



明发集团
MINGFA GROUP

Wealth China Century Mingfa

2011
Interim Report



Mingfa Group (International) Company Limited
明發集團（國際）有限公司

(incorporated in the Cayman Islands with limited liability) Stock code : 846



Nanjing Pearl
Spring Resort

Xiamen Mingfa
Group Mansion



Nanjing Mingfa City Square



Nanjing Pearl Spring Resort



Nanjing Mingfa
Riverside New Town



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Wun Ming (*Chairman*)
Mr. Huang Qingzhu
Mr. Huang Lianchun
Mr. Huang Li Shui

Non-executive Director

Mr. Chi Miao

Independent non-executive Directors

Mr. Wong Po Yan
Mr. Dai Yiyi
Mr. Qu Wenzhou

AUDIT COMMITTEE

Mr. Qu Wenzhou
Mr. Wong Po Yan
Mr. Dai Yiyi

NOMINATION COMMITTEE

Mr. Dai Yiyi
Mr. Huang Qingzhu
Mr. Qu Wenzhou

REMUNERATION COMMITTEE

Mr. Qu Wenzhou
Mr. Dai Yiyi
Mr. Huang Qingzhu
Mr. Chi Miao

COMPANY SECRETARY

Mr. Poon Wing Chuen (*FCCA*)

REGISTERED OFFICE

Offshore Incorporations (Cayman) Limited
Scotia Centre
4th Floor, P.O. Box 2804
George Town
Grand Cayman KY1-1112
Cayman Islands

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

Mingfa Riverside New Town
1 Binjiang Avenue
Pukou, Nanjing City
Jiangsu Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 6-8, 23/F., Greenfield Tower
Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui
Kowloon
Hong Kong

AUTHORISED REPRESENTATIVES

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

COMPANY'S WEBSITE

<http://ming-fa.com>

STOCK CODE

846

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank
Bank of China, (Hong Kong) Limited

LEGAL ADVISERS AS TO HONG KONG LAWS

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

AUDITOR

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central
Hong Kong

PUBLIC RELATIONS CONSULTANTS

Strategic Financial Relations (China) Limited
Unit A, 29th Floor, Admiralty Centre 1
18 Harcourt Road
Hong Kong

Financial Highlights

	Unaudited For the six months ended 30 June		
	2011	2010	Percentage of increase
Revenue (RMB'million)	1,587.5	598.2	165.4%
Profit attributable to equity holders of the Company (RMB'million)	1,340.9	120.8	10.1 times
Basic earnings per share (RMB cents)	22.3	2.0	10.2 times
Interim dividend per share (RMB)	Nil	Nil	

The board of directors (the "Board") of Mingfa Group International Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 together with comparative amounts for the corresponding period. The unaudited condensed consolidated interim financial information and results have been reviewed by the audit committee of the Company.



Management Discussion and Analysis

The unaudited consolidated revenue of the Group was approximately RMB1,587.5 million for the six months ended 30 June 2011, representing an increase of 165.4% from the corresponding period in 2010. The unaudited consolidated profit attributable to equity holders of the Company was approximately RMB1,340.9 million for the six months ended 30 June 2011, representing an increase of 10.1 times from the corresponding period in 2010. The unaudited basic earnings per share was RMB22.3 cents for the six months ended 30 June 2011, representing an increase of 10.2 times from the corresponding period in 2010.

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2011.

BUSINESS REVIEW

Sales and Earnings

The sales for the six months ended 30 June 2011 was approximately RMB1,587.5 million (corresponding period in 2010: approximately RMB598.2 million), representing an increase of 165.4%.

The gross profit for the six months ended 30 June 2011 was approximately RMB797.6 million, representing an increase of 431.0% (corresponding period in 2010: approximately RMB150.2 million). The reason for the increase was mainly due to the increase in the area of property sold and delivered upon completion whereby the gross floor area ("GFA") sold and delivered in the six months ended 30 June 2011 and the six months ended 30 June 2010 was 179,586 sq.m. and 80,676 sq.m. respectively, representing an increase of 122.6%.

The average sales price ("ASP") per square metre achieved by the Group in respect of the sales recognised for the six months ended 30 June 2011 was RMB8,412.7, representing an increase of 27.2% from the ASP per square metre of RMB6,612.8 for the corresponding period in 2010. The primary reason for the increase was due to the change of property mix. There were significant increase in delivery of commercial properties in Nanjing Mingfa Shopping Mall, Hefei Mingfa Shopping Mall and Wuxi Mingfa Shopping Mall in the first half year of 2011 and the corresponding ASP for these commercial properties was RMB15,879 as compared to RMB11,397 for the corresponding period in 2010.

Management Discussion and Analysis

The unaudited consolidated profit attributable to the equity holders of the Company for the six months ended 30 June 2011 was approximately RMB1,340.9 million (corresponding period in 2010: approximately RMB120.8 million), representing an increase of 10.1 times from the corresponding period in 2010. The increase was mainly due to the increase in delivery of properties upon completion and fair value gains on investment properties. The increase in fair values of investment properties before taxation for the six months ended 30 June 2011 was approximately RMB1,559.2 million, whereas the same was approximately RMB191.9 million for the corresponding period in 2010. The increase in fair values of investment properties for the six months ended 30 June 2011 was mainly due to the transfer of properties under development with the GFA of 463,298 sq.m. in Nanjing Mingfa International Industrial Material City to investment properties upon completion and leasing out of the properties for long-term rental yields.

Pre-sold Properties

As at 30 June 2011, the Group has pre-sold properties with an aggregate GFA of 332,496 sq.m. to the customers. Set out below are the details of the projects, the Group's interest and the areas pre-sold by the Group:

City	Project	Group's Interest	Attributable GFA Pre-sold (sq.m.)
Hefei	Hefei Mingfa Shopping Mall	100%	6,912
Honglai	Honglai Mingfa Commercial Centre	100%	40,243
Nanjing	Nanjing Mingfa Riverside New Town	100%	10,398
Nanjing	Nanjing Mingfa Shopping Mall	100%	8,077
Nanjing	Nanjing Mingfa City Square	100%	65,602
Wuxi	Wuxi Mingfa Shopping Mall	70%	5,537
Xiamen	Xiamen Mingfa Shopping Mall	70%	5,274
Xiamen	Xiamen Mingli Garden	100%	384
Xiamen	Xiamen Mingfa Xiangwan Peninsula	100%	8,759
Yangzhou	Yangzhou Mingfa Shopping Mall	100%	29,459
Zhangzhou	Zhangzhou Mingfa Shopping Mall	100%	133,067
Zhenjiang	Zhenjiang Jinxiu Yinshan	100%	18,784
Total			332,496



Management Discussion and Analysis

Summary of Land Bank

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

Project Name	Address	Actual/ Estimated Completion Date	Type of Properties	Status	Site Area (sq.m.) (Note 3)	Approximate Leasable and Saleable GFA as at		Group's Interest	Attributable GFA (sq.m.)
						30.6.2011 (sq.m.) (Note 4)			
Completed projects (held for sale/leasing) (Note 1)									
Xiamen Mingfa Seascape Garden	Located at Qianpu South 2 Road, Siming District, Xiamen, Fujian Province	Dec-2004	Residential/ Commercial/ Office	Completed	18,247	679	100%	679	
Xiamen Mingfa Noble Place	Located at Jiangtou Residential, Huli District, Xiamen, Fujian Province	Dec-2004	Residential/ Commercial/ Office	Completed	5,529	4,876	100%	4,876	
Xiamen Mingfa Garden	Located at Huanhuli South, Ivling Road, Siming District, Xiamen, Fujian Province	Apr-2005	Residential/ Commercial	Completed	18,697	17,969	100%	17,969	
Xiamen Jianqun Elegant Garden	Located at Qianpu Lianqian East Road North, Huli District, Xiamen, Fujian Province	Apr-2005	Residential/ Office	Completed	10,257	3,643	100%	3,643	
Xiamen Mingfa International New Town	Located at Qianpu Lianqian Road South, Siming District, Xiamen, Fujian Province	Feb-2002	Residential/ Commercial/ Office	Completed	26,016	23,355	100%	23,355	
Xiamen Mingfa Shopping Mall	Located to the northwest of Jiahe Road and Lianqian Road, Siming District, Xiamen, Fujian Province	Oct-2007	Commercial/ Office/Hotel	Completed	166,775	44,643	70%	31,250	
Xiamen Mingfa Town	Located at Ivling Road, Siming Industrial Park, Siming District, Xiamen, Fujian Province	Jan-2008	Residential/ Commercial	Completed	12,879	15,397	100%	15,397	
Xiamen Mingli Garden	Located at Qianpu Keque Road, Siming District, Xiamen, Fujian Province	Jan-2008	Residential	Completed	17,356	1,040	100%	1,040	

Management Discussion and Analysis

Project Name	Address	Actual/ Estimated Completion Date	Type of Properties	Status	Site Area <i>(sq.m.)</i> <i>(Note 3)</i>	Approximate Leasable and Saleable GFA as at	Group's Interest	Attributable GFA <i>(sq.m.)</i>
						30.6.2011 <i>(sq.m.)</i> <i>(Note 4)</i>		
Nanjing Pearl Spring Resort	Located in Pearl Spring Resort, Pukou District, Nanjing, Jiangsu Province	Dec-2008	Residential/ Hotel	Completed	112,973	30,627	100%	30,627
Nanjing Mingfa Riverside New Town	Located in Taishan Village, Pukou District, Nanjing, Jiangsu Province	Nov-2009	Residential/ Commercial	Completed	1,072,182	276,493	100%	276,493
Nanjing Mingfa Shopping Mall	Located at the intersection of Dingqiang Road and Yulan Road in Yuhuatai District, Nanjing, Jiangsu Province	Dec-2010	Commercial/ Office/Hotel	Completed	182,588	126,641	100%	126,641
Hefei Mingfa Shopping Mall	Located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang District, Hefei, Anhui Province	Jun-2011	Residential/ Commercial/ Office/Hotel	Completed	176,698	440,507	100%	440,507
Sub-total					1,820,197	985,870		972,477



Management Discussion and Analysis

Project Name	Address	Actual/ Estimated Completion Date	Type of Properties	Status	Site Area (sq.m.) (Note 3)	Approximate Leasable and Saleable	Group's Interest	Attributable GFA (sq.m.)
						GFA as at 30.6.2011 (sq.m.) (Note 4)		
Properties under development (Note 2)								
Xiamen Mingfa Group Mansion	Located in Qianpu Industrial Park, Xiamen, Fujian Province	Aug-2011	Commercial/ Office	The buildings have been topped up and all major structural construction work has been completed	13,186	36,346	100%	36,346
Wuxi Mingfa Shopping Mall	Located in Sitou Village and Tangtou Village, Yangqiao Town, Huishan District, Wuxi, Jiangsu Province	Jun-2011	Residential/ Commercial/ Hotel	Completion certificate has been granted for GFA of 276,126 sq.m.	216,643	459,457	70%	321,620
Yangzhou Mingfa Shopping Mall	Located at the south of Yunhe Road East and west of Baolin Road, Guangling District, Yangzhou, Jiangsu Province	Dec-2011	Residential/ Commercial/ Hotel	Completion certificate has been granted for GFA of 154,349 sq.m.	145,267	309,124	100%	309,124
Nanjing Mingfa City Square	Located on Dingshan Road, Pukou District, Nanjing, Jiangsu Province	Dec-2011	Residential/ Commercial/ Office	27 blocks out of 29 blocks have been topped up	128,683	299,520	100%	299,520
Xiamen Mingfa Harbour Resort	Located at south of Wu Yuan Wan Bridge, west of Huan Wan Road, and along the seaview strip of Huli District, Xiamen, Fujian Province	Dec-2011	Hotel	Started construction in April 2010	58,952	161,705	100%	161,705

Management Discussion and Analysis

Project Name	Address	Actual/ Estimated Completion Date	Type of Properties	Status	Site Area (sq.m.) (Note 3)	Approximate Leasable and Saleable GFA as at	Group's Interest	Attributable GFA (sq.m.)
						30.6.2011 (sq.m.) (Note 4)		
Zhangzhou Mingfa Shopping Mall	Located at Longjiang Road East, Shuixian Street North, No. 6 Road West, Xinpu Road South, Zhangzhou, Fujian Province	May-2013	Residential/ Commercial/ Office/Hotel	Start construction in February 2010	223,589	575,967	100%	575,967
Honglai Mingfa Commercial Center	Located at Longlai District, Nanai, Fujian Province	Dec-2011	Residential/ Commercial	Start construction in December 2010	27,065	77,153	100%	77,153
Zhenjiang Jinxiu Yinshan	Located in the centre of Zhenjiang City, Jiangsu Province	Dec-2012	Residential/ Commercial/ Hotel	Start construction in December 2010	296,702	404,678	100%	404,678
Xiamen Mingfa Xiang Wan Peninsula	Located at East part of Xiang'an Road, Xiang'an, Fujian Province	Dec-2012	Residential/ Commercial	Start construction in December 2010	104,380	292,557	100%	292,557
Wuxi Mingfa International New Town	Located at south of Yangqiao Town, Huishan District, Wuxi, Jiangsu Province	Dec-2012	Residential/ Commercial	Vacant	258,297	549,561	100%	549,561
Sub-total					1,472,764	3,166,068		3,028,231



Management Discussion and Analysis

Project Name	Address	Actual/ Estimated Completion Date	Type of Properties	Status	Site Area (sq.m.) (Note 3)	Approximate Leasable and Saleable	Group's Interest	Attributable GFA (sq.m.)
						GFA as at 30.6.2011 (sq.m.) (Note 4)		
Properties with land use rights certificate for future development								
Nanjing Mingfa Business Park	Located in Nanjing High-Tech Development Zone, Pukou District, Nanjing, Jiangsu Province	Dec-2013	Industrial	Vacant	547,215	827,762	100%	827,762
Xiamen Yuanchang Villa	Longshan, Lianqian Road, Xiamen, Fujian Province	Dec-2013	Residential	Vacant	52,606	290,950	50%	145,475
New project in Huizhou	Huizhou City West Train Station, Guangdong Province	Dec-2014	Residential/ Commercial	Vacant	332,335	708,157	80%	566,526
Sub-total					932,156	1,826,869		1,539,763
Properties with signed land use rights contract for future development								
Xiamen Mingfeng Town	Located at Douling, Siming District, Xiamen, Fujian Province	Dec-2012	Industrial	Vacant	19,909	103,921	100%	103,921
Yangzhou Mingfa Lan Wan International Town	Located at East of Xuzhuang Road, North of Kaifa East Road, West of Liaojiagou Road, South of Ming Cheng Road, Yangzhou, Jiangsu Province	Dec-2012	Residential	Vacant	158,238	221,533	100%	221,533
Huaian Mingfa Shopping Mall (C Block)	Located in Weihai East Road, Huaian, Jiangsu Province	Dec-2012	Residential	Vacant	51,345	154,035	100%	154,035
Huaian Mingfa Shopping Mall (A Block)	Located in Shenzhen South Road, Huaian, Jiangsu Province	Dec-2012	Commercial	Vacant	66,669	166,673	100%	166,673

Management Discussion and Analysis

Project Name	Address	Actual/ Estimated Completion Date	Type of Properties	Status	Site Area (sq. m.) (Note 3)	Approximate Leasable and Saleable	Group's Interest	Attributable GFA (sq. m.)
						GFA as at 30.6.2011 (sq. m.) (Note 4)		
Quanzhou Mingfa Huachang International Town	Located in Guanqiao Town Neicuo Village, Nanan	Dec-2013	Commercial	Vacant	276,120	698,507	50%	349,253
Shenyang Creative Park	Located in Shenbei Xinqu Daoyi Development Zone	Dec-2013	Residential/ Commercial	Vacant	154,024	462,072	100%	462,072
Shenyang Commercial and Residential Projects	Located in Shenbei Xinqu Daoyi Development Zone	Dec-2012	Residential/ Commercial	Vacant	61,222	306,110	100%	306,110
Shanghai Mingfa Commercial Centre	Located in Hu Yi Highway East, Baiyin Road of South, Boundary of West, Gaotai Road North, Shanghai	Jun-2013	Commercial	Vacant	53,779	169,305	100%	169,305
Beijing Mingfa Commercial Centre	Located in Beizang Village, Daxing District, Beijing	Jun-2013	Residential/ Commercial	Vacant	45,414	127,159	100%	127,159
Sub-total					886,720	2,409,315		2,060,061
Total land bank					5,111,837	8,388,122		7,600,532

Notes:

- Completed properties refer to the properties in respect of which (a) the certificates of completion, (b) the permits for commencement of construction works, and (c) the land use rights certificates have been obtained as at 30 June 2011.
- Properties under development refer to the properties in respect of which (a) the permits for commencement of construction works and (b) the land use rights certificates have been obtained as at 30 June 2011.
- The site area is in respect of the whole project (regardless the GFA that have been sold).
- The approximate leasable and saleable GFA have excluded the GFA that have been sold/leased.



Management Discussion and Analysis

Summary of Properties held by the Group for Investment

The following table summarized the details of the Group's major properties held for investment:

Name of Property/ Project	Address/Lot No	Existing Usage	Attributable GFA (sq.m.)	Term of Leases with Tenants	Percentage of Interest in the Properties attributable to the Group
Xiamen Mingfa Shopping Mall	Located to the northwest of Jiahe Road and Lianqian Road, Siming District, Xiamen, Fujian Province.	Commercial	104,339	8-20 years	70%
Nanjing Mingfa Shopping Mall	Located at the intersection of Dingqiang Road and Yulan Road in Yuhuatai District, Nanjing, Jiangsu Province.	Commercial	135,436	10-15 years	100%
Xiamen Mingfa Technology Park	Located in Kaiyuan Xing'an Industrial Park, Tong'an District, Xiamen, Fujian Province.	Industrial	62,131	18 years	100%
Nanjing Mingfa Riverside New Town	Located in Taishan Village, Pukou District, Nanjing, Jiangsu Province.	Commercial	4,121	3-9 years	100%
Xiamen Mingfa Hotel	Located at No. 413 Lianqian East Road, Xiamen, Fujian Province.	Hotel	10,925	10 years	100%
Xiamen Mingfa Industrial Park	Located at No. 2 Honglian Road West, Siming District, Xiamen, Fujian Province.	Industrial	11,588	8-15 years	100%
Xiamen Lianfeng Furniture Park	Located on Honglian Road, Siming District, Xiamen, Fujian Province.	Industrial	26,120	20 years	100%
Zhangzhou Mingfa Shopping Mall	Located at Longjiang Road East, Shuixian Street North, No. 6 Road West, Xinpu Road South, Zhangzhou, Fujian Province.	Commercial	112,416	Under construction	100%

Management Discussion and Analysis

Name of Property/ Project	Address/Lot No	Existing Usage	Attributable GFA (sq.m.)	Term of Leases with Tenants	Percentage of Interest in the Properties attributable to the Group
Lianfeng Building Room 401	Located on Lianqian East Road, Siming District, Xiamen, Fujian Province.	Office	2,028	8 years	100%
Nanjing Mingfa International Industrial Material Park	Located in Yuhua Economic Development Zone, Nanjing, Jiangsu Province.	Industrial	463,298	3 years	100%
Wuxi Mingfa Shopping Mall	Located in Sitou Village and Tangtou Village, Yanqiao Town, Huishan District, Wuxi, Jiangsu Province.	Commercial	4,687	15 years	70%
Hefei Mingfa Shopping Mall	Located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang District, Hefei, Anhui Province.	Commercial	18,583	15–20 years	100%
Quanzhou Mingfa Hotel	Located at No.1 Huojucun Road South, Licheng District, Quanzhou, Fujian Province.	Hotel	13,707	5 years	100%
Total			969,379		



Management Discussion and Analysis

ACQUISITION FRAMEWORK AGREEMENTS

As at 30 June 2011, the Group had entered into ten memoranda of understanding (the “MOUs” and each a “MOU”) with various PRC governmental authorities after being approached by them in relation to urban renewal and redevelopment programs in different cities and locations. Nine of them were executed before 2011 and one was executed in 2011 before the publication of this report. These MOUs are not binding and there is no assurance that the Group will be granted with the land use rights upon signing of the same. On the contrary, the MOUs only set out the parties’ intention of cooperation in future development of land and the Group still has to go through the public tender, auction or listing-for-sale procedures pursuant to the relevant PRC rules and regulations in order to obtain the land use rights from the PRC governmental authorities for the future land development. Notwithstanding the same, the Group considers these as opportunities for the Group to establish a closer strategic and working relationship with the relevant PRC governmental authorities which are in the interest and to the benefit of the Group in the long run. Summary of these redevelopment programs to which the ten MOUs relate are listed as follows:

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

Management Discussion and Analysis

Project Name	Location	Date of MOU	Site Area (sq.m.)	GFA (sq.m.)
Panjin Mingfa City Square	Panjin City, Liaoning Province	20 October 2010	427,332	1,281,996
Changsha Wangcheng District Binshui New Town Commercial Centre Project	Changsha City, Hunan Province	1 December 2010	316,154	1,106,539
Jiangsu Taizhou Mingfa City Complex Project (Note 4)	Taizhou City, Jiangsu Province	22 December 2010	1,466,674	3,666,685
Tianjin City Complex Project (Note 5)	Tianjin City	9 March 2011	280,000	560,000
Total			6,058,311	13,962,847

Notes:

- (1) The Group had acquired two plots of land in 2010 under the MOU signed on 28 November 2007. The land is located at Weihai East Road, Huai'an and Shenzhen South Road, Huai'an. Total land area and GFA is approximately 118,014.0 sq.m. and approximately 320,707.5 sq.m. respectively.
- (2) The Group had acquired the land in 2010 under the MOU signed on 28 January 2010. The land is located at Shenbei Xinqu Daoyi Development Zone, Shenyang. Total land area and GFA is approximately 154,024.0 sq.m. and approximately 462,072.0 sq.m. respectively.
- (3) The Group had acquired the land in 2010 under the MOU signed on 28 January 2010. The land is located at Shenbei Xinqu Daoyi Development Zone, Shenyang. Total land area and GFA was approximately 61,222.0 sq.m. and approximately 306,110.0 sq.m. respectively.
- (4) The Group had acquired two plots of land in 2011 under the MOU signed on 22 December 2010. The land is located at Machang Zhonggou West, Huangang Avenue South, Taizhou and Diaodong Zhonggou East, Huangang Avenue South, Taizhou. Total land area and GFA is approximately 292,487 sq.m. and approximately 731,300 sq.m. respectively.
- (5) The Group had acquired three plots of land under the MOU signed on 9 March 2011 which are located at Tanggu Marine Hi-Tech Development Zone, Tianjin. Total land area and GFA is approximately 209,048.0 sq.m. and approximately 418,082.6 sq.m. respectively.



Management Discussion and Analysis

PROSPECTS AND OUTLOOK

Being a balanced prudent property developer, the Group has started to develop various types of products including commercial, residential and industrial properties since 1994. The Group believes that the balanced property portfolio is essential for the stable and healthy development of the Group in general even in the unstable environment. As at 30 June 2011, residential properties represented approximately 47.2% of the Group's total GFA.

Despite the uncertain environment changes to be encountered, the Group will keep on having countrywide expansion by applying prudent investment and development strategies. The Group will focus on the property market along the Greater Yangtze River Delta, and those rapidly developing regions in the PRC such as Taizhou, Tianjin, Shenyang, Changsha and Panjin. In addition, the Group has further explored its business in Beijing and Shanghai through land acquisitions in January 2011. Meanwhile, the Group entered into a contract to acquire 80% of the issued share capital in a project company in April 2011 that owns a parcel of land in Huizhou, Guangdong Province through its subsidiaries. Such regional diversification will further strengthen the quality of the Group's land banks in long run. The Group will closely monitor and adjust its investment and development strategies from time to time in response to the market pace and condition.

In order to ensure the continuous development in tight credit environment in the PRC, the Group has issued HK\$1,560 million convertible bonds to the public in May 2011. The convertible bonds bear interest at 5.25% per annum which is payable semi-annually. The proceeds will be used to finance land acquisition and general working capital.

The Group selectively builds up its land reserve primarily through public auction of land arranged by the PRC government authorities or through acquisition of the project companies which hold land use rights. In addition, the Group will also act proactively and seize opportunities to approach, discuss and enter into memoranda of understanding with the relevant PRC governmental authorities in relation to various development of land designated for sizable commercial and residential complex in different cities and locations. These memoranda of understanding are not binding and there is no assurance that the Group will be granted with the land use rights upon signing of the same. On the contrary, these memoranda of understanding only set out the parties' intention of cooperation in the future development of land and the Group still has to go through the public tender, auction or listing-for-sale procedures pursuant to the relevant PRC rules and regulations in order to obtain the land use rights from the PRC governmental authorities for the future land development. Notwithstanding the same, the Group considers these as opportunities for the Group to establish a closer strategic and working relationship with the relevant PRC governmental authorities which are in the interest and to the benefit of the Group in the long run.

Management Discussion and Analysis

In order to diversify and stabilize the sources of income, the Group will continue to allocate approximately 30%–50% of its commercial properties as investment properties to be held by the Group. Furthermore, the Group is going to lease out the industrial properties to generate rental income. As at 30 June 2011, Nanjing Mingfa International Industrial Material Park has been fully rented out upon completion and its annual rental income will increase to approximately RMB83.3 million.

Notwithstanding the unfavourable impact of the austerity measures especially for the 'Purchase Restriction' Policies that will lead to volatility in China's residential property market in 2011, in the long run, the Group believes the housing demand in China will remain strong. Such policies introduced by the PRC central government will not only speed up the consolidation of the industry, strengthen the market mechanism that weeds out the weak companies and keeps the strong ones, but will also enhance the healthy development of the whole industry and create a better business environment for competent developers. On the other hand, such policies are not applied to commercial and industrial properties which represented approximately 45.6% of the Group's total land bank as at 30 June 2011.

Looking forward, the Group is fully confident that its financial and business outlook in the challenging year 2011 will remain strong notwithstanding the austerity measures launched and implemented by the PRC government in the real estate market.



Additional Information Required by the Listing Rules

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

As at 30 June 2011, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), or required to be recorded in the register of interests to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company or The Stock Exchange of Hong Kong Ltd pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Ltd ("Stock Exchange") ("Listing Rules"), are listed as follows:

The Company:

Name of Director	Nature of Interest	Total Number of Ordinary Shares <small>(Note 1)</small>	Approximate Percentage of Interest in the Company
Mr. Wong Wun Ming	Interest of a controlled corporation <small>(Note 2)</small>	5,086,500,000 shares	83.94%
Mr. Wong Wun Ming	Beneficial owner	13,500,000 shares	0.22%

Notes:

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

Additional Information Required by the Listing Rules

Associated Corporation — Galaxy Earnest Limited:

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

Notes:

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

Save as disclosed above, as at 30 June 2011, none of the Directors and chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of SFO), or required to be recorded in the register of interests to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code.



Additional Information Required by the Listing Rules

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2011, the interests or short positions of those persons, other than Directors or chief executives of the Company, in the shares, underlying shares and debentures of the Company which has been disclosed to the Company pursuant to Part XV of the SFO, or which have been recorded in the register of interests required to be kept by the Company under Section 336 of the SFO are listed as follows:

Name	Capital/Nature of Interest	Total number of Ordinary Shares	Approximate Percentage of Interest in the Company
Growing Group Limited <i>(Note 1)</i>	Interest of a controlled corporation	5,086,500,000 shares	83.94%
Ms. Chen Bihua <i>(Note 2)</i>	Interest of spouse	5,100,000,000 shares	84.16%
Warburg Pincus & Co. <i>(Note 3)</i>	Interest of a controlled corporation	623,994,329 shares	10.30%

Notes:

- (1) These shares are held by Galaxy Earnest Limited, which is in turn wholly-owned by Growing Group Limited, Gainday Holdings Limited, Better Luck Group Limited and Tin Sun Holdings Limited in the respective proportions of 55%, 15%, 15% and 15%. As such, Growing Group Limited is deemed to be interested in these shares.
- (2) Pursuant to the SFO, Growing Group Limited will be deemed to be interested in the shares of the Company in which Galaxy Earnest Limited is currently interested in (i.e. 83.94%). Mr. Wong Wun Ming owns 100% interest in the issued share capital of Growing Group Limited. Ms. Chen Bihua is the spouse of Mr. Wong Wun Ming and therefore is deemed to be interested of the same in which Mr. Wong Wun Ming is deemed to be interested for the purpose of SFO and vice versa. Pursuant to the SFO, Mr. Wong Wun Ming and Ms. Chen Bihua are deemed to be interested in these 5,100,000,000 shares of the Company.
- (3) Gain Max Enterprises Limited and Profit Max Enterprises Limited hold convertible bonds and warrants of the Company to subscribe for 535,027,586 and 88,966,743 shares of the Company respectively. Gain Max Enterprises Limited and Profit Max Enterprises Limited are co-owned by Warburg Pincus Private Equity X, L.P. and Warburg Pincus X, L.P., which are managed by Warburg Pincus X, LLC. Warburg Pincus X, LLC is wholly-owned by Warburg Pincus Partners LLC, and Warburg Pincus Partners LLC is wholly-owned by Warburg Pincus & Co. Pursuant to SFO, Warburg Pincus & Co. is deemed to be interested in the underlying shares of the Company in which Gain Max Enterprises Limited and Profit Max Enterprises Limited are currently interested. Assuming full conversion of the convertible bonds and warrants held by Gain Max Enterprises Limited and Profit Max Enterprises Limited, Warburg Pincus & Co. will be deemed to have 10.30% interest in the Company.

Additional Information Required by the Listing Rules

Save as disclosed above, as at 30 June 2011, no person, other than Directors or chief executives of the Company, had interests or short positions in the shares, underlying shares and debentures of the Company which has been disclosed to the Company pursuant to Part XV of the SFO, or which have been recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

The Company adopted a share option scheme on 9 October 2009 pursuant to the written resolutions of all shareholders of the Company ("Share Option Scheme"). As at 30 June 2011, no option has been granted under the Share Option Scheme.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2011, the Group employed 1,969 staff (31 December 2010: 1,779 staff). The increase was mainly due to more engineering and supporting staff was recruited for new projects started in 2011. For the six months ended 30 June 2011, the unaudited total staff costs of the Group including directors' emoluments was approximately RMB57.3 million (corresponding period in 2010: approximately RMB28.1 million). The staff costs include basic salary and welfare expenses. The employees' welfare includes medical insurance plan, pension plan, unemployment insurance plan and pregnancy insurance plan. The Group's employees are engaged according to the terms and provisions of their employment contracts and the Group normally conducts review on the remuneration packages and performance appraisal once every year for its employees, the results of which will be applied in annual salary review for considering the grant of annual bonus or not and in promotion assessment. The Group also studies and compares its remuneration packages with those of its peers and competitors and will make adjustments whenever necessary so as to maintain its competitiveness in the employment market.

DIVIDEND POLICY

The Board shall determine the dividend policy of the Company in future according to the financial condition in general, operating results, capital requirements, shareholders' equity, contractual restraint and other factors considered relevant by the Board.

FUNDING AND TREASURY POLICY

The Group maintains a prudent funding and treasury policy and generally finances its operations with internally generated cash flows and bank loans and the Directors believe that the Group has sufficient financial resources to discharge its debts and to finance its operations and capital expenditure.

CAPITAL STRUCTURE

As at 30 June 2011, the Group had aggregate cash and cash equivalents (excluding restricted cash) of approximately RMB1,894.8 million (31 December 2010: approximately RMB1,922.6 million).



Additional Information Required by the Listing Rules

The current ratio as at 30 June 2011 was 1.30 (31 December 2010: 1.47).

As at 30 June 2011, the bank loans and other borrowings of the Group repayable within one year and after one year were approximately RMB1,037.0 million and RMB5,250.5 million respectively (31 December 2010: approximately RMB916.3 million and RMB3,607.6 million respectively).

The unaudited consolidated interest expenses including the capitalized bank interest expenses and finance costs arisen from the convertible bonds for the six months ended 30 June 2011 amounted to approximately RMB204.1 million (corresponding period in 2010: approximately RMB78.6 million) in total. In addition, for the six months ended 30 June 2011, interests with an unaudited amount of approximately RMB68.0 million (corresponding period in 2010: approximately RMB41.2 million) were capitalized. Interest cover (including amount of interests capitalized) was 10.9 times (corresponding period in 2010: 3.3 times).

As at 30 June 2011, the ratio of total liabilities to total assets of the Group was 72.0% (31 December 2010: 69.1%).

As at 30 June 2011, the ratio of bank loans and other borrowings to shareholders' funds of the Group was 99.8% (31 December 2010: 85.6%). The ratio of bank loans and other borrowings to total assets was 27.5% (31 December 2010: 26.0%).

As at 30 June 2011, the gearing ratio of the Group (defined as net debt divided by the sum of shareholders' funds and net debt) was 41.4% (31 December 2010: 33.4%).

CAPITAL COMMITMENTS

As at 30 June 2011, the contracted capital commitments of the Group were approximately RMB4,325.6 million (31 December 2010: approximately RMB3,084.8 million), which were mainly the capital commitments for property development and acquisition of the project companies and land. It is expected that the Group will finance such commitments from internally generated funds and resources and/or bank loans.

GUARANTEES AND CONTINGENT LIABILITIES

As at 30 June 2011, the contingent liabilities of the Group was approximately RMB2,032.6 million (31 December 2010: approximately RMB1,861.2 million), which was mainly the guarantees given by the Group in favour of certain banks for the grant of mortgage loans to buyers of the Group's properties before the delivery of properties. Such guarantees will be released following completion of transfer of property title by the Group to buyers.

Additional Information Required by the Listing Rules

PLEDGE OF ASSETS

As at 30 June 2011, investment properties of the Group with net book value of approximately RMB1,789.8 million (31 December 2010: approximately RMB1,650.8 million), property, plant and equipment of approximately RMB139.8 million (31 December 2010: approximately RMB150.1 million), land use rights of approximately RMB2,373.2 million (31 December 2010: approximately RMB2,141.1 million), completed properties held for sales of approximately RMB442.0 million (31 December 2010: approximately RMB119.9 million), properties under development of approximately RMB485.1 million (31 December 2010: approximately RMB1,269.0 million) and restricted bank deposits of approximately RMB100.0 million (31 December 2010: approximately RMB100.0 million) were pledged to secure the banking facilities of the Group. Another cash deposits of approximately RMB48.6 million (31 December 2010: approximately RMB48.6 million), were restricted and deposited in certain banks as security for project construction. The Group's cash of approximately RMB224.0 million (31 December 2010: Nil) was also restricted and deposited in certain banks as security for issuing bank acceptance bills of exchange.

FOREIGN EXCHANGE RISK

As at 30 June 2011, the balance of the bank deposits maintained by the Group (including restricted bank balances) consisted of Renminbi, Hong Kong dollars and US dollars in the respective proportions of 52.9%, 46.5% and 0.6% (As at 31 December 2010, Renminbi, Hong Kong dollars and US dollars accounted for 67.7%, 29.8% and 2.5% respectively of the total bank balances of the Group). The bank loans and other borrowings maintained by the Group consisted of Renminbi and Hong Kong dollars in the respective proportions of 60.4% and 39.6% (As at 31 December 2010, Renminbi and Hong Kong dollars accounted for 73.4% and 26.6% respectively of the total bank loans and other borrowings of the Group). As the sales and purchases of the Group for the six months ended 30 June 2011 were made mainly in Renminbi, and it is expected that the majority of future development and transactions carried out by the Group will be made and transacted mainly in Renminbi, the Group will convert bank balances currently maintained in Hong Kong dollars into Renminbi as and when required to minimize any foreign exchange risk. The Group did not adopt any foreign exchange hedging instruments to hedge against foreign exchange risks for the six months ended 30 June 2011, and the Group believes that the foreign exchange risk exposed by the Group was relatively minimal.

INTEREST RATE RISK

As at 30 June 2011, the majority of the bank borrowings of the Group is floating rate borrowings and is denominated in Renminbi or Hong Kong dollars, whereby any upward fluctuations in interest rates will increase the interest costs of the Group in connection with



Additional Information Required by the Listing Rules

such loans or any new loans obtained by the Group calculated on a floating interest rate basis. The Group currently does not use any derivative instruments to hedge against its interest rate risk.

SUBSEQUENT EVENTS

There was no matter that would cause material impact on the Group between the balance sheet date (i.e. 30 June 2011) and the date of this report.

MATERIAL LITIGATION AND ARBITRATION

Dispute relating to Powerlong Group Development Co., Ltd.

On 22 March 2011, Mingfa Group Co., Ltd. ("Mingfa Group") filed an application for additional counterclaims to Xiamen Arbitration Commission to clarify some relevant outstanding issues of the rulings. Mingfa Group has submitted the following counterclaims:

1. Claim for confirmation of the nature of development and operation of Xiamen Mingfa Shopping Mall Project between Mingfa Group and Powerlong Group Development Co., Ltd. ("Powerlong") as cooperative development of real estates, and that both parties shall conduct cooperative development, operation and allocation in accordance with the nature of cooperative development of real estates, the ruling that Powerlong shall allocate the major shops in accordance with the cooperative allocation procedures and bear related taxes, the ruling that Powerlong shall deposit to the designated account of Mingfa Group 30% of the business tax, land appreciation tax and enterprise income tax payables (calculated based on the total market value of the major shops allocated to Powerlong in accordance with relevant taxation requirements of the PRC laws and regulations and Xiamen City) by all major shops in advance before applying for registration of title transfer of the major shops, i.e. relevant taxes, retention monies etc. shall be borne by the respondent as losses of the project;
2. Claim for confirmation of Mingfa Group's obligations in assisting the transfer of title of the major shops is to submit to the title registration authorities the required information for title registration and deliver relevant materials;
3. Claim for the ruling that Powerlong shall bear the losses on business tax, land appreciation tax and enterprise income tax payables (calculated as the full amount in accordance with relevant taxation requirements of the PRC laws and regulations and Xiamen City) arising from early allocation of major shops and other allocations; and
4. Claim for the ruling that Powerlong shall not transfer, mortgage, or change the operation status (including continuation of existing lease agreement and continuation of centralized operation in the name of Mingfa Group) of, the major shops after completion of title transfer of the major shops and before completion of overall allocation of the Xiamen Mingfa Shopping Mall Project.

Additional Information Required by the Listing Rules

As at the date of this report, the abovementioned counterclaims are still pending for further judgment and no final rulings have been made by the Xiamen Arbitration Commission.

Details of the dispute relating to Powerlong have been set out in the 2010 annual report of the Company.

DETAILS OF THE TRANSACTIONS IN THE SECURITIES OF THE GROUP AND ITS SUBSIDIARIES

Mingfa Group Yangzhou Real Estate Company Limited

MING FAT HOLDINGS (HONG KONG) LIMITED made further capital contribution of US\$40 million to the equity capital of Mingfa Group Yangzhou Real Estate Company Limited on 18 February 2011, and following completion of the capital contribution, MING FAT HOLDINGS (HONG KONG) LIMITED and MINGFA GROUP COMPANY LIMITED held 99.5% and 0.5% of Mingfa Group Yangzhou Real Estate Company Limited respectively.

Mingfa Group (Shenyang) Real Estate Company Limited

MINGFA GROUP PROPERTY COMPANY LIMITED made further capital contribution of US\$25 million to the equity capital of Mingfa Group (Shenyang) Real Estate Company Limited on 2 March 2011, and following completion of the capital contribution, MINGFA GROUP PROPERTY COMPANY LIMITED remained the sole equity holder holding 100% interest of Mingfa Group (Shenyang) Real Estate Company Limited.

Jiangsu Mingfa Industrial Raw Material Co., Ltd.

MING FAT HOLDINGS (HONG KONG) LIMITED made further capital contribution of US\$30 million to the equity capital of Jiangsu Mingfa Industrial Raw Material Co., Ltd. on 27 May 2011, and following completion of the capital contribution, MING FAT HOLDINGS (HONG KONG) LIMITED remained the sole equity holder holding 100% interest of Jiangsu Mingfa Industrial Raw Material Co., Ltd.

Nanjing Mingfa Xinhewan Hotel Company Limited

MING FAT HOLDINGS (HONG KONG) LIMITED made further capital contribution of US\$10 million to the equity capital of Nanjing Mingfa Xinhewan Hotel Company Limited on 27 May 2011, and following completion of the capital contribution, MING FAT HOLDINGS (HONG KONG) LIMITED remained the sole equity holder holding 100% interest of Nanjing Mingfa Xinhewan Hotel Company Limited.

Nanjing Mingfa Technological and Commercial Town Construction Development Co., Ltd.

MING FAT HOLDINGS (HONG KONG) LIMITED made further capital contribution of US\$50 million to the equity capital of Nanjing Mingfa Technological and Commercial Town Construction Development Co., Ltd. on 27 June 2011, and following completion of the capital



Additional Information Required by the Listing Rules

contribution, MING FAT HOLDINGS (HONG KONG) LIMITED remained the sole equity holder holding 100% interest of Nanjing Mingfa Technological and Commercial Town Construction Development Co., Ltd.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES

On 16 April 2011, the following parties entered into a share transfer and cooperation agreement (the "Agreement") dated 16 April 2011:

- (1) Brave Fortune Group Limited, a company incorporated in Hong Kong as an indirect wholly-owned subsidiary of the Company ("Brave Fortune");
- (2) Hua Xing (H.K.) Real Estate Development Company Limited, a company incorporated in Hong Kong ("Hua Xing");
- (3) Netnice Company Limited, a company incorporated in Hong Kong ("Netnice");
- (4) Dowence Development Limited, a company incorporated in Hong Kong ("Dowence Development");
- (5) 惠州富之頁工貿實業發展有限公司 (Huizhou Fuzhiye Industrial and Trading Development Co., Ltd.*), a company established under the laws of the PRC and is wholly-owned by Dowence Development; and
- (6) 惠州富之頁工貿實業有限公司 (Huizhou Fuzhiye Industrial and Trading Co., Ltd.*), a company established under the laws of the PRC and is wholly-owned by Dowence Development.

Brave Fortune agreed to purchase from Hua Xing and Netnice their respective 50% and 30% interest in Dowence Development for an aggregate consideration of HK\$800,000,000 in accordance with the terms and subject to the conditions of the Agreement (the "Acquisition"). On 13 May 2011, 60,000,000 ordinary shares of the Company were issued and allotted as consideration shares for the Acquisition, and the Group will then hold 80% of the issued share capital of Dowence Development, and Dowence Development will become an indirect non-wholly-owned subsidiary of the Company after completion of the Acquisition.

Details of the Acquisition have been set out in the announcements of the Company dated 17 April 2011 and 13 May 2011.

Save as disclosed above, the Group had no material acquisition or disposal of subsidiaries during the six months ended 30 June 2011.

* for identification purpose only

Additional Information Required by the Listing Rules

CONVERTIBLE BONDS

Details of the convertible bonds issued by the Company are set out in Note 15 to the condensed consolidated interim financial statements.

SIGNIFICANT INVESTMENTS

Save as disclosed above, during the six months ended 30 June 2011, the Group did not have any significant investments.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to rule 13.51B(1) of the Listing Rules, the change of information on Directors are listed as follows:

Mr. Lin Yong has resigned as an independent non-executive Director of the Company with effect from 20 May 2011, and Mr. Qu Wenzhou, the independent non-executive Director of the Company was appointed as chairman of remuneration committee of the Company with effect from 26 August 2011.

Mr. Chi Miao, the independent non-executive Director of the Company has resigned as non-executive director of 7 Days Group Holdings Limited (NYSE: SVN) which is listed in New York with effect from 6 May 2011.

Mr. Qu Wenzhou, the independent non-executive Director of the Company has resigned as independent director of Zhonghe Co., Ltd (002070) which is listed on the Shenzhen Stock Exchange with effect from 15 April 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the Directors of the Company's securities transactions on terms no less than the required standard set out in the Model Code in Appendix 10 to the Listing Rules of the Stock Exchange. Having made specific enquiries of all Directors by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding the Directors' securities transactions for the six months ended 30 June 2011.

CORPORATE GOVERNANCE PRACTICES

The Company and the Board have applied the principles in the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules of the Stock Exchange by adopting the code provisions of the Code.



Additional Information Required by the Listing Rules

For the six months ended 30 June 2011, save for the non-executive Director of the Company who was not appointed for a specific term, the Board has complied with the code provisions of the Code in so far they are applicable.

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

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") consists of three independent non-executive Directors, namely Mr. Qu Wenzhou (the chairman), Mr. Wong Po Yan and Mr. Dai Yiyi. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, this interim report and the unaudited condensed consolidated financial statements for the six months ended 30 June 2011.

On behalf of the Board

Wong Wun Ming

Chairman

26 August 2011

Condensed Consolidated Balance Sheet

As at 30 June 2011

	Note	Unaudited 30 June 2011 RMB'000	Audited 31 December 2010 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	239,202	266,325
Investment properties	6	6,463,224	4,004,372
Land use rights	6	22,840	23,147
Intangible assets	6	7,288	14,723
Associated company	8	97,699	—
Jointly controlled entities		494,496	446,318
Deferred income tax assets		308,396	328,585
Other receivables	10	9,209	19,209
Other non-current assets	7	3,267,456	1,176,631
		10,909,810	6,279,310
Current assets			
Land use rights	6	2,829,180	2,709,973
Properties under development		3,658,035	4,045,167
Completed properties held for sale		4,058,133	2,352,272
Inventories		9,964	10,512
Trade and other receivables and prepayments	10	483,870	509,880
Prepaid income taxes		130,590	111,427
Amounts due from related parties	11	120,384	120,442
Amounts due from non-controlling interests	12	17	18
Restricted cash	13	372,599	148,599
Cash and cash equivalents		1,894,774	1,922,617
		13,557,546	11,930,907
Total assets		24,467,356	18,210,217



Condensed Consolidated Balance Sheet (continued)

As at 30 June 2011

	Note	Unaudited 30 June 2011 RMB'000	Audited 31 December 2010 RMB'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	14	533,559	528,540
Reserves		6,205,593	5,008,933
		6,739,152	5,537,473
Non-controlling interests in equity		100,841	89,867
Total equity		6,839,993	5,627,340
LIABILITIES			
Non-current liabilities			
Deferred government grants		683,799	107,060
Borrowings	15	5,250,538	3,607,587
Deferred income tax liabilities		1,271,308	768,435
		7,205,645	4,483,082
Current liabilities			
Trade and other payables	18	5,054,939	3,124,424
Advanced proceeds received from customers		2,069,623	2,005,759
Amounts due to related parties	19	121,241	90,106
Amounts due to non-controlling interests	12	16,211	23,625
Income tax payable		1,677,897	1,717,964
Borrowings	15	1,037,035	916,253
Derivative financial instruments	17	439,080	217,834
Provision for other liabilities and charges	20	5,692	3,830
		10,421,718	8,099,795
Total liabilities		17,627,363	12,582,877
Total equity and liabilities		24,467,356	18,210,217
Net current assets		3,135,828	3,831,112
Total assets less current liabilities		14,045,638	10,110,422

Condensed Consolidated Income Statement

For the six months ended 30 June 2011

		Unaudited	
		Six months ended 30 June	
	Note	2011 RMB'000	2010 RMB'000
Revenues	5	1,587,453	598,243
Cost of sales	22	(789,848)	(448,000)
Gross profit		797,605	150,243
Fair value gains on investment properties		1,559,171	191,898
Other gains	21	68,425	45,410
Selling and marketing costs	22	(46,554)	(54,966)
Administrative expenses	22	(133,465)	(67,781)
Other operating expenses	22	(22,378)	(5,648)
Operating profit		2,222,804	259,156
Finance income	23	4,578	5,949
Finance costs	23	(136,101)	(37,350)
Finance costs — net	23	(131,523)	(31,401)
Share of results of jointly controlled entities		(1,822)	(755)
Profit before income tax		2,089,459	227,000
Income tax expense	24	(737,543)	(107,757)
Profit for the period		1,351,916	119,243
Attributable to:			
Equity holders of the Company		1,340,942	120,836
Non-controlling interests		10,974	(1,593)
		1,351,916	119,243
Earnings per share for profit attributable to equity holders of the Company (RMB cents)			
Basic	26	22.3	2.0
Diluted	26	20.4	2.0
Dividend	25	—	—



Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

	Unaudited	
	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Profit for the period	1,351,916	119,243
Other comprehensive income		
— Revaluation surplus upon transfer of an owner-occupied property to investment property, net of tax	106,336	—
Total comprehensive income for the period	1,458,252	119,243
Attributable to:		
Equity holders of the Company	1,447,278	120,836
Non-controlling interests	10,974	(1,593)
	1,458,252	119,243

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Unaudited			
	Capital and reserves attributable to equity holders of the Company			
	Share capital RMB'000	Reserves RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2011	528,540	5,008,933	89,867	5,627,340
Profit for the period	—	1,340,942	10,974	1,351,916
Other comprehensive income — Revaluation surplus upon transfer of an owner-occupied property to investment property, net of tax (Note 7)	—	106,336	—	106,336
Total comprehensive income for the period	—	1,447,278	10,974	1,458,252
Issue of ordinary shares related to acquisition of a subsidiary (Note 7)	5,019	123,467	—	128,486
Dividends relating to 2010	—	(374,085)	—	(374,085)
Balance at 30 June 2011	533,559	6,205,593	100,841	6,839,993
Balance at 1 January 2010	528,540	4,104,065	63,272	4,695,877
Capital injections to subsidiaries by non-controlling interests	—	—	30,018	30,018
Profit/total comprehensive income for the period	—	120,836	(1,593)	119,243
Dividends relating to 2009	—	(262,980)	—	(262,980)
Balance at 30 June 2010	528,540	3,961,921	91,697	4,582,158
Profit/total comprehensive income for the period	—	1,047,012	(1,830)	1,045,182
Balance at 31 December 2010	528,540	5,008,933	89,867	5,627,340



Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2011

	Unaudited	
	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Net cash outflow from operating activities	(2,170,704)	(776,905)
Net cash inflow/(outflow) from investing activities	559,057	(683,657)
Net cash inflow from financing activities	1,604,773	1,443,283
Decrease in cash and cash equivalents and bank overdrafts	(6,874)	(17,279)
Cash and cash equivalents and bank overdrafts at 1 January	1,922,617	2,860,576
Effect of foreign exchange rate changes	(20,969)	(3,743)
Cash and cash equivalents and bank overdrafts at 30 June	1,894,774	2,839,554
Bank overdrafts	—	11,468
Cash and cash equivalents at 30 June	1,894,774	2,851,022

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

1 GENERAL INFORMATION AND BASIS OF PREPARATION

Mingfa Group (International) Company Limited (the "Company") was incorporated in the Cayman Islands on 27 November 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands.

The principal activities of the Company and its subsidiaries (together, the "Group") are property development, property investment and hotel operation in the People's Republic of China (the "PRC").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 November 2009.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2011 are prepared under the historical cost convention, as modified by the revaluation of investment properties and derivative financial instruments which are carried at fair value, and in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

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

These condensed consolidated interim financial statements have not been audited.

2 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those used for and described in the annual consolidated financial statements of the Company for the year ended 31 December 2010.

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



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

2 ACCOUNTING POLICIES (continued)

Revised standard and amended standards adopted by the Group in 2011

The following revised standard and amendments to existing standards are mandatory for the first time for the financial year beginning on 1 January 2011 and are relevant to the Group's operations.

- HKAS 24 (Revised) "Related Party Disclosures" (effective from annual periods beginning on or after 1 January 2011). It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. It also clarifies and simplifies the definition of a related party. While the new definition will make it easier to apply, some entities will have more related parties and will be required to make additional disclosures.

HKICPA's annual improvements project published in May 2010

- HKAS 1 "Presentation of Financial Statements" (effective from annual periods beginning on or after 1 January 2011). The amendment confirms that entities may present either in the statement of changes in equity or within the notes, an analysis of the components of other comprehensive income by item.
- HKAS 34 "Interim Financial Reporting" (effective from annual periods beginning on or after 1 January 2011). It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report.
- HKFRS 3 (Revised) "Business Combinations" (effective from annual periods beginning on or after 1 July 2010). The amendment clarifies that entities should apply the rules in HKFRS 3 (not HKFRS 7, HKAS 32 or HKAS 39) to contingent consideration that arises from a business combination with acquisition dates that precede the application of HKFRS 3 (Revised).
- HKFRS 7 "Financial Instruments: Disclosures" (effective from annual periods beginning on or after 1 January 2011). The amendment clarifies seven disclosure requirements for financial instruments, with a particular focus on the qualitative disclosures and credit risk disclosures.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

2 ACCOUNTING POLICIES (continued)

The adoption of the above revised standard and amendments to existing standards in 2011 does not have any significant impact on the Group's consolidated financial statements.

The Group has not early adopted any new accounting and financial reporting standards, amendments to existing standards and interpretations which have been issued but are not yet effective for the financial year ending on 31 December 2011.

3 ESTIMATES

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements of the Company for the year ended 31 December 2010.

4 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk including currency risk, fair value interest rate risk and cash flow interest rate risk, credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2010.

There have been no changes in the risk management department since year end or in any risk management policies.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

4 FINANCIAL RISK MANAGEMENT (continued)

(a) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents, internally generated sales proceeds and through an adequate amount of committed credit facilities to meet its operation needs and commitments in respect of property projects.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 30 June 2011					
Borrowings	1,011,988	2,634,466	2,638,274	410,570	6,695,298
Interest payments on borrowings (note)	363,143	430,659	405,570	154,394	1,353,766
Trade and other payables	5,054,939	—	—	—	5,054,939
Amounts due to related parties	121,241	—	—	—	121,241
Amounts due to non- controlling interests	16,211	—	—	—	16,211
Financial guarantees	2,032,583	—	—	—	2,032,583
	8,600,105	3,065,125	3,043,844	564,964	15,274,038
As at 31 December 2010					
Borrowings	910,843	738,083	2,542,099	518,450	4,709,475
Interest payments on borrowings (note)	252,342	232,223	361,016	235,944	1,081,525
Trade and other payables	3,124,424	—	—	—	3,124,424
Amounts due to related parties	90,106	—	—	—	90,106
Amounts due to non- controlling interests	23,625	—	—	—	23,625
Financial guarantees	1,861,163	—	—	—	1,861,163
	6,262,503	970,306	2,903,115	754,394	10,890,318

Note: The interest payments on borrowings are calculated based on borrowings held as at 30 June 2011 and 31 December 2010 without taking into account future borrowings. Floating-rate interest is estimated using the current interest rate as at 30 June 2011 and 31 December 2010 respectively.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

4 FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's liabilities that are measured at fair value at 30 June 2011.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial liabilities at fair value through profit or loss — derivative financial instruments	—	—	439,080	439,080

The following table presents the Group's liabilities that are measured at fair value at 31 December 2010.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial liabilities at fair value through profit or loss — derivative financial instruments	—	—	217,834	217,834



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

5 REVENUES AND SEGMENT INFORMATION

The chief operating decision-maker (the "CODM") reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

As majority of the Group's consolidated revenue and results are attributable to the market in the PRC and most of the Group's consolidated assets are located in the PRC, therefore no geographical information is presented.

The CODM assesses the performance of the operating segments based on a measure of revenue and operating profit. The information provided to the CODM is measured in a manner consistent with that in the financial statements.

(a) Revenues

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

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Sale of properties		
— commercial	898,709	52,961
— residential	612,091	480,529
Hotel operating income	1,510,800	533,490
Rental income from investment properties	27,829	23,190
	48,824	41,563
	1,587,453	598,243

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

5 REVENUES AND SEGMENT INFORMATION (continued)

(b) Segment information

The unaudited segment results for the six months ended 30 June 2011 are as follows:

	Property development — commercial RMB'000	Property development — residential RMB'000	Hotel RMB'000	Property investment and management RMB'000	All other segments RMB'000	Elimination RMB'000	Total RMB'000
Total segment revenues	898,709	612,091	29,086	48,824	—	—	1,588,710
Inter-segment revenues	—	—	(1,257)	—	—	—	(1,257)
Revenues	898,709	612,091	27,829	48,824	—	—	1,587,453
Operating profit/(loss)	496,735	94,810	(7,664)	1,591,167	47,756	—	2,222,804
Finance costs — net							(131,523)
Share of results of jointly controlled entities	(244)	(1,578)	—	—	—	—	(1,822)
Profit before income tax							2,089,459
Income tax expense							(737,543)
Profit for the period							1,351,916
Other segment information							
Capital and property development expenditure	1,339,337	3,968,036	40	34,375	—	—	5,341,788
Depreciation	1,305	5,070	7,395	865	2,640	—	17,275
Amortisation of land use rights as expenses	1,401	565	—	—	—	—	1,966
Net fair value gain on derivative financial instruments	—	—	—	—	50,603	—	50,603
Fair value gains on investment properties	—	—	—	1,559,171	—	—	1,559,171
Impairment of goodwill recognised as expenses	—	472	6,963	—	—	—	7,435



Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2011 (Unaudited)

5 REVENUES AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

The unaudited segment results for the six months ended 30 June 2010 are as follows:

	Property development — commercial RMB'000	Property development — residential RMB'000	Hotel RMB'000	Property investment and management RMB'000	All other segments RMB'000	Elimination RMB'000	Total RMB'000
Total segment revenues	52,961	480,529	24,490	41,563	—	—	599,543
Inter-segment revenues	—	—	(1,300)	—	—	—	(1,300)
Revenues	52,961	480,529	23,190	41,563	—	—	598,243
Operating profit/(loss)	12,463	30,446	(8,165)	229,150	(4,738)	—	259,156
Finance costs — net							(31,401)
Share of results of jointly controlled entities	—	(755)	—	—	—	—	(755)
Profit before income tax							227,000
Income tax expense							(107,757)
Profit for the period							119,243
Other segment information							
Capital and property development expenditure	817,881	1,983,689	35	570	—	—	2,802,175
Depreciation	1,081	2,289	7,596	146	167	—	11,279
Amortisation of land use rights as expenses	1,138	485	—	—	—	—	1,623
Fair value gains on investment properties	—	—	—	191,898	—	—	191,898

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

5 REVENUES AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

The unaudited segment assets and liabilities as at 30 June 2011 are as follows:

	Property development — commercial RMB'000	Property development — residential RMB'000	Hotel RMB'000	Property investment and management RMB'000	All other segments RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	11,092,883	10,025,747	211,207	6,806,500	5,986,225	(10,686,387)	23,436,175
Associated company	—	97,699	—	—	—	—	97,699
Jointly controlled entities	47,749	446,747	—	—	—	—	494,496
	11,140,632	10,570,193	211,207	6,806,500	5,986,225	(10,686,387)	24,028,370
Unallocated: Deferred income tax assets							308,396
Prepaid income taxes							130,590
Total assets							24,467,356
Segment liabilities	6,123,205	6,271,028	151,423	272,300	5,819,936	(10,686,387)	7,951,505
Unallocated: Deferred income tax liabilities							1,271,308
Borrowings							6,287,573
Derivative financial instruments							439,080
Income tax payable							1,677,897
Total liabilities							17,627,363

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

6 CAPITAL EXPENDITURE

	Property, plant and equipment RMB'000	Land use rights RMB'000	Investment properties RMB'000	Intangible assets RMB'000	Total RMB'000
Opening net book amount as at 1 January 2011	266,325	2,733,120	4,004,372	14,723	7,018,540
Additions	12,336	268,800	34,030	—	315,166
Land use rights amortisation capitalised to property, plant and equipment	34	(34)	—	—	—
Land use rights amortisation capitalised to properties under development	—	(25,835)	—	—	(25,835)
Transfer to investment properties	(22,218)	(52,973)	75,191	—	—
Transfer to cost of sales	—	(69,092)	—	—	(69,092)
Transfer from completed properties held for sale	—	—	648,678	—	648,678
Fair value gains	—	—	1,559,171	—	1,559,171
Revaluation surplus upon transfer of an owner-occupied property to investment property	—	—	141,782	—	141,782
Impairment of goodwill recognised as expenses	—	—	—	(7,435)	(7,435)
Depreciation/amortisation charged to the consolidated income statement	(17,275)	(1,966)	—	—	(19,241)
Closing net book amount as at 30 June 2011	239,202	2,852,020	6,463,224	7,288	9,561,734
Representing:					
Non-current		22,840			
Current		<u>2,829,180</u>			
		2,852,020			



Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2011 (Unaudited)

6 CAPITAL EXPENDITURE (continued)

	Property, plant and equipment RMB'000	Land use rights RMB'000	Investment properties RMB'000	Intangible assets RMB'000	Total RMB'000
Opening net book amount as at 1 January 2010	178,718	2,010,768	2,694,840	14,723	4,899,049
Additions	19,961	195,558	84,519	—	300,038
Land use rights amortisation capitalised to property, plant and equipment	34	(34)	—	—	—
Land use rights amortisation capitalised to properties under development	—	(21,542)	—	—	(21,542)
Transfer to investment properties	—	(72,438)	72,438	—	—
Transfer to cost of sales	—	(6,680)	—	—	(6,680)
Transfer from deferred governments grants	—	—	(20,554)	—	(20,554)
Transfer from properties under development	—	—	15,375	—	15,375
Fair value gains	—	—	191,898	—	191,898
Depreciation/amortisation charged to the consolidated income statement	(11,279)	(1,623)	—	—	(12,902)
Disposals	(1)	—	(6,084)	—	(6,085)
Closing net book amount as at 30 June 2010	187,433	2,104,009	3,032,432	14,723	5,338,597
Representing:					
Non-current		23,455			
Current		2,080,554			
		2,104,009			

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

6 CAPITAL EXPENDITURE (continued)

	Property, plant and equipment RMB'000	Land use rights RMB'000	Investment properties RMB'000	Intangible assets RMB'000	Total RMB'000
Closing net book amount as at 1 July 2010	187,433	2,104,009	3,032,432	14,723	5,338,597
Additions	93,609	815,000	110,642	—	1,019,251
Land use rights amortisation capitalised to property, plant and equipment	34	(34)	—	—	—
Land use rights amortisation capitalised to properties under development	—	(25,291)	—	—	(25,291)
Transfer to investment properties	—	(43,655)	43,655	—	—
Transfer to cost of sales	—	(111,962)	—	—	(111,962)
Transfer from completed properties held for sale	—	—	197,856	—	197,856
Fair value gains	—	—	620,152	—	620,152
Depreciation/amortisation charged to the consolidated income statement	(14,751)	(4,947)	—	—	(19,698)
Disposals	—	—	(365)	—	(365)
Closing net book amount as at 31 December 2010	266,325	2,733,120	4,004,372	14,723	7,018,540
Representing:					
Non-current		23,147			
Current		2,709,973			
		2,733,120			

Except for investment properties which are carried at fair value, all the above are stated at historical cost less depreciation/amortisation and impairment losses. The investment properties were revalued on an open market value and existing use basis as at 30 June 2011 and 31 December 2010 by DTZ Debenham Tie Leung Limited, independent professional qualified valuers.

Intangible assets comprise goodwill from acquisitions, which were mostly related to the properties in these acquired businesses. The goodwill is impaired when the underlying properties are sold or transferred to investment properties. The goodwill impairment was included in other operating expenses in the consolidated income statement.



Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2011 (Unaudited)

7 OTHER NON-CURRENT ASSETS

	30 June 2011 RMB'000	31 December 2010 RMB'000
Prepayments and deposits for land use rights (note (a))	2,843,714	1,044,819
Prepayments for acquisition of subsidiaries (note (b))	287,270	33,000
Deposits for purchase of property, plant and equipment	38,800	—
Unamortised development costs for properties where the use rights had been transferred (note (c))	97,672	98,812
	3,267,456	1,176,631

Notes:

- (a) The Group had made prepayments and deposits for acquisition of certain land use rights, the ownership certificates of which have not been obtained.
- (b) Pursuant to the equity transfer agreement entered into between the Group and a third party in January 2010, the Group agreed to purchase 100% equity interest of a company, established in Chengdu of the PRC at a cash consideration of approximately RMB42,544,000. The Group paid RMB33,000,000 in 2010 as prepayment and the acquisition has not been completed as at 30 June 2011.

Pursuant to the equity transfer agreement entered into between the Group and a third party in April 2011, the Group agreed to purchase 80% equity interest of a company, established in Huizhou, Guangdong of the PRC at a cash consideration of approximately HK\$650,000,000 and equity consideration by issuing 60,000,000 ordinary shares of the Company. The Group paid cash of HK\$150,000,000 (equivalent to RMB125,784,000) and issued 60,000,000 ordinary shares of the Company on 13 May 2011. The fair value of the 60,000,000 ordinary shares of HK\$153,600,000 (equivalent to RMB128,486,400) was based on the published share price on 12 May 2011. As at 30 June 2011, the acquisition has not been completed.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

7 OTHER NON-CURRENT ASSETS (continued)

Notes (continued):

- (c) The Group had entered into certain "Transfer of Right to Use Properties" agreements with the transferees to grant them the right to occupy and use the relevant properties as stated in the agreements for a term commencing from the property delivery date up to the expiry date of the Group's use right of 50 years to the land on which the properties are located. As consideration, the transferees agreed to pay upfront proceeds for the entire term to the Group. Under the relevant PRC regulations, such agreements can only be treated as operating leases of 20 years. These agreements are not regarded as finance leases because the term commencing from the end of the first 20 years up to the expiry of the term of 50 years as specified in the agreements could be subjected to challenge, and therefore the risk and rewards over this remaining period is not considered as passed to the transferees. Accordingly the upfront proceeds are recognised as income on a straight-line basis over the entire grant term specified in the agreements with the unamortised balance amounting to RMB160,675,139 as at 30 June 2011 (31 December 2010: RMB162,477,000) recorded under advanced proceeds received from customers in current liabilities. The cost of these properties are transferred from assets under construction under property, plant and equipment to other non-current assets upon completion and thereafter amortised to the consolidated income statement on a straight-line basis over the term up to expiry date of the related land use right of 50 years held by the Group.

8 ASSOCIATED COMPANY

On 20 June 2011, the Group obtained 33.33% equity interest in Eagle Rights Limited, an unlisted entity incorporated outside the PRC, by injecting cash capital of US\$15,000,000 (equivalent to RMB97,699,000). The associated company has a Hong Kong subsidiary which is in the process of acquiring a property project in Japan. Both the associated company and its subsidiary did not have any revenue and incurred minimal losses up to 30 June 2011.

	Six months ended 30 June 2011 RMB'000
Opening balance	—
Capital injection	97,699
Ending balance	97,699



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

8 ASSOCIATED COMPANY (continued)

The aggregated consolidated assets and liabilities of the associated company are shown below:

	30 June 2011 RMB'000
Assets	551,451
Liabilities	259,480

9 JOINTLY CONTROLLED ASSETS

On 8 November 2002, the Group entered into a joint venture contract ("Master Agreement") with Powerlong Group Development Co. Ltd. ("Baolong"), a third party, to jointly acquire the land use rights, develop, sell, hold and operate the properties in a project in Xiamen. The joint venture does not involve the establishment of a corporation. Pursuant to the Master Agreement, both parties shall jointly be responsible for the planning, design and construction, and share the operation results of the entire project, on a portfolio basis, at agreed percentage of 70% and 30% contributable to the Group and Baolong respectively. The Group therefore proportionally accounted for 70% of the assets and liabilities, and operating results in its consolidated financial statements. The following amounts represent the Group's 70% share of the assets and liabilities, and sales and results of the jointly controlled project which are included in the condensed consolidated balance sheet and condensed consolidated income statement:

	30 June 2011 RMB'000	31 December 2010 RMB'000
Assets		
Non-current assets	1,433,919	1,427,431
Current assets	424,068	483,227
	1,857,987	1,910,658
Liabilities		
Non-current liabilities	184,995	182,456
Current liabilities	376,497	459,657
	561,492	642,113
Net assets	1,296,495	1,268,545

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

9 JOINTLY CONTROLLED ASSETS (continued)

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Income	49,324	47,990
Fair value gains/(losses) on investment properties	10,252	(5,324)
Other gains	224	—
Expenses	(31,850)	(7,938)
Profit after income tax	27,950	34,728
Proportionate interest in joint venture's		
— operating lease rentals receivable	725,143	556,090
— financial guarantees	157,463	180,216

On 4 December 2008, the Group and Baolong entered into a supplemental agreement to allocate some of the investment properties in the project which were selected on a random basis ("Supplemental Agreement"), as an initial step in determination of profit and loss sharing on this jointly controlled project. Pursuant to the assets allocation under the Supplemental Agreement, Baolong has been allocated an excess areas of approximately 9,775 square metres. The Group is entitled to receive proceeds from Baolong on the excess areas at a fixed price of RMB9,500 per square metre and the total amount is estimated to be approximately RMB92,867,000. The excess areas which originally have been included in the Group's share of investment properties are no longer qualified as investment properties. The related carrying amounts have been transferred to completed properties held for sale in anticipating the execution of the Supplemental Agreement. However, the fixed price for these excess areas is different from the average carrying value of the investment properties, and the shortfalls of approximately RMB12,011,000 have been accounted for as impairment losses on the completed properties held for sale and included as expenses in the Group's consolidated income statement for the year ended 31 December 2008.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

9 JOINTLY CONTROLLED ASSETS (continued)

On 25 November 2009, Baolong filed an arbitration claim to the Xiamen Arbitration Commission against the Group (“Arbitration Claim”), requesting the Group, among other things, to (1) effect the title transfer of the allocated area pursuant to the above Supplement Agreement to Baolong and fully bear the related taxed and costs, and pay over the rental income and related interest charges of the allocated area; (2) allocate and effect the title transfer of 30% of the remaining unsold completed properties, bear all related taxes; (3) distribute 30% of profits and associated interests; (4) fully bear the penalty on delay in development and late deliveries and certain other expenses and costs.

During the hearing, Baolong also claimed that the proceeds on the excess areas of allocated properties in favour of Baolong should be at the amount of approximately RMB60,592,000, rather than the amount of approximately RMB92,867,000 claimed by the Group. Baolong’s calculation of proceeds is based on the value of assets rather than the square metres stipulated by the Supplemental Agreement.

On 1 June 2010, the Xiamen Arbitration Commission made and granted partial arbitration rulings (“Partial Arbitration”) in relation to the above Arbitration Claim that (i) the Group shall submit the necessary documents in relation to effecting the title transfer of the allocated properties in favour of Baolong within 10 days after delivery of the arbitration rulings and assist Baolong to effect the title transfer; the Group and Baolong shall pay the respective taxes and other expenses arising from such transfer in accordance with applicable laws and regulations of Xiamen and the PRC; (ii) Baolong shall pay to the Group the proceeds of RMB60,592,000 within 5 days following the grant and issue of the title certificate(s) in relation to the excess areas of the allocated properties in favour of Baolong; and (iii) the partial rulings are final rulings in respect of the relevant subject matters and shall take full force and effect on the date of rulings.

On 11 November 2010, the Xiamen Intermediate People’s Court (the “Court”) issued Enforcement Notice on the above partial rulings (“Enforcement Notice”) and ordered (i) the Group to transfer the title of the allocated properties to Baolong; (ii) the tax payment of such title transfer be paid in advance by each party. The Group filed an objection to the Court but was overruled by the Court on 27 December 2010. Subsequently in March 2011, Group was informed that the above enforcement procedure has been terminated.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

9 JOINTLY CONTROLLED ASSETS (continued)

On 22 March 2011, the Group filed an application for additional counterclaims to Xiamen Arbitration Commission aiming to clarify certain outstanding issues of the rulings, including (1) confirmation of the nature of cooperation under the Master Agreement, and the ruling that Baolong shall allocate the properties based on the principles of the Master Agreement, and deposit 30% of related taxes before applying for change of registration of the titles; (2) confirmation that the Group's obligation is to submit the required information in assisting the title transfer; (3) ruling for Baolong to bear the losses in all related taxes arising from early allocation of the properties; and (4) ruling for Baolong not to transfer, mortgage or change the operation status of the allocated properties. The counterclaims are still pending for further judgment and no final rulings have been made.

Based on the legal interpretations on the Master Agreement, Supplemental Agreement and the Partial Arbitration, the directors believe that the basis of cooperation and allocation of risks and rewards between the Group and Baolong remain the same as those set out in the Master Agreement. The current proposed settlement of proceeds at RMB60,592,000 refers to the undisputed portion and the current proposed arrangement of payment of taxes and other expenses in relation to the title transfer are both the temporary solution to initiate the title transfer of the allocated properties in favour of Baolong, which is not the final results of the Arbitration Claim. Meanwhile, with the closure of the Enforcement Notice, the directors believe that the Court and relevant local land bureau and local tax bureau will no longer enforce the Enforcement Notice.

The Group is in the process of assisting Baolong in respect of its request for the title transfer of the allocated properties. The directors are of the view that the Partial Arbitration rulings and the Court's Enforcement Notice will not give rise to any significant financial impact to the Group and therefore no additional provision is considered necessary. The title transfer of the allocated properties have to be made in accordance with the profit and loss sharing scheme contained in the Master Agreement and the directors consider that the current accounting treatment on the joint venture with Baolong is appropriate. However the reported amounts based on 70% interest of the Group in the project on a portfolio basis could be affected by any interim agreement between the Group and Baolong, or by the final results of the Arbitration Claim in respect of the specific allocation and distribution of the remaining assets and liabilities or sharing of the costs or taxations in the project. Such interim measures or the final results of the Arbitration Claim may cause the Group not being able to maintain its 70% interest in the final determination of the profits or losses and assets and liabilities of the project.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2011 RMB'000	31 December 2010 RMB'000
Trade receivables (<i>note (a)</i>)	96,677	92,087
Less: Provision for impairment of trade receivables	(47,893)	(48,206)
Trade receivables — net	48,784	43,881
Deposits for resettlement costs (<i>note (c)</i>)	5,511	9,422
Advances to third parties (<i>note (d)</i>)	154,184	153,706
Other receivables	122,018	142,337
Prepayments for construction costs	39,096	70,472
Prepaid business tax on pre-sale proceeds	123,486	109,271
	493,079	529,089
Less: Non-current portion of other receivables (<i>note (b)</i>)	(9,209)	(19,209)
Current portion	483,870	509,880

As at 30 June 2011, the fair values of trade receivables, deposits for resettlement costs, advances to third parties and other receivables approximate their carrying amounts.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

Notes:

- (a) Trade receivables are mainly arisen from sales of properties and leases of investment properties. Proceeds in respect of properties sold and leased are to be received in accordance with the terms of the related sales and purchase agreements and lease agreements.

The ageing analysis of trade receivables is as follows:

	30 June 2011 RMB'000	31 December 2010 RMB'000
Within 90 days	17,487	30,393
Over 90 days and within 1 year	33,973	17,325
Over 1 year and within 2 years	24,993	24,539
Over 2 years	20,224	19,830
	96,677	92,087

As at 30 June 2011, provision for impairment of trade receivables was approximately RMB47,893,000 (31 December 2010: approximately RMB48,206,000).

- (b) Non-current other receivables represent the unsettled proceeds from the sale of a building included in property, plant and equipment which are to be collected over a period of seven years. The receivables were initially recognised at fair value based on cash flows discounted using a rate of 5.94%.
- (c) Deposits for resettlement costs mainly represent the prepayments to local governments to compensate resettlement activities on the land to be acquired by the Group. The deposits will be transferred to part of construction and development costs once the Group obtained the land titles.
- (d) The advances to third parties are unsecured and interest-free except for an advance of RMB40,000,000 which bears interest at 12% per annum and is due for repayment on 31 December 2011. The interest-bearing advance was made to Zhenjiang Yonglong Real Estate Company Limited, a related party of the original shareholder of an acquired subsidiary of the Group.



Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2011 (Unaudited)

11 AMOUNTS DUE FROM RELATED PARTIES

	30 June 2011 RMB'000	31 December 2010 RMB'000
Controlled by the Controlling Shareholders		
Growing Group Limited ("Growing Group")	74	125
Better Luck Group Limited ("Better Luck")	42	50
Gainday Holdings Limited ("Gainday")	42	50
Tin Sun Holdings Limited ("Tin Sun Holdings")	42	50
Run Fast International Limited	26	27
Bloom Luck Holdings Limited ("Bloom Luck")	30	31
Xiamen Mingfa Property Development Co., Ltd. (廈門市明發物業發展公司) ("Xiamen Property Development")	128	109
Joint venture party		
Fujian Nan'an Guanqiao Foodstuff City Investment Development Co., Ltd. (福建南安市官橋糧食城投資開發有限公司) ("Nan'an Guanqiao Foodstuff City") (note (a))	120,000	120,000
	120,384	120,442

The amounts due from related parties are non-trade in nature, unsecured, interest-free and have no fixed repayment terms.

The carrying amounts of amounts due from related companies approximate their fair values.

Note:

- (a) Pursuant to a supplemental investment agreement entered into between the Group and Nan'an Guanqiao Foodstuff City on 5 February 2010, such advance may be injected into a jointly controlled entity established by the Group and Nan'an Guanqiao Foodstuff City as the Group's additional investment when certain investment conditions are met.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

12 BALANCES WITH NON-CONTROLLING INTERESTS

	30 June 2011 RMB'000	31 December 2010 RMB'000
Amount due from non-controlling interest: Meng Gu (Hong Kong) Development Limited (夢穀 (香港) 發展有限公司)	17	18
Amounts due to non-controlling interests: Mr. Huang Zhijian (黃志堅)	—	3,181
Tai San Trading Company (泰山貿易公司)	16,211	16,211
Mr. Huang Yasan (黃亞三)	—	4,233
	16,211	23,625

The balances with non-controlling interests were unsecured, interest-free, had no fixed repayment terms and were non-trade in nature.

13 RESTRICTED CASH

As at 30 June 2011, the Group's cash of approximately RMB224,000,000 (31 December 2010: Nil) was restricted and deposited in certain banks as security for issuing bank acceptance bills of exchange.

As at 30 June 2011, the Group's cash of approximately RMB48,599,000 (31 December 2010: RMB48,599,000) was restricted and deposited in certain banks as security for project construction.

As at 30 June 2011, the Group's cash of approximately RMB100,000,000 (31 December 2010: RMB100,000,000) was restricted and deposited in certain banks as security for certain bank borrowings.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

14 SHARE CAPITAL

Details of share capital of the Company are as follows:

Note	Par value HK\$	Number of ordinary shares	Nominal value of ordinary shares HK\$	Equivalent RMB
Authorised:				
At 30 June 2010,				
31 December 2010 and				
at 30 June 2011	0.1	12,000,000,000	1,200,000,000	
Issued and fully paid:				
At 30 June 2010 and				
at 31 December 2010	0.1	6,000,000,000	600,000,000	528,540,068
Issue of shares in connection				
with acquisition of a				
subsidiary (a)	0.1	60,000,000	6,000,000	5,019,000
At 30 June 2011	0.1	6,060,000,000	606,000,000	533,559,068

Note:

- (a) The Company has issued 60,000,000 ordinary shares at par value of HK\$0.1 per share on 13 May 2011 to a third party as part of the purchase consideration for 80% equity interest of a company (Note 7(b)). The ordinary shares issued have the same rights as the other shares in issue.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

15 BORROWINGS

	30 June 2011 RMB'000	31 December 2010 RMB'000
Borrowings included in non-current liabilities		
Bank borrowings — secured	4,051,061	3,315,299
Convertible bonds (notes (a) and (b))	2,179,865	1,134,604
	6,230,926	4,449,903
Less: Amounts due within one year	(980,388)	(842,316)
	5,250,538	3,607,587
Borrowings included in current liabilities		
Bank overdrafts	—	16,771
Bank borrowings — secured	56,647	57,166
Current portion of long-term borrowings	980,388	842,316
	1,037,035	916,253

Movement of borrowings is analysed as follows:

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Opening balance	4,523,840	2,512,285
Additions of bank borrowings	888,873	1,565,003
Repayments of bank borrowings	(170,401)	(338,790)
Convertible bonds — liability component	1,045,261	—
Ending balance	6,287,573	3,738,498

As at 30 June 2011, the Group's certain bank borrowings of RMB2,927,500,000 (31 December 2010: RMB2,011,000,000) were secured by its land use rights (Note 16), properties under development (Note 16) and completed properties held for sale (Note 16).

As at 30 June 2011, the Group's certain bank borrowings of RMB1,085,208,000 (31 December 2010: RMB1,266,465,000) were secured by its buildings (Note 16) and investment properties (Note 16).

As at 30 June 2011, the Group's certain bank borrowings of RMB95,000,000 (31 December 2010: RMB95,000,000) were secured by part of its restricted cash (Note 13, Note 16).



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

15 BORROWINGS (continued)

Notes:

(a) **Convertible bonds issued on 10 December 2010 ("2015 Bonds")**

The Company issued HK\$1,551,580,000 convertible bonds on 10 December 2010 ("December closing date") to Gain Max Enterprises Limited, an investment vehicle of Warburg Pincus & Co.. The 2015 Bonds bear interest at 5% per annum which is payable semi-annually.

The 2015 Bonds mature in five years from the December closing date and shall be redeemed at 129.82% of their nominal value or can be converted into ordinary shares of the Company on or after 11 December 2010 up to 3 December 2015 at a price of HK\$2.90 per share.

The 2015 Bonds also contain redemption option at any time after 10 November 2013 which allows bondholders to require the Company to redeem any bond at a premium equal to 17.05% multiplied by a fraction of which the numerator is the total number of days from 10 December 2010 to the redemption due date and the denominator is the total number of days from 10 December 2010 to 10 December 2015.

In conjunction with the 2015 Bonds, the Company also issued warrants on 10 December 2010 to Profit Max Enterprises Limited, another investment vehicle of Warburg Pincus & Co., for no additional consideration. The warrants have a subscription period from 20 January 2011 to 3 December 2015 with an exercise price of HK\$4.36 per share and maximum value of issued shares amounting to HK\$387,895,000. The warrants also have transferability that the subscription rights are freely transferable either in whole or in part provided that, if necessary, the prior approval of the Stock Exchange shall be required for any transfer to any transferee which is a connected person of the Company.

The values of the liability component of the 2015 Bonds and the conversion, redemption options as well as the warrants were determined at issuance of the bond.

The 2015 Bonds recognised in the consolidated balance sheet is calculated as follows:

	RMB'000
Face value of 2015 Bonds issued on 10 December 2010	1,320,239
Transaction costs allocated to liability component	(3,496)
Derivative financial instruments (Note 17)	(187,549)
Liability component on initial recognition	1,129,194
Interest expense	5,410
Liability component as at 31 December 2010	1,134,604
Interest expense (Note 23)	77,435
Coupon paid	(32,339)
Exchange gains	(25,653)
Liability component as at 30 June 2011	1,154,047

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

15 BORROWINGS (continued)

Notes (continued):

(b) Convertible bonds issued on 23 May 2011 ("2016 Bonds")

The Company issued HK\$1,560,000,000 convertible bonds on 23 May 2011 ("May closing date"). The 2016 Bonds bear interest at 5.25% per annum which is payable semi-annually.

The 2016 Bonds mature in five years from the May closing date and shall be redeemed at 126.42% of their principal amount together with accrued and unpaid interest thereon on 23 May 2016 or can be converted into ordinary shares of the Company at any time on or after 2 July 2011 up to the close of business on the seventh day prior to 23 May 2016 at a price of HK\$3.168 per share.

The 2016 Bonds also contain redemption option which allows any bondholder to require the Company to redeem all and not some only of such holder's 2016 Bonds to the aggregate of the 109.97% of its principal amount together with interest accrued to the respective dates fixed for redemption on 23 June 2013.

The values of the liability component of the 2016 Bonds and the conversion and redemption options were determined at issuance of the bond.

The 2016 Bonds recognised in the consolidated balance sheet is calculated as follows:

	RMB'000
Face value of 2016 Bonds issued on 23 May 2011	1,304,316
Transaction costs allocated to liability component	(17,681)
Derivative financial instruments (Note 17)	(271,849)
Liability component on initial recognition	1,014,786
Interest expense (Note 23)	16,494
Exchange gains	(5,462)
Liability component as at 30 June 2011	1,025,818



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

16 PLEDGED ASSETS

	30 June 2011 RMB'000	31 December 2010 RMB'000
Properties under development	485,058	1,268,969
Completed properties held for sale	441,992	119,890
Property, plant and equipment	139,763	150,083
Land use rights	2,373,158	2,141,116
Investment properties	1,789,764	1,650,825
Restricted cash	372,599	148,599
	5,602,334	5,479,482

17 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2011 RMB'000	31 December 2010 RMB'000
2015 Bonds — Embedded derivatives (note (a))	158,195	208,291
2016 Bonds — Embedded derivatives (note (a))	275,245	—
Warrants (note (b))	5,640	9,543
	439,080	217,834

Notes:

- (a) The embedded derivatives in connection with the 2015 Bonds and 2016 Bonds mainly include bondholders' redemption option and conversion option. The embedded derivatives of 2015 Bonds issued on 10 December 2010 are valued at HK\$244,789,000 (equivalent to RMB208,291,000) at 31 December 2010 and HK\$190,229,000 (equivalent to RMB158,195,000) at 30 June 2011 by DTZ Debenham Tie Leung Limited ("DTZ"). The embedded derivatives of 2016 Bonds issued on 23 May 2011 are valued at HK\$325,139,000 (equivalent to RMB271,849,000) at May closing date and HK\$330,982,000 (equivalent to RMB275,245,000) at 30 June 2011 by DTZ. The fair value changes are made through profit and loss (Note 21).
- (b) The warrants are issued together with the 2015 Bonds (Note 15(a)) on 10 December 2010. The warrants are valued at HK\$11,215,000 (equivalent to RMB9,543,000) at 31 December 2010 and HK\$6,782,000 (equivalent to RMB5,640,000) at 30 June 2011 respectively by DTZ. The fair value change is made through profit and loss (Note 21).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

18 TRADE AND OTHER PAYABLES

	30 June 2011 RMB'000	31 December 2010 RMB'000
Trade payables (note (a))	3,124,978	2,168,083
Other payables (note (b))	1,774,678	802,630
Other taxes payable	155,283	153,711
	5,054,939	3,124,424

Notes:

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

	30 June 2011 RMB'000	31 December 2010 RMB'000
Within 90 days	2,998,000	2,085,437
Over 90 days and within 180 days	126,978	82,646
	3,124,978	2,168,083



Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2011 (Unaudited)

18 TRADE AND OTHER PAYABLES (continued)

Notes (continued):

(b) Other payables comprise:

	30 June 2011 RMB'000	31 December 2010 RMB'000
Deposits and advances from constructors	1,209	1,133
Excess proceeds and deposits received from customers	1,307	22,543
Deposits received from tenants	18,560	8,877
Advances from third parties (note (i))	629,943	627,809
Consideration payable on acquisition of additional interest in a subsidiary	20,000	20,000
Consideration payable on acquisition of a jointly controlled entity	50,000	50,000
Unpaid professional fees	—	13,459
Prepayments received in connection with the disposal of a jointly controlled entity (note (ii))	963,387	—
Miscellaneous	90,272	58,809
	1,774,678	802,630

Notes:

- (i) The advances from third parties are non-trade in nature, unsecured, interest-free and have no fixed repayment terms.
- (ii) The prepayments received are related to the disposal of the Group's entire 50% equity interest in a jointly controlled entity which requires certain conditions be met before it can proceed.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

19 AMOUNTS DUE TO RELATED PARTIES

	30 June 2011 RMB'000	31 December 2010 RMB'000
A Controlling Shareholder Mr. Wong Wun Ming Common director Mingfa Group Nanjing Qianqiuye Concrete Product Co., Ltd. (明發集團南京千秋業水泥製品有限公司) ("Nanjing Qianqiuye")	8,250	14,489
Joint venture parties Baolong (寶龍)	2,198	6,441
Joint venture Quanzhou Mingfa Huachang Development and Construction Co., Ltd. (泉州明發華昌商業城開發建設有限公司)	77,293	69,176
	33,500	—
	121,241	90,106

20 PROVISION FOR OTHER LIABILITIES AND CHARGES

	Six months ended 30 June		For the year ended 31 December
	2011 RMB'000	2010 RMB'000	2010 RMB'000
Opening balance	3,830	33,540	33,540
Additional/(reversal of) provision	3,372	(19,624)	(29,494)
Utilised during the period/ year	(1,510)	(93)	(216)
Ending balance	5,692	13,823	3,830
Representing:			
Provided amounts	56,878	63,472	53,506
Utilised amounts	(51,186)	(49,649)	(49,676)
Net book amount	5,692	13,823	3,830



Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2011 (Unaudited)

20 PROVISION FOR OTHER LIABILITIES AND CHARGES (continued)

The analysis of provision for other liabilities and charges is as follows:

	As at 30 June		As at 31 December
	2011 RMB'000	2010 RMB'000	2010 RMB'000
Provision for delay in delivering properties	5,692	13,823	3,830

The amounts represent a provision for delay in delivering properties brought against the Group by the customers. The provision charge is recognised in the consolidated income statement, and subject to periodic review on the estimation. It is expected that RMB5,692,000 will be used in the next twelve months. In the directors' opinion, after taking into consideration appropriate legal advice, the outcome of these delays in delivering properties will not give rise to any significant loss beyond the amounts provided at 30 June 2011.

21 OTHER GAINS

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Government grants	1,601	11,259
Reversal of provision for delay in delivering properties (Note 20)	—	19,624
Gains from disposal of investment properties	—	14,190
Net exchange gain	15,480	—
Net fair value gain on derivative financial instruments	50,603	—
Miscellaneous	741	337
	68,425	45,410

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

22 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs, administrative expenses and other operating expenses are analysed as follows:

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Staff costs — including directors' emoluments	57,307	28,105
Auditor's remuneration	2,100	2,150
Depreciation (Note 6)	17,275	11,279
Amortisation of land use rights (Note 6)	1,966	1,623
Advertising, promotion and commission costs	37,055	50,447
Cost of properties sold	661,437	384,828
Business tax and other levies on sales of properties	85,396	26,932
Direct outgoings arising from investment properties that generate rental income	7,271	5,854
Hotel operating expenses	22,879	19,399
Charitable donations	2,217	1,205
Office expenses	34,715	18,181
Professional fees	7,583	2,959
Provision for impairment of receivables and other non-current assets	1,078	508
Impairment of goodwill (Note 6)	7,435	—
Provision for delay in delivering properties (Note 20)	3,372	—
Miscellaneous	43,159	22,925
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses	992,245	576,395



Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2011 (Unaudited)

23 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Finance income		
— interest income on bank deposits	4,578	5,878
— interest income on held-to-maturity investments	—	71
	4,578	5,949
Interest on bank borrowings and overdrafts		
— wholly repayable within five years	(99,938)	(45,864)
— wholly repayable over five years	(10,191)	(32,725)
Interest expense on convertible bonds (Note 15)	(93,929)	—
Less: Interest capitalised	67,957	41,239
Finance costs	(136,101)	(37,350)
Net finance costs	(131,523)	(31,401)

24 INCOME TAX EXPENSE

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Current income tax		
— PRC enterprise income tax	179,616	19,415
— PRC land appreciation tax	95,125	15,474
	274,741	34,889
Deferred income tax		
— PRC enterprise income tax	387,757	64,442
— PRC withholding income tax	75,045	8,426
	462,802	72,868
	737,543	107,757

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

24 INCOME TAX EXPENSE (continued)

(a) Hong Kong profits tax

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profits in Hong Kong during the six months ended 30 June 2011 (2010: Nil).

(b) PRC enterprise income tax

On 16 March 2007, the National People's Congress approved the Enterprise Income Tax Law of the PRC (the "new EIT Law"). The new EIT Law reduces the standard enterprise income tax rate for domestic enterprises and foreign invested enterprises from 33% to 25% effective from 1 January 2008 and there are transitional arrangements for enterprises which have been subject to preferential tax treatments in the past. For the subsidiaries established in Xiamen of the PRC, the new tax rate will gradually increase from 15% to 25% starting from 1 January 2008 over 5 years.

PRC enterprise income tax is provided for at 25% of the profits for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC enterprise income tax purpose. The subsidiaries established in Xiamen of the PRC are entitled to a preferential tax rate of 24% during the six months ended 30 June 2011 (2010: 22%).

(c) PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including cost of land use rights, borrowing costs, business taxes and all property development expenditures. The tax is incurred upon transfer of property ownership.

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

(d) PRC withholding income tax

According to the new EIT Law and its detailed implementation regulations, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding companies established outside the PRC when their invested entities in the PRC declare their dividends out of the profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied, subject to approval of local tax authorities, when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The Group accrues for the PRC withholding income tax based on the tax rate of 5% for its immediate holding companies which are established in Hong Kong.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

25 DIVIDEND

The board of directors of the Company does not recommend any payment of interim dividend for the six months ended 30 June 2011 (2010: Nil).

A final dividend in respect of 2010 of HK7.5 cents per ordinary share, amounting to approximately HK\$450,000,000 (equivalent to approximately RMB374,085,000) has been approved at the annual general meeting of the Company held on 20 May 2011.

26 EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the six months ended 30 June 2011 and 2010 is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2011	2010
Profit attributable to equity holders of the Company (RMB'000)	1,340,942	120,836
Weighted average number of ordinary shares in issue (thousands)	6,016,000	6,000,000
Basic earnings per share (RMB cents)	22.3	2.0

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and warrants. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the warrants, a calculation is done to determine the number of shares that could have been acquired based on the monetary value of the subscription rights attached to the warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

26 EARNINGS PER SHARE (continued)

(b) Diluted (continued)

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

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Profit attributable to equity holders of the Company	1,340,942	120,836
Interest expense on convertible bonds (net of tax)	93,929	—
Exchange gains on convertible bonds — liability component	(31,115)	—
Changes in fair value of convertible bonds — embedded derivatives	(46,700)	—
Profit used to determine diluted earnings per share	1,357,056	120,836
Weighted average number of ordinary shares in issue (thousands)	6,016,000	6,000,000
Adjustment for conversion of convertible bonds (thousands)	638,984	—
Weighted average number of ordinary shares for diluted earnings per share (thousands)	6,654,984	6,000,000
Diluted earnings per share (RMB cents)	20.4	2.0



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

27 FINANCIAL GUARANTEES

	30 June 2011 RMB'000	31 December 2010 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	2,032,583	1,861,163

Note: The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the Group obtained the "property title certificate" for the mortgagees, or when the Group obtained the "master property title certificate". The directors of the Company consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

28 COMMITMENTS

(a) Commitments for capital and property development expenditure

	30 June 2011 RMB'000	31 December 2010 RMB'000
Authorised but not contracted for	404,572	546,057
Contracted but not provided for		
— Property, plant and equipment	281,385	6,755
— Properties being developed by the Group for sale	1,871,698	1,238,174
— Land use rights	1,746,746	1,829,827
	3,899,829	3,074,756

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

28 COMMITMENTS (continued)

(b) Commitments for equity investments

	30 June 2011 RMB'000	31 December 2010 RMB'000
Contracted but not provided for		
— Acquisition of a subsidiary located in Chengdu (Note 7(b))	10,000	10,000
— Acquisition of a subsidiary located in Huizhou (Note 7(b))	415,810	—
	425,810	10,000

(c) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	30 June 2011 RMB'000	31 December 2010 RMB'000
Within one year	9,243	7,041
Between two to five years	16,430	19,070
	25,673	26,111

(d) Operating lease rentals receivable

The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of land and buildings are as follows:

	30 June 2011 RMB'000	31 December 2010 RMB'000
Within one year	85,580	66,897
Between two to five years	453,648	272,781
After five years	1,286,344	599,882
	1,825,572	939,560



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2011 (Unaudited)

29 RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Continuing transactions		
— Purchase of construction materials from a related company (i)	—	912

Notes:

- (i) Nanjing Qianqiuye was a subsidiary of the Group until it was disposed on 8 April 2008. Thereafter, the Group purchases certain construction materials from Nanjing Qianqiuye and a director of Nanjing Qianqiuye is also a director of the Company.

(b) Key management compensation

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Salaries and other short-term employee benefits	3,494	2,342
Retirement scheme contributions	10	21
	3,504	2,363

30 APPROVAL AND AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The condensed consolidated interim financial statements for the six months ended 30 June 2011 were approved and authorised for issue by the board of directors of the Company on 26 August 2011.