Risk Factors — Risks Relating to our Business — We may not be able to meet project development schedules and complete our projects on time, or at all" and Appendix I headed "Accountant's Report — Note 26. Provision for other liabilities and charges" of this prospectus. Save as disclosed above, we did not experience any material delays in delivery of properties during the Track Record Period.

(b) Disputes relating to Yangcheng Lake Project*Background information*

On October 11, 2005, HKMF Hua Qing Investment entered into a share transfer agreement (the “**STA**”) with Suzhou Yitong Real Estate Development Company Limited (“**Suzhou Yitong**”) and Beijing Chengxin Mechanics and Electricity Company Limited (“**Beijing Chengxin**”, together with Suzhou Yitong are referred to as the “**Transferors**”). The Transferors are the two shareholders of Suzhou Yangcheng Lake Hua Qing Real Estate Development Company Limited (“**Yangcheng Lake Hua Qing**”), which was held as to 80% by Suzhou Yitong and 20% by Beijing Chengxin. Yangcheng Lake Hua Qing is a project company and holds the land use rights certificate to a parcel of land with a site area of approximately 605,336 sq.m. (the “**Yangcheng Lake Project**”).

Pursuant to the STA, the Transferors agreed to transfer all shares in Yangcheng Lake Hua Qing together with the operation and development rights relating to the Yangcheng Lake Project to HKMF Hua Qing Investment. The total consideration under the STA for the transfer is approximately RMB560 million. The consideration amount was arrived at, following arms-length negotiations, after taking into account, inter alia, the then existing market conditions, comparable transactions as well as the prospective earnings, operations and financial position of Yangcheng Lake Hua Qing in relation to the Yangcheng Lake Project. The parties also considered other factors, such as (i) the relevant cost, fees and taxes for obtaining and transferring (a) the shares in Yangcheng Lake Hua Qing, and (b) the operation rights of the Yangcheng Lake Project, (ii) the land premium, resettlement cost and other relevant fees in relation to the land use rights, and (iii) the profits earned by the Transferors and other committed amounts payable pursuant to various design and other related contracts that were entered into prior to the transfer. In settling and agreeing the consideration, the parties had informed themselves of the relevant market conditions and therefore were conversant with the factors affecting the consideration for the Yangcheng Lake Project and decided not to conduct an independent valuation. The consideration is payable in two installments. Pursuant to the STA, HKMF Hua Qing Investment paid a deposit of RMB100 million within seven days after entering into the STA. RMB150 million becomes payable within 10 days after completing the transfer and receiving the new business license. The balance of RMB310 million becomes payable within 10 days after receiving the relevant approval for the construction of the Yangcheng Lake Project.

As at the Latest Practicable Date, the transfer of all shares in Yangcheng Lake Hua Qing by the Transferors has not been completed. The delay in completing the transfer was primarily due to the fact that the overall planning for the Yangcheng Lake area has not been finalized by the local government. When the STA was entered into in 2005, the local government was still engaged in its internal administrative process to determine the overall development plan for the Yangcheng Lake area. Over the past few years, the Transferors and HKMF Hua Qing Investment proactively approached the local government to follow up on the status of the development plan and in June 2009, they were informed that the local government has decided to proceed with the urbanization program for the Yangcheng Lake area. However, the details on the urbanization program are yet to be confirmed. Hence, despite that the STA was entered into in 2005, the transfer has not been completed and accordingly, the construction works for Yangcheng Lake Project has not commenced due to the above reasons.

HKMF Hua Qing Investment has confirmed that it has duly performed its obligations in accordance with the STA, including its due payment of the deposits of RMB100 million (the “**Deposits**”) to the Transferors. However, the Transferors have not yet fulfilled all of their obligations to complete the transfer in accordance with the STA, such obligations include the providing of the relevant corporate and financial documents and documentations relating to land regarding the transaction within 10 days of the receipt of the Deposits to HKMF Hua Qing Investment. Based on the abovementioned confirmation and the relevant terms and conditions of the STA, our PRC legal adviser has advised us that (i) as the Transferors have not yet fulfilled all of their obligations under the STA, HKMF Hua Qing Investment has the right to unilaterally rescind the STA and in such event, the Transferors shall, among other things, immediately return the Deposits to HKMF Hua Qing Investment, and (ii) prior to the completion of the transfer, the Transferors shall be solely responsible for all the liabilities of Yangcheng Lake Hua Qing, including but not limited to any penalties (the “**Idle Land Penalties**”) of any idle land fees or forfeiture of land through reclamation of land use rights without any compensation.

Notwithstanding the legal proceedings commenced by HKMF Hua Qing Investment as described below, HKMF Hua Qing Investment intends to complete the transfer under the STA, provided that (i) the Transferors duly perform their obligations under the STA and settle all liabilities of Yangcheng Lake Hua Qing, including but not limited to the Idle Land Penalties, if any, and (ii) the local government finalizes and implements the urbanization program in connection with the Yangcheng Lake area. Our PRC legal adviser has confirmed that for the transfer to be completed, the relevant governmental approvals for the share transfer, including approval from local MOC, and registration with MOC will need to be obtained prior to the completion. Our PRC legal adviser has confirmed that it is not aware of any legal impediments that may prevent such approvals and registration from being obtained. Our PRC legal adviser has also confirmed that once such approvals and registration are obtained, there are no legal impediments that may prevent HKMF Hua Qing Investment from completing the transfer.

To the best of our knowledge, the Transferors are independent third parties and are independent of our Group, our Directors, our Controlling Shareholders, members of our senior management and their respective associates, whether past or present.

Legal Proceedings commenced by HKMF Hua Qing Investment

Despite the STA having been entered into in 2005, HKMF Hua Qing Investment has not been able to complete the transfer of the shares in Yangcheng Lake Hua Qing because (i) the local government has not finalized the overall planning for the Yangcheng Lake area, and (ii) the Transferors have not fulfilled all of their obligations to complete such transfer in accordance with the STA.

Given the delay and uncertainties surrounding the transfer, we decided to institute legal proceedings against the relevant parties.

In March 2008, we launched legal proceedings against the Transferors to request for, inter alia, (i) the specific performance by the Transferors of their obligations under the STA, i.e. the transfer of the shares in Yangcheng Lake Hua Qing to HKMF Hua Qing Investment or any of its nominees, (ii) the compensation for holding the Deposits, and (iii) the payment of RMB30 million as penalty for breaching the STA. However, as we believed that the PRC courts would not rule in favor of our requests given that the overall urban planning of the site had not been completed by the local government, we decided to terminate such legal proceedings in December 2008.

In May 2009, we again initiated legal proceedings against the Transferors and Yangcheng Lake Hua Qing (on the basis that it enjoyed the economic benefits of the Deposits) to request for, inter alia, (i) the termination of the STA, (ii) the return of the Deposits, (iii) the payment of RMB30 million as penalty for breaching the STA, and (iv) the payment of approximately RMB34 million as interest payable on the Deposits. Unlike the legal proceedings in 2008, we did not request for the transfer of the shares in Yangcheng Lake Hua Qing. The court hearing took place on October 9, 2009. As of the Latest Practicable Date, the relevant PRC court has not made a ruling on this case. Our PRC lawyer in charge of the legal proceedings has confirmed that based on the merits of the case, it is likely that the PRC courts will rule in our favor. In addition, we successfully applied for a property preservation order from the PRC courts to set aside RMB130 million worth of assets in an attempt to ensure that the Transferors would have sufficient resources to satisfy our claim in future.

To the best of our knowledge, (i) there are four existing claims brought by independent third parties in relation to various disputes, such claims amounting to an aggregate of approximately RMB675 million, and (ii) the Transferors may not have the existing financial means to satisfy the total amount of claims. We believe that as a result, the Transferors may have to dispose of their shares in Yangcheng Lake Hua Qing or the land use rights for the Yangcheng Lake Project in an open market via bidding process in order to raise sufficient cash. If the Transferors choose to do so, we intend to acquire such shares or obtain such land use rights, although there is no guarantee that we will subsequently be successful in our bids, given that (a) there may be other interested purchasers for the shares, or (b) we will still need to go through the public bidding procedures before obtaining the land use rights.

LEGAL AND COMPLIANCE MATTERS

Set out below is an overview of certain legal and compliance matters affecting our Group during the Track Record Period. Except for the usage rights transfer agreements in relation to Xiamen Mingfa Town (as set out in Part A below), all the various historical incidents have been resolved and will not materially and adversely affect our business, financial condition and results of operations.

We have taken steps to address and strengthen our legal compliance standards. For more details please refer to the section headed “Business — Measures to Strengthen Corporate Governance Procedures” of this prospectus.

(A) Usage Rights Transfer Arrangement

As at June 30, 2009, we had entered into occupancy and usage arrangements for 333 units developed at Xiamen Mingfa Town (representing approximately 60.5% of the total number of units), one of our completed projects used for industrial purpose and held for sale, subject to the terms set out in a “Transfer of Right to Use Properties Contract” (房屋使用權轉讓合同).

Under the “Transfer of Right to Use Properties Contract”, each transferee is contractually entitled to occupy and use the relevant unit for a term commencing from the delivery date stipulated in the contract shortly after the contract date and expiring on May 7, 2054 (the “**Expiry Date**”), the date on which our legal title to the parcel of land on which Xiamen Mingfa Town is situated will expire. The duration of the occupancy and usage rights therefore depends on the commencement date of the relevant contractual arrangement.

Each transferee of the Xiamen Mingfa Town units expressly acknowledged in the contract that it is fully aware of the industrial nature of the land use rights granted to us and the nature of the occupancy and usage rights provided under such contractual arrangement. Each transferee specifically acknowledges that we have not obtained individual ownership certificates for the underlying units.

Our PRC legal adviser has confirmed that we have lawfully acquired the land use rights to the parcel of land at which Xiamen Mingfa Town is located and have obtained all applicable government approvals relevant to the development of the project. During the term of the land use rights granted to us, it is lawful for us to occupy, use, lease, transfer, create encumbrances or otherwise dispose of the land use rights granted to us. However, such rights do not enable us to sell the units at Xiamen Mingfa Town on an individual unit basis, with individual ownership certificates to be issued for the underlying units (the “**Restriction**”). Although such Restriction is not set out in the land use rights grant contract, our PRC legal adviser has confirmed that there are currently no PRC laws, rules or regulations which (i) provide for the obtaining of, or (ii) specifically prohibit the obtaining of individual ownership title certificates for buildings built on land approved for industrial use. In addition, we and our PRC legal adviser have, on various occasions and both verbally and in writing, consulted with different officials in Xiamen Municipal Resources and Housing Administrative Bureau (廈門市國土資源與房產管理局) on whether we could apply for individual ownership certificates for Xiamen Mingfa Town. We were informed verbally by various different officials and also received a written confirmation that they were not in a position to do so. Our PRC legal adviser confirmed that (i) Xiamen Municipal Resources and Housing Administrative Bureau is the appropriate and competent authority to consult on such matters, and (ii) as a matter of widely adopted practice in the PRC, the relevant PRC authorities did not in the past, and currently do not issue individual ownership certificates for properties built on land approved for industrial use.

Our PRC legal adviser has also confirmed that (i) there are no PRC laws or legal principles which explicitly prohibit the entering into of the long term occupancy and usage arrangements, (ii) the land use rights allow us to enter into long term occupancy and usage arrangements with individual transferees without providing them with ownership certificates, and (iii) the arrangements under the “Transfer of Right to Use Properties Contracts” (including the Restriction) are in compliance with the land use rights and the relevant approved plan. Based on the above, we decided to enter into the

“Transfer of Right to Use Properties Contracts” as the proceeds obtained from the transfer of long term occupancy and usage rights could be used for other projects that were under development.

The “Transfer of Right to Use Properties Contract” provides each transferee with the right to coordinate with us to apply for the individual ownership certificate when the abovementioned practice adopted by the relevant PRC authorities changes and the Restriction no longer exists. In exercising such right, the transferees will be required to pay us an additional 20% of the initial contract price to us, as well as other ancillary charges applicable at the time of application. We will apply for individual ownership certificates although we have no legal obligation to do so. The transferee’s right to request our coordination on the individual ownership certificates will be subject to payment of the abovementioned additional consideration and ancillary charges. The transferee may make such request with us anytime during the term of the arrangement under the “Transfer of Right to Use Properties Contracts”. As at the Latest Practicable Date, no purchasers have approached us to indicate their intention to obtain the underlying ownership certificates.

The other terms of the “Transfer of Right to Use Properties Contract” are similar to the typical terms used in a property sale and purchase agreement. They include the following terms:

- The construction area of the unit concerned and common area attributable to such unit;
- The total consideration for the long term usage rights calculated based on the Expiry Date and the payment terms with details of late payment levies;
- Schedule for delivery of possession of the unit concerned and details of late payment levies;
- Quality assurance standards and responsibility for repairs during the assurance period;
- The management fee per square meter and that the properties will be managed by a management firm designated by us;
- That the Transferees will be entitled to any resettlement proceeds payable to us in case the premises are subject to government resettlement programs; and
- Dispute resolution provisions.

In addition, the contract does not contain any express provisions dealing with the assignment of the usage rights. In the event that a transferee intends to assign his usage rights to others, he can approach us and we will consent to the assignment.

All 333 contracts were entered into before June 30, 2009. However, during our internal review in September 2009, it was revealed that our sales staff in Xiamen had mistakenly entered into an additional three “Transfer of Right to Use Properties Contracts” after June 30, 2009. These three contracts were intended to be lease agreements but were entered into as “Transfer of Right to Use Properties Contracts” due to an administrative inadvertence. We have since immediately entered into agreements to terminate these contracts with the relevant counterparties. Pursuant to these termination agreements, we agreed with the counterparties that, among other things, the contracts be terminated as

of the respective dates of the termination agreements. The counterparties agreed to return their respective units to us for a full refund of the proceeds that they paid. We were not required to pay any compensation to the respective counterparties under these termination agreements and did not incur other liabilities as a result of such termination.

Classification of the usage right under “Transfer of Right to Use Properties Contract”

Our PRC legal adviser has confirmed that:

- (i) The “Transfer of Right to Use Properties Contract” does not create rights and obligations that fall squarely within any recognized contract category, and will be considered an “anonymous contract”.
- (ii) The “Transfer of Right to Use Properties Contract” envisages that we retain a right of reversion at the end of the finite term of the arrangement. During that finite term, the transferee enjoys the right to use the premises in exchange for a sum of consideration. Under *PRC Contract Law*, any contractual relationship that does not fall squarely within a recognized contract category can be regulated by and subject to statutory provisions applicable to the recognized contract category that is closest in nature to that contractual relationship.
- (iii) Compared to all available recognized contracted categories under PRC law, the contractual relationship envisaged by the “Transfer of Right to Use Properties Contract”, is most similar to a lease contract. On this basis, the tenancy provisions under *PRC Contract Law* may apply to the “Transfer of Right to Use Properties Contract” by analogy. Under those tenancy provisions, a lease is only legally enforceable for a maximum term of 20 years. Any excess beyond 20 years is not legally enforceable. Accordingly, if the arrangement under the “Transfer of Right to Use Properties Contract” was subject to those tenancy provisions, only the first 20 years is legally enforceable. It is therefore possible that the occupancy and usage rights under this arrangement in excess of 20 years may not be legally enforceable. If the PRC courts were to apply this interpretation to these contracts, they may require us to repay a portion of the original contract price that corresponds to the excess term. However, the transferees and the PRC courts may not repudiate or invalidate the contract on the basis that the term is in excess of 20 years.
- (iv) Based on the tenancy provisions under *PRC Contract Law*, the “Transfer of Right to Use Properties Contract” will be legally enforceable for up to a term of 20 years from the commencement date stipulated in the contract.

We believe that the risks associated with the maximum 20-year term will only arise if and only if a transferee chooses to terminate his/her “Transfer of Right to Use Properties Contract” at the end of the first 20 years and proceeds to obtain a judgment from the PRC courts. As advised by our PRC legal adviser, (i) there is no certainty as to how the PRC courts will interpret the “Transfer of Right to Use Properties Contracts”, (ii) the PRC courts may have to interpret the contracts as long-term leases for the sole purpose of determining the contracts are legally enforceable under the PRC law, and (iii) based on the above, only the first 20 years of the “Transfer of Right to Use Properties Contracts” is legally enforceable. Our PRC legal adviser has further confirmed that since there is no certainty as to how the

PRC courts will interpret the contracts, in the event that the PRC courts do not apply the relevant tenancy provisions contained in the *PRC Contract Law* to these contracts, the “Transfer of Right to Use Properties Contracts” are legal, valid and binding.

In addition, our PRC legal adviser confirmed that the “Transfer of Right to Use Properties Contracts” remain as “anonymous contracts” and do not need to be registered with the relevant authorities under PRC laws, unlike leases. We and our PRC legal adviser have, on various occasions and both verbally and in writing, consulted with different officials in Xiamen Municipal Resources and Housing Administrative Bureau on whether we could register the contracts for Xiamen Mingfa Town as leases. We were informed verbally by different officials and also received a written confirmation that it was not in a position to do so. Our PRC legal adviser confirmed that Xiamen Municipal Resources and Housing Administrative Bureau is the appropriate and competent authority to consult on such matters.

To be prudent, if we were to assume that all existing transferees would wish to terminate their contracts and approach the PRC courts seeking a judgment from the PRC courts that we be required to repay the pre-paid purchase money for the period commencing from the end of the first 20 year term of each of the long term usage arrangements and ending on the Expiry Date, the PRC courts may interpret these contracts as long term leases and rule that the maximum term for these contracts is 20 years only. In this event, we may be required to repay up to a maximum of RMB100 million, being the sum of all the pre-paid purchase money received from all the existing purchasers for the period commencing from the end of the first 20 year term and ending on the Expiry Date.

It must be noted that it is unrealistic to assume that all or a vast majority of the transferees of these “Transfer of Right to Use Properties Contracts” will seek to repudiate the contracts or move out from Xiamen Mingfa Town at the end of the first 20 year term, particularly when they have entered into these “Transfer of Right to Use Properties Contracts” being fully aware of the nature of the occupancy and usage rights conferred under the terms and conditions of this contractual arrangement.

In any case, in the event that a transferee seeks to repudiate the “Transfer of Right to Use Properties Contract” and obtains a ruling from the PRC courts that the maximum term of the contract is 20 years only, we intend to give such transferee a choice between (i) the repayment of the pre-paid purchase money for the period commencing from the end of the initial 20 year period and ending on the Expiry Date, such amount being covered under the indemnity described below, or (ii) the execution of a lease agreement commencing from the end of the initial 20 year period that is registrable with the relevant Xiamen authorities.

Consequences of Deviation from the designated land use

Pursuant to the “Transfer of Right to Use Properties Contracts”, each of the transferees expressly acknowledged that he or she is fully aware of the industrial nature of the land use rights. The contracts also provide that the transferees shall not change the usage of the properties. Our PRC legal adviser has confirmed that if any of the transferees changes the usage of the relevant unit and deviates from the designated use, it will constitute a breach of contract under *PRC Contract Law* which will entitle us to remedies including, among others, (i) demand for such transferee to rectify the situation

and comply with the designated land use rights, and (ii) if such transferee fails to rectify the situation within a reasonable period of time, we will be entitled to terminate the contract. Upon termination, such transferee will be required to return the unit to us. The transferee will also be liable for any of our losses and any incidental costs and expenses that may arise from our repossession.

Our PRC legal adviser has also confirmed that there is currently no provision under PRC law that requires the Company to report incidents of violation of designated land use to the relevant government authorities. However, in the event that Xiamen Municipal Resources and Housing Administrative Bureau (廈門市國土資源與房產管理局) becomes aware of an event of deviation from designated land use rights, it has the authority under PRC law to (i) order the relevant transferee to stop or rectify the deviation; and (ii) if such transferee fails to stop or rectify the deviation, Xiamen Municipal Resources and Housing Administrative Bureau (廈門市國土資源與房產管理局), which is the appropriate and competent authority to enforce the relevant PRC law and regulation in relation to non-compliant land use, can impose a fine on such transferee. Based on the current PRC law, there is no legal implication on us, being the registered owner of the units of Xiamen Mingfa Town, if any of the transferees fails to adhere to the designated land use stipulated under the “Transfer of Right to Use Properties Contracts”.

Accounting treatment

As at June 30, 2009, we received a total amount of RMB171.3 million in proceeds from the transfer of occupancy and usage rights for the relevant units. Although the total amount of proceeds was received up front, we adopted a more prudent and conservative approach by recognizing the revenue on an annual basis. Accordingly, this total amount has been included in the accounts as advanced proceeds received from customers and classified as current liabilities, and is recognized as operating lease on a straight line basis over a term commencing from the property delivery date up to the Expiry Date in accordance with HKAS 17. As such, our accounting treatment has resulted in a smaller annualized amount that is recognized over a longer period of time, thereby minimizing any significant impact on our total revenue and overall gross profit margin in any particular financial year.

There was no revenue recognized from the arrangements for the years ended December 31, 2006 and 2007 as Xiamen Mingfa Town was not yet completed, and hence we did not transfer any usage rights to the transferees during those two years. The revenue recognized from the arrangements for the year ended December 31, 2008 and for the six months ended June 30, 2009 was RMB3,816,000 and RMB1,912,000, respectively, each representing 0.2% of our total revenue in the respective periods.

The costs of the relevant units are transferred from construction in progress under property, plant and equipment to other non-current assets upon completion, and thereafter amortized to the consolidated income statement on a straight-line basis over the term up to the expiry date of the related land use rights of 50 years held by the Group.

Indemnity from the Controlling Shareholders

To the extent we suffer any loss or incur any liability or expense in connection with the repudiation of the existing contracts for any reason, the Controlling Shareholders have agreed to indemnify us for an amount up to RMB100 million against such potential repayment of excess purchase price until the Expiry Date. This indemnity will remain valid against the Controlling Shareholders (or their estates, where applicable) throughout the entire term of the arrangement under the “Transfer of Right to Use Properties Contracts”, whether or not they remain as the Controlling Shareholders.

Based on the indemnity provided by the Controlling Shareholders, we believe that any such repudiation will not have a negative impact on our business. The indemnity covers all losses, liabilities and expenses that we may incur as a result of the repudiation of the “Transfer of Right to Use Properties Contracts” already entered into as at June 30, 2009. The Controlling Shareholders have agreed to set aside RMB150 million worth of their Shares in an escrow account in order to ensure that they will have more than sufficient financial resources to honor the indemnity if and when necessary. The escrow arrangement shall remain in full force and effect throughout the entire term of the arrangement under the “Transfer of Right to Use Properties Contracts”. If the value of the shares in the escrow account falls below RMB150 million at each interim or annual report date, the Controlling Shareholders will top up such number of shares into the escrow account within 10 business days so that the value of the shares in escrow will become no less than RMB150 million, based on the share price on such date.

Actions taken

In light of the above, we have engaged a reputable external consulting firm as our internal control adviser and Grandall Legal Group (Shanghai) as our PRC legal adviser. One of their key findings was our lack of an internal supervisory department and a system to identify, report and address any legal and compliance issues. In response to their recommendations, we have taken steps to address our legal and compliance standards and strengthen our internal control procedures to prevent the occurrence of similar incidents in the future. For example, we have imposed certain policies and operation guideline to codify rules and procedures relating to matters such as internal audit, legal compliance and information disclosure. We also set up a Legal Compliance Department, whose key function is to ensure that our operations are carried out in full compliance with the relevant PRC laws as well as our internal rules and regulations. More specifically, prior to signing any significant contracts, the Legal Compliance Department will engage external legal advisers to review such contracts in order to minimize any legal pitfalls and ensure full compliance with the relevant PRC laws. Further details of our Legal Compliance Department and other measures taken to strengthen our compliance standards can be found at the end of this section headed “Business — Measures to Strengthen Corporate Governance Procedures”.

Plans for remaining units

We will not transfer any occupancy and usage rights in respect of the remaining 216 units at Xiamen Mingfa Town. When we decide to sell such units, we will obtain the individual title ownership certificates for these units so that we can sell and transfer the underlying legal title to the purchasers. However, if the purchaser is only interested in occupying or leasing the remaining units, we will enter

into a lease agreement that is registrable with the relevant Xiamen authorities. In any case, we will not enter into the “Transfer of Right to Use Properties Contracts” for any of our other projects.

(B) Registration of Leases

Historically, we did not register certain of our leases within the applicable time limit. According to the Regulation of Xiamen City on the Administration of the Urban House issued by the Standing Committee of the People’s Congress of Xiamen City on August 9, 1996, and amended on March 29, 2002 and June 4, 2004, all leases are required to be registered by applying to the relevant land and property administration department within 15 days after the lease contracts are signed. Failure to register lease contracts may lead to a daily penalty fee of 0.3% of the monthly rent calculated starting from the earliest overdue date of registration.

As at the Latest Practicable Date, we have not received any notice of late payment of registration fees or other forms of enforcement notice in relation to the leases we have entered into. We understand that as at the Latest Practicable Date, the relevant PRC land and property authorities in Xiamen, Fujian province have not taken any steps to enforce the lease registration provision or related payment obligations against us and our subsidiaries. According to our PRC legal adviser, as at the Latest Practicable Date, no fine or administrative penalty had been imposed upon us by the Xiamen government for non-registration of our leases.

As at January 5, 2009, we have registered each of our existing valid lease contracts in Xiamen with the relevant land and property administration departments and obtained all property leasing certificates for the lease contracts.

Our PRC legal adviser has confirmed that as we have completed the registration of our leases and obtained the relevant property leasing certificates, we are no longer in breach of any PRC laws and regulations for failing to register such leases and will not be subject to any administrative penalty for historical non-registration of leases.

Going forward, we undertake to register all the leases we enter into strictly in compliance with PRC laws and regulations.

(C) Obligations under Land Use Rights Grant Contracts

(i) Xiamen Mingfa Harbor Resort

According to the land grant contract dated December 19, 2006 and the relevant supplemental agreement between Mingfa Group and the Xiamen Land Resources and Properties Administration Bureau, we were expected to commence the development for our Xiamen Mingfa Harbor Resort no later than September 7, 2008, and in the event of any anticipated delays in such commencement, an application should be submitted to the Xiamen Land Resources and Properties Administration Bureau for approval at least 30 days prior to the scheduled commencement date. In the event that the

construction is not commenced on or before the date stipulated in the land grant contract, we may be subject to a daily penalty of 0.01% of the total land premium amount.

We experienced a delay in the commencement of construction of our Xiamen Mingfa Harbor Resort due to failure of the Xiamen Municipal Resources and Housing Administrative Bureau to provide the minimal level of power, water and other utilities necessary for commencement of construction works, which was beyond our control.

We confirm that the delay has not had any impact on our business. In strict compliance with the contract terms, we filed a formal application to the Xiamen Municipal Resources and Housing Administrative Bureau on July 30, 2008 and obtained a formal approval for a revised timetable to postpone commencement of construction works. Subsequently, we entered into a supplementary agreement on November 12, 2008, under which the Xiamen Municipal Resources and Housing Administrative Bureau allowed us to commence construction works before September 7, 2009. Most recently, following the agreed supplementary agreement, we filed another formal application to the Xiamen Land and Resources and Housing Administrative Bureau on September 6, 2009 to further delay the commencement of construction as the Xiamen Municipal Resources and Housing Administrative Bureau still failed to provide the minimal level of power, water and other utilities necessary for such commencement. We subsequently obtained approval to further postpone construction works to December 7, 2009.

Based on the supplementary agreement and the approval, our PRC legal adviser has confirmed that the supplementary agreement and the approval are legally valid and enforceable, and we have not breached any terms of the original contract and will not be subject to any legal claims or penalties relating to the delay in the contractual construction commencement date.

(ii) Payment of land grant premiums

Nanjing Mingfa City Square

On April 27, 2007, we entered into a land grant contract with the Pukou Branch of Nanjing State Land and Resources Bureau in relation to the development of Nanjing Mingfa City Square. The Pukou Branch of Nanjing State Land and Resources Bureau did not fulfill its obligation to deliver the site on time. One of the reasons for the delay was related to the implementation of the resettlement procedure, as the land authorities had difficulties in settling the compensation payable to certain residents who were affected by the resettlement plan.

In view of the late land delivery by the relevant land authorities, we decided to withhold the payment of the remaining land grant premium until the land is delivered. A new payment schedule was approved on November 12, 2008 by the People's Government of Pukou District, Nanjing. Pursuant to the revised terms, we were required to pay the remaining land grant premium before June 30, 2009.

The outstanding amount of land grant premium was approximately RMB80.4 million, representing approximately 30% of the total land grant premium payable.

Our PRC legal adviser has confirmed that based on the permission granted from the People's Government of Pukou District, Nanjing for us to pay the remaining land grant premium before June 30, 2009, we had the contractual rights to the land of Nanjing Mingfa City Square under the land grant contract and the government authority could not terminate the contract or require us to undertake any liability. Moreover, as advised by our PRC legal adviser, we will not be liable for any penalty for the previous delay in the payment of the land grant premium based on the new payment schedule approved by the local authority.

On June 29, 2009, the Pukou Branch of Nanjing State Land and Resources Bureau fulfilled its obligation of site delivery, and we also paid the full outstanding amount of the total land grant premium.

Honglai Mingfa Shopping Centre

On February 26, 2007, we entered into three land use rights grant contracts with the Nan'an State Land Resource Bureau with respect to the development of Honglai Mingfa Shopping Centre. Due to the local government's delay in implementing its resettlement plans, the parcel of land has not been delivered to us as at the Latest Practicable Date. In view of the anticipated delay, we decided to withhold the land grant premium payable until these parcels of land are delivered. The People's Government of Honglai County, Nan'an and the Nan'an State Land Resource Bureau have confirmed in writing on December 12, 2008 and December 15, 2008, respectively, regarding the late delivery of these parcels of land.

According to such land use rights grant contracts and the Notice for Payment of Land Grant Premium issued by the Nan'an State Land Resource Bureau, the total land grant premium for the abovementioned land is approximately RMB14.5 million, of which approximately RMB4.3 million has been paid. As at the Latest Practicable Date, we have not paid the remaining land grant premium under these land use rights grant contracts.

The land authorities will notify us of the date when the site is ready for delivery under the terms of the land grant contract. We will pay the balance of the land grant premium when these parcels of land are delivered to us.

We entered into an agreement with the People's Government of Honglai County, Nan'an on November 17, 2008. According to such agreement, the People's Government of Honglai County has confirmed that the delay in the delivery of the land for Honglai Mingfa Shopping Centre was due to their failure to complete the resettlement in time, and, accordingly, it will be coordinating with the relevant authorities to complete the resettlement and to ensure the subsequent delivery of the land. The People's Government of Honglai County will also be undertaking all the responsibilities due to the defaults on the part of the relevant authorities under the relevant land use rights grant contracts.

On December 15, 2008, the Nan'an State Land Resource Bureau confirmed in writing that, as the land had not been delivered on time, the payment of the remaining land grant premium is postponed until the land is delivered and as confirmed by both parties in writing.

Our PRC legal adviser has confirmed that Nan'an State Land Resource Bureau's confirmation is legally binding and enforceable, and that, (i) under the above circumstances, we have the contractual rights to acquire the land use rights under the land grant contract, and (ii) we will not be liable for any penalties or fines in connection with delays in paying the outstanding land premium and construction commencement time.

(D) Permits, Certificates and Approvals

As a property developer in China, we must obtain certain permits, certificates and other approvals from the relevant administrative authorities at various stages of our project development and failure to do so may result in fines and other legal implications. For further information, please refer to the sections headed "Risk Factors — Risks Relating to Our Business — Our results of operations may be materially and adversely affected if we fail to obtain, or if there are material delays in obtaining requisite governmental approvals for our property development" and "Risk Factors — Risks Relating to Our Business — We may be subject to legal and business risks if we fail to obtain or renew formal qualification certificates" of this prospectus.

As part of our efforts to further strengthen our corporate governance procedures, we have set up a Legal Compliance Department which will provide oversight and supervision (i) to ensure that each project obtains the relevant permits, certificates and approvals required at the relevant development stages, (ii) to introduce and maintain a centralized database which allows us to effectively record and monitor the expiry date of the relevant permits, certificates and approvals, (iii) to produce monthly reports to inform us timely of the permits, certificates and approvals that need to be obtained or will be expiring, (iv) to organize regular internal training sessions for our employees to raise awareness of our legal compliance standards, and (v) to consult external legal counsel and other professional advisers, as and when required. Further details of the Legal Compliance Department can be found in the section headed "Business — Measures to Strengthen Corporate Governance Procedures" of this prospectus.

Planning permit for construction works and permit for commencement of construction works

We obtained an in-principle approval on October 20, 2007 from the People's Government of Guangling district, Yangzhou, Jiangsu province and commenced the construction of Yangzhou Mingfa Shopping Mall prior to obtaining the planning permit for construction works and permit for commencement of construction works. Without such permits, we may be ordered to suspend the construction of the project, remove any portion of the project exceeding the scope of the approved permit within a prescribed period, and be subject to the fines of between 5% and 10% of the construction work cost, and between 1% and 2% of the consideration paid in relation to the relevant construction contracts.

On August 4, 2009 and September 4, 2009, we obtained the official planning permit for construction works and official permit for commencement of construction works for Yangzhou Mingfa Shopping Mall respectively. Our PRC legal adviser has confirmed that since the local government has granted us the in-principle approval, the official planning permit for construction works and official permit for commencement of construction works, the local authorities will not impose any

administrative penalties for not obtaining the official planning permit for construction works and official permit for commencement of construction works prior to us commencing construction.

Qualification certificates

(a) Mingfa Group Real Estate Exploiture (WX)

The qualification certificate for Mingfa Group Real Estate Exploiture (WX) expired on August 28, 2008. If such qualification certificate is not renewed, we may be subject to a penalty of between RMB50,000 and RMB100,000. We confirm that the renewal application was submitted in June 2008, which was within the applicable time limit. On December 22, 2008, Mingfa Group Real Estate Exploiture (WX) obtained the qualification certificate for the real estate development enterprise issued by the Construction Bureau of Jiangsu province. Our PRC legal adviser has confirmed that no penalty will be imposed on us as the renewal application was made within the applicable time limit.

(b) Xiamen Mingsheng Investment Management Co., Ltd. (previously known as Xiamen Kiu Lok Ming Fat Property Management Company Limited)

The qualification certificate for Xiamen Mingsheng Investment Management Co., Ltd. (formerly known as Kiu Lok Ming Fat Property Management Company Limited) expired on May 15, 2008. If such qualification certificate is not renewed, we may be subject to a penalty of between RMB50,000 and RMB200,000 and an order to confiscate any income obtained after the expiry date of the qualification certificate. We confirm that the renewal application was submitted on October 29, 2008. On December 11, 2008, Xiamen Mingsheng Investment Management Co., Ltd. obtained the qualification certificate for property management issued by the Xiamen Construction and Administration Bureau.

Although this submission was not made within the applicable time limit, given that the certificate for property management was obtained on December 11, 2008, our PRC legal adviser has confirmed that no penalty will be imposed on us in relation to a late submission.

(c) Mingfa Group Real Estate (YZ)

The qualification certificate for Mingfa Group Real Estate (YZ) in relation to our Yangzhou Mingfa Shopping Mall which is under development expired on May 15, 2009. If such qualification certificate is not renewed, we may be subject to a penalty of between RMB50,000 and RMB100,000. We confirm that the renewal application was submitted on June 15, 2009. On August 17, 2009, Mingfa Group Real Estate (YZ) obtained the qualification certificate for the real estate development enterprise issued by Real Estate Bureau of Yangzhou. Although this submission was not made within the applicable time limit, given that the qualification certificate for the real estate development enterprise was eventually obtained on August 17, 2009, our PRC legal adviser has confirmed that no penalty will be imposed on us in relation to a late submission.

Completion examination certificate

We confirm that the application for the completion examination certificate for Nanjing Pearl Spring Resort was submitted on February 18, 2008. If we do not have such a certificate, we may be

ordered to make the necessary applications and may be subject to fines of between 2% and 4% of the relevant construction contract price. On December 12, 2008, we obtained the completion examination certificate issued by the Construction Bureau of Pukou district, Nanjing. Our PRC legal adviser has confirmed that no penalty will be imposed on us in relation to our operation of the Nanjing Pearl Spring Resort prior to obtaining the official completion examination certificate.

Environmental examination and acceptance certificate

We confirm that the application for environmental examination and acceptance certificate for Phase I of Xiamen Mingfa Industrial Park was submitted on November 11, 2008. Without such a certificate, we may be ordered to suspend our operation of the project and may be subject to a fine of below RMB100,000. On November 25, 2008, we obtained the environmental examination and acceptance certificate issued by Environmental Protection Bureau of Siming District of Xiamen City. Our PRC legal adviser has confirmed that no penalty will be imposed on us in relation to our operation of Phase I of Xiamen Mingfa Industrial Park prior to obtaining the official environmental examination and acceptance certificate.

(E) Projects built on allocated land

Payment of lease premium for Mingfa Furniture (XM)

We did not pay the lease premium for the land used for the development of Mingfa Industrial Park within the applicable time limit. By not making payments within the applicable time limit, we may be required to pay the outstanding lease premium and may be subject to a daily penalty of 0.3% of the outstanding lease premium. As at the Latest Practicable Date, no fine or administrative penalty had been imposed on us by the PRC Government.

We paid the required lease premium starting from the commencement date of all existing valid lease contracts until December 2008 to the Xiamen Municipal Resources and Housing Administrative Bureau on November 6, 2008 and completed registration of the same on December 2, 2008. As at the Latest Practicable Date, there have not been any new leases since December 2, 2008 that require payment of lease premium. Our PRC legal adviser has confirmed that we will not be subject to any fines for the historical late payment of lease premium.

Going forward, we will ensure the leasing of property will be registered and full amount of lease premium will be paid in due time.

Xiamen Hailian Complex Building project

The Xiamen People's Government initiated discussions with and encouraged us to enter into a joint venture to pursue the development of Xiamen Hailian Complex Building (the "**Hailian Project**"), as the local government did not have the construction qualifications or capabilities to take on the Hailian Project by itself. Driven by both commercial benefits and government relations considerations, we agreed to enter into a MOU dated June 18, 2004, pursuant to which (i) we would bear all the

construction and development costs of the Hailian Project, and (ii) upon completion of the Hailian Project, the land use right and ownership of the Hailian Project would be shared on a 71:29 basis between us and the No. 4 General Office of Xiamen People's Government (the "**No. 4 General Office**"), respectively.

While the MOU accurately reflects the intention of the parties on their respective economic benefits to be derived from the Hailian Project, it did not take full account of the legal formalities needed for the transfer of the underlying property rights, which requires prior approval from the Xiamen People's Government and the Xiamen Land Resources and Properties Administration Bureau. To provide for the legal formalities required, the parties entered into a Supplemental Agreement (as defined below).

As with other business entities carrying on business in China, we attach significant importance to our relationship with the PRC Government. There was no fraud or misrepresentation involved, and it was never our intention to enter into any obligations that are neither binding nor enforceable.

On December 5, 2008, we entered into a management agreement (the "**Supplemental Agreement**") with the No. 4 General Office in connection with the Hailian Project. Under the terms of the Supplemental Agreement, the No. 4 General Office agreed for the management of the Hailian Project to be contracted to us for a term of 20 years commencing on the second day on which the completion certificate is issued, and upon expiry, any extension to such term is subject to further negotiations between the parties. During the contractual term, we are entitled to all the rights to manage, use and make profit from the Hailian Project, including the rights to subcontract, sublease or enter into cooperation agreements to manage the Hailian Project with third parties. As we are only constructing the Hailian Project for the Xiamen People's Government and the Hailian Project itself does not involve the transfer of property ownership rights, the signing of the Supplemental Agreement does not require the prior confirmation or approval from the Xiamen People's Government and the Xiamen Land Resources and Properties Administration Bureau.

The Supplemental Agreement also explicitly provided that when the land use right of the Hailian Project can be transferred to the No. 4 General Office, 29% of the land use rights for such parcel of land will be transferred to the Xiamen People Government and 71% of the land use rights for such parcel of land will be transferred to us in accordance with the MOU. Further, the remaining terms Supplemental Agreement will continue to be enforceable. In this scenario, although we only own 71% of the land interest, we will continue to have 100% of the rights to manage, use and make profit from the Hailian Project, including the rights to subcontract, sublease or enter into cooperation agreements to manage the Hailian Project with third parties until December 5, 2028.

Our PRC legal adviser has confirmed that (i) the Supplemental Agreement is legally binding and valid under PRC laws, and (ii) under such agreement, we have the rights to manage, use and make profit from the Hailian Project, including the rights to subcontract, sublease or enter into cooperation agreements to manage the Hailian Project with third parties.

Going forward, we will review and ensure that, even when the contracting entity is a government entity, we will carefully assess that the contracting party has the authority to enter into the relevant contracts. We have also implemented proper internal controls and compliance system that will require all signing of business contracts with third parties to be first reviewed by external legal adviser prior to execution of such contracts.

(F) Expansion of business scope

As at August 31, 2009, Mingfa Furniture (XM) entered into 15 lease agreements with respect to the space with a GFA of approximately 11,800 sq.m. in Xiamen Mingfa Industrial Park although its current business scope does not include property leasing business. Accordingly, following payment of the outstanding lease premium as indicated in paragraph (E) above, Mingfa Furniture (XM) applied to expand its business scope. If it continued to engage in the leasing business without an expanded business scope, it may be subject to an order suspending the leasing business and a penalty ranging from RMB10,000 to RMB100,000. On November 17, 2008, it obtained the official approval from the local foreign investment authorities to include “leasing of self-owned manufacturing premises and property management” in its existing business scope. On November 20, 2008, we registered our new business scope with the local Administration of Industry and Commerce. Our PRC legal adviser has confirmed that no penalty will be imposed on us.

(G) Tax

Enterprise Income Tax

Mingfa Group did not pay the enterprise income tax of approximately RMB93 million for 2007 within the applicable time limit as it was in discussion with the local government to determine the exact amount of tax payable. The exact amount of tax payable could only be ascertained after quantifying the aggregate construction cost of the Xiamen Mingfa Shopping Mall (which was still underway at the time when the initial tax amount was due). Mingfa Group expected that the cost, and thus the total income tax payable, would be finally determined before paying the enterprise income tax. After further discussion with the local tax bureau, it was finally determined that the income tax payable was RMB93 million. We have already paid the full amount of the enterprise income tax outstanding and the corresponding late fees and fulfilled all obligations to the relevant tax authorities.

The PRC legal adviser has confirmed that since we have settled all outstanding tax payments in relation to Mingfa Group, no additional penalty will be imposed on Mingfa Group for the late payment of the outstanding enterprise income tax in connection with its taxable income for 2007.

Land Usage Tax

According to the taxation certificate issued by the Foreign Taxation Branch, Zhangzhou Local Taxation Bureau, on August 29, 2008, Mingfa Group Real Estate (ZZ) did not pay land usage tax in connection with the land with a site area of 237,740.97 sq.m. during the period from April 1, 2008 to July 31, 2008. According to PRC laws and regulations in relation to land usage tax and the location

and condition of the land, Mingfa Group Real Estate (ZZ) is required pay the land usage tax amounting to approximately RMB1.2 million and any late fees is calculated based on 0.05% of the outstanding amount per day.

Based on the regulations on land usage tax and our consultation with Zhangzhou Local Taxation Bureau, Mingfa Group Real Estate (ZZ) is required to pay land usage tax from the second month starting from the date of land delivery set out in the land grant contract (i.e. November 2007) instead of the actual date of land delivery. We did not pay the land usage tax as the local government did not deliver the land according to the original schedule due to delays in removing certain high voltage cables from the land. On July 2, 2009, we entered into a supplemental agreement with Zhangzhou State Land Resource Bureau to reschedule the land delivery date which enables us to pay the land usage tax in accordance with the actual, rather than the contractual, date of land delivery, which is scheduled to be the date when the high voltage cables are removed.

As we have already entered into a supplementary agreement with the relevant authorities and based on the taxation certificate issued by Zhangzhou Local Taxation Bureau on June 24, 2008 and August 3, 2009, our PRC legal adviser confirms that we will not be subject to any penalties or fines for not paying the historic land usage tax for the reasons stated above.

MEASURES TO STRENGTHEN CORPORATE GOVERNANCE PROCEDURES

In order to further strengthen our corporate governance procedures, we engaged a reputable external consulting firm as our internal control adviser to review certain areas of our internal control system. One of its key findings was our lack of an internal supervisory department and a system to identify, report and address any legal and compliance issues. In response to their recommendations, we have taken active steps to address the issues and improve our legal and compliance standards. In particular, we have introduced and implemented a set of internal compliance procedures, and with the help of our external legal adviser, such procedures have been codified in our new internal operation manual. Over the past three months, we have conducted multiple training sessions with employees at different levels to introduce the new internal compliance procedures and how these procedures can be implemented. These procedures enhance our internal compliance system and monitor the entire process of application and maintenance of the permits, certificates and approvals which are required for our projects and our Group companies. Our internal control adviser has conducted a follow-up review to understand and comment on our progress in implementing the recommended remedial actions in the areas that were initially identified as problem areas. Results of the review showed improvement in all areas where enhancement measures have been introduced. We plan to engage external consulting firm to conduct additional reviews for another 18 months starting from the date of this prospectus.

As part of our enhanced internal compliance procedures, we have strengthened our Legal Compliance Department to provide greater oversight and supervision so as to ensure that we are in compliance with all laws and regulations which are applicable to our business operations. The Legal Compliance Department will also consult external legal counsel and other professional advisers, as and when required. Our Legal Compliance Department is headed by Mr. Jiang Yong, our Vice President who is a PRC law degree holder. Mr. Jiang is supported by a team comprising managers and staff members with extensive experience in handling regulatory compliance matters. Our Legal Compliance

Department will evaluate the compliance standards of our Group on a regular basis and, where appropriate, make necessary recommendations to our Board based on the results of the evaluation. For other oversight functions of our Legal Compliance Department, please refer to the section headed “Business — Legal and Compliance Matters — (D) Permits, Certificates and Approvals” of this prospectus.

In addition, customized training sessions have been provided for all employees, including our directors, senior management and staff members from our Group companies to raise their awareness on the importance of internal legal compliance and to strengthen their risk management skill. The first training was held in June 2009 where all our executive Directors and the managers of our Group companies attended a two-day training session. The training session was conducted jointly by our executive Directors and Mr. Jiang Yong, our Vice President who oversees our Legal Compliance Department. The training session covered the developments in the relevant PRC laws and regulations within our industry. Copies of our key internal control manuals were distributed and the contents were highlighted and explained in detail to the participants.

In addition, two-day training sessions for all staff members of our Group companies were held in September 2009. The training sessions were conducted jointly by our internal control consultant and our external PRC and Hong Kong legal advisers in our offices in Xiamen and Nanjing. The training was mandatory for our directors, senior managers and staff members from our Group companies. Approximately 200 employees attended the training sessions in Xiamen and Nanjing. The training sessions covered such topics as (i) internal control measures, (ii) relevant PRC law and regulations relating to our industry, and (iii) relevant Hong Kong law and the Listing Rules. In the internal control measures session, our internal control adviser covered all outstanding internal control issues identified in its reviews and discussed further measures to strengthen our internal control standards. The PRC law training session covered (i) all major PRC real estate law and regulations, and (ii) case studies based on historical incidents that took place within the Group. In the Hong Kong laws and Listing Rules training session, our external Hong Kong legal advisers covered relevant topics such as (i) corporate governance under the Hong Kong Companies Ordinance, (ii) director’s responsibilities, (iii) price sensitive information disclosure requirements, and (iv) notifiable transactions. All participants of the PRC law, Hong Kong law and the Listing Rules sessions were required to sit for a test at the end of the sessions which was designed to evaluate respective staff members’ level of knowledge in the respective topics covered in such training sessions. The overall results of the test were satisfactory.

During the onsite training sessions, all our staff members were required to attend interviews where they had to answer both verbally and also sign a confirmation letter at the end of such interviews confirming that, among others, (i) they had attended the legal and compliance training as described above and that they understood the content of the materials, (ii) they understood and were aware of the law and regulations relevant for both themselves and for the Company, (iii) they undertake to report to their respective supervisors in a timely manner regarding any new documents that need to be signed by the Company, (iv) they undertake to follow the new internal operation manual in the course of carrying out their daily duties, and (v) they undertake to report to their respective supervisors regarding any facts or events that they believe may lead or have led to violation of applicable law or regulations.

We are continuing to provide similar training sessions to all relevant staff members on risk management and the implementation of compliance policies and procedures in key business areas.

Such training sessions will be primarily conducted by our senior management and our external legal advisers. Our senior management, including the executive Directors, will implement a training plan and conduct training sessions for our staff members on a continuing basis, while our external legal advisers will conduct training sessions on a quarterly basis to promote risk awareness, identification and management. Our external legal advisers will focus on the measures taken in relation to and the continuous improvement on legal compliance matters, and in particular, those areas where we experienced non-compliances in the past. Training is mandatory for all senior management and staff members. Upon completion of each training session, each participant will be tested on his/her knowledge of the subject matter and compared against a benchmark as advised by the external legal adviser. Participants whose compliance knowledge does not meet the required level will be required to attend remedial training and will be subject to follow-up tests to ensure that their knowledge of relevant subject matter can meet the Company's enhanced standards.

IDLE LAND

As at the Latest Practicable Date, we confirm that we have not experienced any delay in the development of any sites which resulted in us commencing construction more than one year after the construction commencement date stipulated in the relevant land use rights grant contracts or government approvals. As such, we have not been affected by any regulatory enforcement measures in respect of idle land. Based on the abovementioned confirmation, our PRC legal adviser has advised us that we are not and will not be subject to any idle land fees or any forfeiture of any idle land through reclamation of relevant land use rights without any compensation by any local government. For further information on the regulatory enforcement measures in respect of idle land, please refer to the section headed "Industry Overview — The Property Market in the PRC — Real Estate Reform in the PRC" and Appendix V headed "Summary of PRC Principal Legal and Regulatory Provisions — Withdrawal of Land" of this prospectus.