



明发集团
MINGFA GROUP

Mingfa Group (International) Company Limited
(incorporated in the Cayman Islands with limited liability)

Stock code : 846

interim report 2012

| Wealth China
| Century Mingfa





CONTENTS

Corporate Information	2
Financial Highlights	4
Management Discussion and Analysis	5
Additional Information Required by the Listing Rules	18
Condensed Consolidated Interim Financial Statements	
• Condensed Consolidated Balance Sheet	29
• Condensed Consolidated Income Statement	31
• Condensed Consolidated Statement of Comprehensive Income	32
• Condensed Consolidated Statement of Changes in Equity	33
• Condensed Consolidated Cash Flow Statement	34
• Notes to the Condensed Consolidated Interim Financial Statements	35

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 (*chairperson of the committee*)
Mr. Wong Po Yan
Mr. Dai Yiyi

NOMINATION COMMITTEE

Mr. Dai Yiyi (*chairperson of the committee*)
Mr. Wong Po Yan
Mr. Qu Wenzhou

REMUNERATION COMMITTEE

Mr. Qu Wenzhou (*chairperson of the committee*)
Mr. Wong Po Yan
Mr. Dai Yiyi
Mr. Chi Miao

COMPANY SECRETARY

Mr. Poon Wing Chuen (*FCCA*)

AUTHORISED REPRESENTATIVES

Mr. Wong Wun Ming
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

COMPANY'S WEBSITE

<http://ming-fa.com>

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

846

Corporate Information

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 CONSULTANT

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		
	2012	2011	Percentage of decrease
Revenue (RMB'million)	852.3	1,587.5	46.3%
Profit attributable to equity holders of the Company (RMB'million)	593.8	1,340.9	55.7%
Basic earnings per share (RMB cents)	9.8	22.3	56.1%
Interim dividend per share (RMB)	Nil	Nil	

The board of directors (the “**Board**”) of Mingfa Group International Company Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2012 together with comparative amounts for the corresponding period.

Management Discussion and Analysis

The unaudited consolidated revenue of the Group was approximately RMB852.3 million for the six months ended 30 June 2012, representing a decrease of 46.3% from the corresponding period in 2011. The unaudited consolidated profit attributable to equity holders of the Company was approximately RMB593.8 million for the six months ended 30 June 2012, representing a decrease of 55.7% from the corresponding period in 2011. The unaudited basic earnings per share was RMB9.8 cents for the six months ended 30 June 2012, representing a decrease of 56.1% from the corresponding period in 2011.

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2012.

BUSINESS REVIEW

Sales and Earnings

The sales for the six months ended 30 June 2012 was approximately RMB852.3 million (corresponding period in 2011: approximately RMB1,587.5 million), representing a decrease of 46.3%.

The gross profit for the six months ended 30 June 2012 was approximately RMB398.8 million, (corresponding period in 2011: approximately RMB797.6 million), representing a decrease of 50.0%. The reason for the decrease was mainly due to the decrease 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 2012 and the six months ended 30 June 2011 was 104,096 sq.m. and 179,586 sq.m. respectively, representing a decrease of 42.0%.

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 2012 was RMB7,000, representing a decrease of 16.8% from the ASP per square metre of RMB8,412.7 for the corresponding period in 2011. The primary reason for the decrease was due to the change of property mix. About 57% of property sales was generated from residential sector for the six months ended 30 June 2012 while about 41% of property sales was generated from the same sector for the corresponding period in 2011. ASP for the residential properties was lower than those of commercial properties.

The unaudited consolidated profit attributable to the equity holders of the Company for the six months ended 30 June 2012 was approximately RMB593.8 million (corresponding period in 2011: approximately RMB1,340.9 million), representing a decrease of 55.7% from the corresponding period in 2011. The decrease was mainly due to the decrease in sales as well as gross profit which was driven by the decrease in the GFA delivered and the decrease in fair value gains on investment properties for the six months ended 30 June 2012.

Management Discussion and Analysis

Segment Information

Turnover generated from various sectors are analyzed as follows:

For the six months ended	Commercial Properties RMB' million	Residential Properties RMB' million	Property Investment and Management	Hotel RMB' million	Total RMB' million
			RMB' million		
30 June 2012	311.2	417.5	101.5	22.1	852.3
30 June 2011	898.7	612.2	48.8	27.8	1,587.5

Pre-sold Properties

As at 30 June 2012, the Group has pre-sold properties to the buyers with an aggregate GFA of 565,345 sq.m. Set out below are the details of the properties, the Group's interest and the attributable GFA pre-sold by the Group:

City	Property	Group's Interest	Attributable GFA Pre-sold (sq.m.)
Nanjing	Nanjing Mingfa Riverside New Town	100%	28,414
Nanjing	Nanjing Mingfa Shopping Mall	100%	2,526
Nanjing	Nanjing Mingfa City Square	100%	45,504
Wuxi	Wuxi Mingfa Shopping Mall	70%	3,410
Wuxi	Wuxi Mingfa International New Town	100%	61,868
Xiamen	Xiamen Mingfa Shopping Mall	70%	4,300
Xiamen	Xiamen Mingfa Xiang Wan Peninsula	100%	52,827
Yangzhou	Yangzhou Mingfa Shopping Mall	100%	4,166
Hefei	Hefei Mingfa Shopping Mall	100%	26,718
Zhangzhou	Zhangzhou Mingfa Shopping Mall	100%	236,397
Honglai	Honglai Mingfa Commercial Centre	100%	3,536
Zhengjiang	Zhengjiang Jinxiu Yishan	100%	33,477
Huai'an	Huai'an Mingfa Shopping Mall	100%	27,803
Shenyang	Shenyang Mingfa Jinxiuhwa City	100%	34,399
Total			565,345

Management Discussion and Analysis

Summary of Land Bank

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

Property	Address	Actual/ Estimated	Type of Property	Status	Approximate		Group's Interest (sq.m.)	Attributable GFA (sq.m.)
		Completion Date			Leasable and Saleable GFA			
					Site Area (sq.m.) (Note 3)	Saleable GFA (sq.m.) (Note 4)		
Completed properties (held for sale/leasing) (Note 1)								
Xiamen Mingfa Seascape Garden	Located at Qianpu South 2 Road, Siming District, Xiamen, Fujian Province	Dec-2004	Residential/ Commercial/ Office	Completed	18,247	679	100%	679
Xiamen Mingfa Noble Place	Located at Jiangtou Residential, Huli District, Xiamen, Fujian Province	Dec-2004	Residential/ Commercial/ Office	Completed	5,529	3,656	100%	3,656
Xiamen Mingfa Garden	Located at Huanhuli South, Lvling Road, Siming District, Xiamen, Fujian Province	Apr-2005	Residential/ Commercial	Completed	18,697	17,657	100%	17,657
Xiamen Jianqun Elegant Garden	Located at Qianpu Lianqian East Road North, Huli District, Xiamen, Fujian Province	Apr-2005	Residential/Office	Completed	10,257	2,232	100%	2,232
Xiamen Mingfa International New Town	Located at Qianpu Lianqian Road South, Siming District, Xiamen, Fujian Province	Feb-2002	Residential/ Commercial/ Office	Completed	26,016	21,598	100%	21,598
Xiamen Mingfa Shopping Mall	Located at the northwest of Jiahe Road and Lianqian Road, Siming District, Xiamen, Fujian Province	Oct-2007	Commercial/ Office/Hotel	Completed	166,775	39,398	70%	27,579
Xiamen Mingfa Town	Located at Lvling Road, Siming Industrial Park, Siming District, Xiamen, Fujian Province	Jan-2008	Residential/ Commercial	Completed	12,879	15,397	100%	15,397
Xiamen Mingli Garden	Located at Qianpu Keque Road, Siming District, Xiamen, Fujian Province	Jan-2008	Residential	Completed	17,356	383	100%	383

Management Discussion and Analysis

Property	Address	Actual/ Estimated Completion Date	Type of Property	Status	Site Area (sq.m.) (Note 3)	Approximate	Group's Interest (sq.m.)	Attributable GFA (sq.m.)
						Leasable and Saleable GFA (sq.m.) (Note 4)		
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	255,610	100%	255,610
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	115,370	100%	115,370
Wuxi Mingfa Shopping Mall	Located in Sitou Village and Tangtou Village, Yanqiao Town, Huishan District, Wuxi, Jiangsu Province	Dec-2011	Residential/ Commercial/ Hotel	Completed	216,643	439,694	70%	307,786
Hefei Mingfa Shopping Mall	Located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang District, Hefei, Anhui Province	Dec-2011	Residential/ Commercial/ Office/Hotel	Completed	176,698	352,991	100%	352,991
Yangzhou Mingfa Shopping Mall	Located at south of Yunhe Road East and west of Baolin Road, Guangling District, Yangzhou, Jiangsu Province	Dec-2011	Residential/ Commercial/ Hotel	Completed	145,267	251,233	100%	251,233
Honglai Mingfa Commercial Centre	Located at Honglai District, Nanan, Fujian Province	Jun-2012	Residential/ Commercial	Completed	27,065	28,375	100%	28,375
Sub-total					2,209,172	1,574,900		1,431,173

Management Discussion and Analysis

Property	Address	Actual/ Estimated Completion Date	Type of Property	Status	Site Area	Approximate Leasable and Saleable GFA	Group's Interest	Attributable GFA
					(sq.m.) (Note 3)	(sq.m.) (Note 4)		
Properties under development (Note 2)								
Xiamen Mingfa Group Mansion	Located in Qianpu Industrial Park, Xiamen, Fujian Province	Dec-2012	Commercial/ Office	The construction has been completed and under decoration	13,186	36,346	100%	36,346
Nanjing Mingfa City Square	Located at Dingshan Road, Pukou District, Nanjing, Jiangsu Province	Dec-2012	Residential/ Commercial/ Office	Completion certificate had been granted for GFA of 128,345 sq.m. in December 2011 and GFA of 39,805 sq.m. in June 2012. The remaining GFA of 131,370 sq.m. will be completed in December 2012	128,683	236,789	100%	236,789
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	Mar-2013	Hotel	Approximately 50% of construction has been completed	58,952	161,705	100%	161,705
Zhangzhou Mingfa Shopping Mall	Located at Longjiang Road East, Shuixian Street North, No.6 Road West, Xintu Road South, Zhangzhou, Fujian Province	Dec-2012	Residential/ Commercial/ Office/Hotel	Approximately 70% of construction has been completed	223,589	575,967	100%	575,967
Zhenjiang Jinxiu Yinshan	Located in the centre of Zhenjiang City, Jiangsu Province	Dec-2014	Residential/ Commercial/ Hotel	Approximately 40% of construction has been completed	296,702	392,847	100%	392,847
Xiamen Mingfa Xiang Wan Peninsula	Located at east part of Xiang'an Road, Xiang'an, Fujian Province	Dec-2012	Residential/ Commercial	The buildings have been topped up and all major structural construction has been completed	104,380	292,557	100%	292,557
Huai'an Mingfa Shopping Mall (Phase C)	Located at Weihai East Road, Huai'an, Jiangsu Province	Jun-2013	Residential	Approximately 20% of construction has been completed	51,345	154,035	100%	154,035

Management Discussion and Analysis

Property	Address	Actual/ Estimated Completion Date	Type of Property	Status	Site Area	Approximate Leasable and Saleable GFA	Group's	Attributable
					(sq.m.) (Note 3)	(sq.m.) (Note 4)	Interest (sq.m.)	GFA (sq.m.)
Shenyang Mingfa Jinxu Hua City	Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province	Dec-2013	Residential/ Commercial	Approximately 30% of construction has been completed	61,222	306,110	100%	306,110
Wuxi Mingfa International New Town	Located at south of Yanqiao Town, Huishan District, Wuxi, Jiangsu Province	Dec-2013	Residential/ Commercial	Approximately 40% of construction has been completed	258,297	549,561	100%	549,561
Taizhou Mingfa City Complex	Located at west of Machang Zhonggou and south of Huangang Avenue, Gaogang District, Taizhou, Jiangsu Province	Dec-2014	Residential/ Commercial	Construction has been started in June 2012	292,487	845,316	100%	845,316
Sub-total					1,488,843	3,551,233		3,551,233

Management Discussion and Analysis

Property	Address	Actual/ Estimated Completion Date	Type of Property	Status	Site Area (sq.m.) (Note 3)	Approximate Leasable and Saleable GFA (sq.m.) (Note 4)	Group's Interest (sq.m.)	Attributable GFA (sq.m.)
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-2014	Industrial	Vacant	547,215	827,762	100%	827,762
Xiamen Yuanchang Villa	Located at Longshan, Lianqian Road, Xiamen, Fujian Province	Dec-2013	Residential	Vacant	52,606	290,950	50%	145,475
Quanzhou Mingfa Huachang International Town	Located in Guangqiao Town Neicuo Village, Nan'an, Fujian Province	Dec-2013	Commercial	Vacant	276,120	698,507	50%	349,253
New property in Huizhou	Located at Huizhou City West Train Station, Guangdong Province	Dec-2014	Residential	Vacant	332,335	708,157	80%	566,526
Nanjing Mingfa Furniture City	Located in Huangyao Village, Taishan Street, Pukou District, Nanjing, Jiangsu Province	Dec-2014	Industrial	Vacant	41,434	62,151	100%	62,151
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-2013	Residential	Vacant	158,238	221,533	100%	221,533
Sub-total					1,407,948	2,809,060		2,172,700

Management Discussion and Analysis

Property	Address	Actual/ Estimated Completion Date	Type of Property	Status	Site Area	Approximate Leasable and Saleable GFA	Group's Interest	Attributable GFA
					(sq.m.) (Note 3)	(sq.m.) (Note 4)	(sq.m.)	(sq.m.)
Properties with signed land use rights contract for future development								
Xiamen Mingfeng Town	Located at Lingdou, Siming District, Xiamen, Fujian Province	Dec-2014	Industrial	Vacant	19,909	103,921	100%	103,921
Huai'an Mingfa Shopping Mall (Phase A)	Located at Shenzhen South Road, Huai'an, Jiangsu Province	Dec-2014	Commercial	Vacant	66,669	166,673	100%	166,673
Shenyang Creative Industrial Estate	Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province	Dec-2014	Residential/ Commercial	Vacant	154,024	462,072	100%	462,072
Shanghai Mingfa Shopping Mall	Located at east of Hu Yi Highway, south of Baiyin Road, west boundary of Gaotai North Road, Shanghai	Dec-2014	Commercial	Vacant	53,779	169,305	100%	169,305
Beijing Mingfa Mall	Located in Beizang Village, Daxing District, Beijing	Dec-2014	Residential/ Commercial	Vacant	45,414	127,159	100%	127,159
Tianjin Mingfa City Complex	Located in Tanggu Marine Hi-Tech Development Zone, Tianjin	Dec-2014	Commercial	Vacant	209,048	418,096	100%	418,096
Huai'an Mingfa Shopping Mall (Phase A)	Located at east of Guangzhou Road, Huai'an, Jiangsu Province	Dec-2014	Commercial	Vacant	66,441	99,662	100%	99,662
Longhai City Ziyun Area Development Projects	Located in Kekeng Village, Bangshan Town, Longhai City, Zhangzhou, Fujian Province	Jun-2015	Residential/ Commercial	Vacant	78,622	277,762	100%	277,762
Sub-total					693,906	1,824,650		1,824,650
Total land bank					5,799,869	9,759,843		8,979,756

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 2012.

Management Discussion and Analysis

2. Properties under development refer to the properties in respect of which (a) the permits for commencement of construction works and (b) the land use rights certificates have been obtained as at 30 June 2012.
3. The site area is in respect of the whole project (regardless of GFA that have been sold).
4. The approximate leasable and saleable GFA have excluded the GFA that have been sold/leased.

Summary of Properties held by the Group for Investment

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

Property	Address	Existing Usage	Attributable GFA (sq.m.)	Term of Leases with Tenants	Percentage of Interest in the Properties Attributable to the Group
Xiamen Mingfa Shopping Mall	Located at the northwest of Jiahe Road and Lianqian Road, Siming District, Xiamen, Fujian Province	Commercial	102,952	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 at Honglian Road, Siming District, Xiamen, Fujian Province	Industrial	26,120	20 years	100%

Management Discussion and Analysis

Property	Address	Existing Usage	Attributable GFA (sq.m.)	Term of Leases with Tenants	Percentage of Interest in the Properties Attributable to the Group
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%
Lianfeng Building Room 401	Located at 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	3years	100%
Wuxi Mingfa Shopping Mall	Located in Sitou Village and Tangtou Village, Yanqiao Town, Huishan District, Wuxi, Jiangsu Province	Commercial	6,695	15–20 years	70%
Hefei Mingfa Shopping Mall	Located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang District, Hefei, Anhui Province	Commercial	92,465	15–20 years	100%
Quanzhou Mingfa Hotel	Located in Jiangnan Torch Village, Licheng District, Quanzhou, Fujian Province	Hotel	13,707	5 years	100%
Yangzhou Mingfa Shopping Mall	Located at south of Yunhe Road East and west of Baolin Road, Guangling District, Yangzhou, Jiangsu Province	Commercial	37,362	15 years	100%
Total			1,081,244		

Management Discussion and Analysis

ACQUISITION FRAMEWORK AGREEMENTS

As at 30 June 2012, the Group had entered into eleven memoranda of understanding (the "MOU(s)") with various local governmental bodies of the PRC after being approached by them in relation to various urban renewal and redevelopment programs in different cities and locations. All MOUs were signed before 2012. These MOUs are not binding and there is no assurance that the Group will be granted with the land use rights after signing of the MOUs. On the contrary, the MOUs only set out the parties' intention of cooperation in future development of land and the Group still has to go through the public tender, auction or listing-for-sale procedures pursuant to the relevant PRC rules and regulations in order to obtain the land use rights from the PRC governmental authorities for such lands. Notwithstanding that, the Company considers these as opportunities for the Group to establish a closer strategic and working relationship with the relevant PRC governmental authorities which are in the interest and to the benefit of the Group in the long run. Summary of these MOUs and the related projects are listed as follows:

Project Name	Location	Date of MOU	Site Area (sq.m.)	GFA (sq.m.)
Nanjing Mingfa Furniture City (Note 1)	Nanjing City, Jiangsu Province	1 May 2005	83,334	53,408
Nanjing Mingfa Riverside New Town, District II	Nanjing City, Jiangsu Province	16 August 2007	230,001	400,000
Huai'an Mingfa International Industrial Material Park and Mingfa International Town (Note 2)	Huai'an 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 3)	Shenyang City, Liaoning Province	28 January 2010	912,005	2,000,000
Shenyang Residential and Commercial Complex (Note 4)	Shenyang City, Liaoning Province	28 January 2010	142,800	714,000
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

Management Discussion and Analysis

Project Name	Location	Date of MOU	Site Area (sq.m.)	GFA (sq.m.)
Jiangsu Taizhou Mingfa City Complex Project (Note 5)	Taizhou City, Jiangsu Province	22 December 2010	1,466,674	3,666,685
Tianjin City Complex Project (Note 6)	Tianjin City	9 March 2011	280,000	560,000
Shenyang Mingfa Integrated Science and Technology Park	Shenyang City, Liaoning Province	23 September 2011	1,344,007	1,830,000
Total			7,402,318	15,792,847

Notes:

- (1) The Group had acquired one plot of land in October 2011 under the MOU signed on 1 May 2005. The land is located in Huangyao Village, Taishan Street, Pukou District, Nanjing. Total land area and GFA is approximately 41,434 sq.m. and 62,151 sq.m. respectively.
- (2) The Group had acquired three plots of land in 2010 and 2011 under the MOU signed on 28 November 2007. The land is located at Weihai East Road, Shenzhen South Road, and east of Guangzhou Road respectively in Huai'an. Total land area and GFA is approximately 184,455 sq.m. and approximately 420,370 sq.m. respectively.
- (3) The Group had acquired one plot of land in 2010 under the MOU signed on 28 January 2010. The land is located in Shenbei Xinqu Daoyi Development Zone, Shenyang. Total land area and GFA is approximately 154,024 sq.m. and approximately 462,072 sq.m. respectively.
- (4) The Group had acquired one plot of land in 2010 under the MOU signed on 28 January 2010. The land is located in Shenbei Xinqu Daoyi Development Zone, Shenyang. Total land area and GFA is approximately 61,222 sq.m. and approximately 306,110 sq.m. respectively.
- (5) The Group had acquired two plots of land in 2011 under the MOU signed on 22 December 2010. One plot of the land is located at west of Machang Zhonggou and south of Huangang Avenue, Taizhou and the other is located at east of Diaodong Zhonggou and south of Huangang Avenue, Taizhou. Total land area and GFA is approximately 292,487 sq.m. and approximately 731,300 sq.m. respectively.
- (6) The Group had acquired three plots of land under the MOU signed on 9 March 2011 which are located in Tanggu Marine Hi-Tech Development Zone, Tianjin. Total land area and GFA is approximately 209,048 sq.m. and approximately 418,082 sq.m. respectively.

Management Discussion and Analysis

PROSPECTS AND OUTLOOK

Being a balanced prudent property developer, the Group has developed various types of properties including commercial, residential and industrial properties. The Group believes that such balanced property portfolio is essential for the stable and healthy development in general even in the unstable environment and expects that this policy will be continuously applied.

As at 30 June 2012, residential properties and commercial properties represented 46.1% and 35.7% respectively of the Group's total attributable GFA. The Group intends to maintain similar proportion in carrying out its business.

The residential property market is still under austerity controls in the first half of 2012 notwithstanding the decrease in bank interest rate and bank deposit reserve ratio. In order to increase the cash level, the Group has decreased the ASP for 2 residential projects in Nanjing and Xiamen in mid-April 2012 and the demand increases steadily. The Group will continue to adjust the sales strategies according to the market conditions.

With respect to the commercial property sector, the Group believes that the stringent measures will not be applied to the commercial properties. In order to stabilize and diversify the recurring income stream, the Group continues to allocate 30% — 50% of shops in the shopping malls as investment properties which will generate stable rental income. On 13 July 2012, Yong Hui Supermarket has started business in Nanjing Mingfa Shopping Mall and the number of visitors for the first day has reached 50,000.

In January 2012, the Group has signed an agreement with the investment arm of Nanjing Government to sell 49% equity interest of a project company in Nanjing. The project company holds an industrial project in Nanjing which will become a pilot project for developing a software city in Nanjing. The buyer further agrees to pay the project company a guaranteed monthly income of RMB27.0 per square metre effective February 2012.

Looking forward, the Group is fully confident that its financial and business outlook in the challenging year 2012 will remain stable 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 2012, the total issued share capital of the Company was 6,093,451,026 ordinary shares.

As at 30 June 2012, 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")), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company or The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"), are listed as follows:

The Company:

Name of Director	Nature of Interest	Total Number of Ordinary Shares <i>(Note 1)</i>	Approximate Percentage of Interest in the Company
Mr. Wong Wun Ming	Beneficial owner	13,500,000 shares (L)	0.22%
Mr. Wong Wun Ming	Interest of a controlled corporation <i>(Note 2)</i>	4,512,085,000 shares (L) 587,915,000 shares (S)	74.05% 9.64%

Notes:

- (1) The letter "L" and "S" denote a long position and a short position in the shares or underlying shares respectively.
- (2) The disclosed interest represents the interest in the Company held by Galaxy Earnest Limited. Galaxy Earnest Limited is wholly-owned by Growing Group Limited, Gainday Holdings Limited, Tin Sun Holdings Limited and Better Luck Group Limited in the respective proportions of 55%, 15%, 15% and 15%. As such, pursuant to the SFO, Growing Group Limited is deemed to have the same interest in the Company in which Galaxy Earnest Limited is currently interested. Mr. Wong Wun Ming owns 100% interest in the issued share capital of Growing Group Limited and therefore he is deemed to be interested in these 4,512,085,000 shares and 587,915,000 shares of the Company pursuant to the SFO.

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 Qingzhu	Interest of a controlled corporation <i>(Note 2)</i>	1,650 shares	15.00%
Mr. Huang Lianchun	Interest of a controlled corporation <i>(Note 3)</i>	1,650 shares	15.00%
Mr. Huang Li Shui	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 Gainday Holdings Limited, a company which is directly wholly-owned by Mr. Huang Qingzhu.
- (3) The disclosed interest represents the interest in the associated corporation held by Tin Sun Holdings Limited, a company which is directly wholly-owned by Mr. Huang Lianchun.
- (4) The disclosed interest represents the interest in the associated corporation held by Better Luck Group Limited, a company which is directly wholly-owned by Mr. Huang Li Shui.

Save as disclosed above, as at 30 June 2012, 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), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code.

Additional Information Required by the Listing Rules

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2012, the total issued share capital of the Company was 6,093,451,026 ordinary shares.

As at 30 June 2012, 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	Nature of Interest	Total Number of Ordinary Shares (Note 1)	Approximate Percentage of Interest in the Company
Ms. Chen Bihua (Note 2)	Interest of spouse	4,512,085,000 shares (L) 587,915,000 shares (S)	74.05% 9.64%
Warburg Pincus & Co. (Note 3)	Interest of a controlled corporation	623,994,329 shares (L)	10.24%
中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Limited) (Note 4)	Interest of a controlled corporation	587,915,000 shares (L)	9.64%
Central Huijin Investment Ltd (Note 4)	Interest of a controlled corporation	587,915,000 shares (L)	9.64%

Notes:

- (1) The letter "L" and "S" denote a long position and a short position in the shares or underlying shares respectively.
- (2) Ms. Chen Bihua is the spouse of Mr. Wong Wun Ming and therefore, pursuant to the SFO, is deemed to be interested in these shares of the Company in which Mr. Wong Wun Ming is deemed to be interested and vice versa.
- (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 10.24% interest in the Company.

Additional Information Required by the Listing Rules

- (4) Cinda International Securities Limited, Golden Key L.P. and Chance Talent Management Limited jointly hold long positions in these shares of the Company while Galaxy Earnest Limited holds short position in these shares of the Company pursuant to a note purchase agreement entered into amongst these parties in May 2012.

Cinda International Securities Limited is wholly-owned by Cinda (BVI) Limited, and Cinda (BVI) Limited is wholly-owned by Cinda International Holdings Limited, and Cinda International Holdings Limited is of approximately 62.94% owned by Sinoday Limited. Sinoday Limited is wholly-owned by Well Kent International Investment Company Limited, which is wholly-owned by 中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Limited).

Golden Key L.P. is wholly-owned by Golden Key Investments Limited (in its capacity as the General Partner of Golden Key L.P.) and Golden Key Investments Limited (in its capacity as the General Partner of Golden Key L.P.) is wholly-owned by CCB International Asset Management Limited, and CCB International Asset Management Limited is wholly-owned by CCB International (Holdings) Limited.

Chance Talent Management Limited is wholly-owned by CCBI Investments Limited, and CCBI Investments Limited is wholly-owned by CCB International (Holdings) Limited.

CCB International (Holdings) Limited is wholly-owned by CCB Financial Holdings Limited, and CCB Financial Holdings Limited is wholly-owned by CCB International Group Holdings Limited, and CCB International Group Holdings Limited is wholly-owned by China Construction Bank Corporation, in which, Central Huijin Investment Ltd has approximately 57.13% interest.

Pursuant to SFO, 中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Limited) and Central Huijin Investment Ltd. are both deemed to be interested in these shares in which Cinda International Securities Limited, Golden Key L.P. and Chance Talent Management Limited are currently interested.

Save as disclosed above, as at 30 June 2012, 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.

SHARE OPTION SCHEME

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 2012, no option has been granted under the Share Option Scheme.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2012, the Group employed 1,981 staff (31 December 2011: 1,962 staff). There was no material changes in the number of staff. For the six months ended 30 June 2012, the unaudited total staff costs of the Group including directors' emoluments was approximately RMB61.7 million (corresponding period in 2011: approximately RMB57.3 million), representing an increase of 7.7%. The increase was due to the slight increase in number of staff during

Additional Information Required by the Listing Rules

the period under review. The staff costs include basic salary and welfare expenses, whereby 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. The directors of the Company 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 2012, the Group had aggregate cash and cash equivalents (excluding restricted cash) of approximately RMB932.0 million (31 December 2011: approximately RMB513.0 million).

The current ratio as at 30 June 2012 was 1.14 (31 December 2011: 1.18).

As at 30 June 2012, the bank loans and other borrowings of the Group repayable within one year and after one year were approximately RMB3,374.3 million and RMB3,761.1 million respectively (31 December 2011: approximately RMB1,865.2 million and RMB4,597.2 million respectively).

The unaudited consolidated interest expenses including the capitalized bank interest expenses and finance costs arising from the convertible bonds for the six months ended 30 June 2012 amounted to approximately RMB338.0 million (corresponding period in 2011: approximately RMB204.1 million) in total. In addition, for the six months ended 30 June 2012, interests with an unaudited amount of approximately RMB250.1 million (corresponding period in 2011: approximately RMB68.0 million) were capitalized. Interest cover (including amount of interests capitalized) was 2.6 times (corresponding period in 2011: 10.9 times).

Additional Information Required by the Listing Rules

As at 30 June 2012, the ratio of total liabilities to total assets of the Group was 74.7% (31 December 2011: 72.9%).

As at 30 June 2012, the ratio of bank loans and other borrowings to shareholders' funds of the Group was 96.0% (31 December 2011: 92.2%). As at 30 June 2012, the ratio of non-current bank loans and other borrowings to total assets was 12.4% (31 December 2011: 17.1%).

As at 30 June 2012, the gearing ratio of the Group (defined as net debt divided by the sum of shareholders' funds and net debt) was 45.7% (31 December 2011: 47.7%).

CAPITAL COMMITMENTS

As at 30 June 2012, the contracted capital commitments of the Group were approximately RMB4,614.6 million (31 December 2011: approximately RMB4,744.1 million), which were mainly the capital commitments for property development and acquisition of the project companies. It is expected that the Group will finance such commitments from internally generated funds and resources.

GUARANTEES AND CONTINGENT LIABILITIES

As at 30 June 2012, the contingent liabilities of the Group was approximately RMB2,587.5 million (31 December 2011: approximately RMB3,227.3 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. Such guarantees will be released following completion of transfer of property title by the Group to buyers.

PLEDGE OF ASSETS

As at 30 June 2012, investment properties of the Group with net book value of approximately RMB3,465.5 million (31 December 2011: approximately RMB3,638.4 million), buildings of approximately RMB121.3 million (31 December 2011: approximately RMB127.4 million), land use rights of approximately RMB2,995.5 million (31 December 2011: approximately RMB2,301.3 million), completed properties held for sales of approximately RMB2,658.1 million (31 December 2011: approximately RMB2,193.7 million), and restricted bank deposits of approximately RMB80 million (31 December 2011: approximately RMB100.0 million) were pledged to secure the banking facilities of the Group. Cash deposits of approximately RMB42.1 million (31 December 2011: approximately RMB40.4 million) were restricted and deposited in certain banks as security for project construction. Another cash deposits of approximately RMB319.3 million (31 December 2011: approximately RMB244.6 million) were restricted and deposited in certain banks as security for bank notes.

Additional Information Required by the Listing Rules

FOREIGN EXCHANGE RISK

As at 30 June 2012, 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 96.3%, 0.8% and 2.9% (As at 31 December 2011, Renminbi, Hong Kong dollars and US dollars accounted for 85.0%, 14.6% and 0.4% 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 65.7% and 34.3% (As at 31 December 2011, Renminbi and Hong Kong dollars accounted for 62.8% and 37.2% 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 2012 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 and US 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 risk for the six months ended 30 June 2012, and the Group believes that the foreign exchange risk exposed by the Group was relatively minimal.

INTEREST RATE RISK

As at 30 June 2012, 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 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.

MATERIAL LITIGATION AND ARBITRATION

Dispute relating to Yangcheng Lake Project

On 1 April 2012, the liquidator of Suzhou Yitong Real Estate Development applied for liquidating Suzhou Yangchenghu Huaqing Real Estate Company Limited in Suzhou Intermediate People's Court. On 17 April 2012, Suzhou Intermediate People's Court made a judgment to transfer the case to the People's Court in Suzhou Industrial Park, Jiangsu Province. On 20 July 2012, Suzhou Yangchenghu Huaqing Real Estate Company Limited applied for the appeal in the Jiangsu Senior People's Court. As at the date of this report, no judgment for the appeal was made by Jiangsu Senior People's Court.

Details of the dispute have been set out in the 2009, 2010 and 2011 annual reports and the 2010 interim report of the Company.

Additional Information Required by the Listing Rules

Dispute relating to Powerlong Group Development Co., Ltd.

As at the date of this report, no judgment for the counterclaims was made by Xiamen Arbitration Commission since the last disclosure made by the Company in its 2011 annual report.

Details of the dispute have been set out in the 2010 and 2011 annual reports and the 2009, 2010 and 2011 interim reports of the Company.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES

江蘇明發工業原料城有限公司 (**Jiangsu Mingfa Industrial Raw Material Co., Ltd.***)
(“Target Company Jiangsu Mingfa”)

On 18 January 2012, the following parties entered into a cooperation agreement (**“Corporation Agreement”**) in respect of the transfer of 49% equity interests of the Target Company Jiangsu Mingfa and the rights and benefits attached to such equity interests in accordance with the Cooperation Agreement:

- (a) Ming Fat Holdings (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company (**“Transferor”**);
- (b) 南京軟件谷發展有限公司 (Nanjing Software Valley Development Co., Ltd.*), a company established under the laws of the PRC with limited liability (**“Transferee”**); and
- (c) the guarantor, 南京市雨花區財政局 (The Bureau of Finance of Yuhua District of Nanjing Municipal*), a governmental authority.

Pursuant to the Corporation Agreement, the Transferee agreed to buy from the Transferor the 49% equity interests in the Target Company Jiangsu Mingfa (a wholly-foreign-owned enterprise established under the laws of the PRC, and a wholly-owned subsidiary of the Company) at the consideration of RMB1,053,500,000. Upon estimated completion of the transaction in second half of 2012, the Target Company Jiangsu Mingfa will be changed and registered as a sino-foreign equity joint venture, and the Transferor will hold 51% equity interests (and thus a non wholly-owned subsidiary of the Company).

Details of the Cooperation Agreement have been set out in the announcements of the Company dated 18 January 2012 and 19 January 2012.

* for identification purpose only

Additional Information Required by the Listing Rules

廈門龍祥房地產開發有限公司 (XIAMEN LONGXIANG REAL ESTATE DEVELOPMENT CO., LTD.*) (“Target Company Xiamen Longxiang”)

Target Company Xiamen Longxiang, a wholly-foreign-owned enterprise with limited liability established under the laws of the PRC on 29 June 2001 and a 50%-owned jointly-controlled entity of the Company, owns a property project for investment and development which is located in Longshan, Lianqian Road, Xiamen, Fujian Province, the PRC with a gross site area of approximately 290,950 square metres.

On 26 March 2012, the Transferor and Cheng Mei Yong (鄭美蓉) (“**Transferee Ms. Cheng**”), a Macau resident and an independent third party, entered into a transfer agreement (“**Transfer Agreement**”) in respect of the disposal of 50% equity interest in the Target Company Xiamen Longxiang (“**Disposal**”),

Pursuant to the Transfer Agreement, the Transferor agreed to transfer and the Transferee Ms. Cheng agreed to acquire 50% equity interest in the Target Company Xiamen Longxiang at an aggregate consideration of RMB1,118,440,000.

Upon completion of the Disposal, the Company will cease to hold any equity interest in the Target Company. As at 30 June 2012, the Disposal had not yet been completed.

Details of the Disposal have been set out in the announcement of the Company dated 26 March 2012.

Save as disclosed above, the Group had no material acquisition or disposal of subsidiaries during the six months ended 30 June 2012.

CONVERTIBLE BONDS

Reference is made to the announcement of the Company dated 5 March 2012 in respect of resetting the conversion price of HK\$1,560,000,000, 5.25% convertible bonds due 2016. Pursuant to the terms of the conditions of these convertible bonds, the conversion price was adjusted from HK\$3.168 to HK\$2.61 effective 10 March 2012.

Details of the convertible bonds issued by the Company are set out in Note 16 to the condensed consolidated interim financial statements.

SIGNIFICANT INVESTMENTS

Save as those disclosed under the section headed “MANAGEMENT DISCUSSION AND ANALYSIS”, the Group did not have any significant investments during the six months ended 30 June 2012.

Additional Information Required by the Listing Rules

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SUBSEQUENT EVENTS

There was no matter between the balance sheet date (i.e. 30 June 2012) and the date of this report that would cause material impact on the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the directors of the Company's securities transactions on terms no less than the required standard set out in the Model Code in Appendix 10 of the Listing Rules. Having made specific enquiries of all directors by the Company, all directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding the directors' securities transactions for the six months ended 30 June 2012.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the principles and the provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (the "**New CG Code**") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2012, except as noted hereunder.

During the period under review, the Company has not yet confirmed an insurance scheme for the Company's directors and officers as required by the code provision A.1.8 of the New CG Code. The Company has been undergoing the evaluation process and consulting with insurance service providers for arranging an appropriate insurance coverage for the directors and officers of the Company.

In respect of code provision A.6.7 of the New CG Code, two independent non-executive directors of the Company were unable to attend the annual general meeting of the Company held on 18 May 2012 due to other business commitments at the relevant time.

The non-executive director of the Company has not been appointed for a specific term pursuant to code provision A.4.1. The appointment of the non-executive director of the Company is in effect until such appointment is terminated in accordance with the articles of association of the Company. His appointment is a condition to the issue of the 2015 Bonds and is in line with the common practice of Warburg Pincus & Co. to send board representative to its invested entities, and as the issue of convertible bonds can strengthen the financial positions of the Company, the Company considers that the non-compliance with code provision A.4.1 is acceptable.

Additional Information Required by the Listing Rules

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

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive directors, namely Mr. Qu Wenzhou (the chairperson of the Audit Committee), Mr. Wong Po Yan and Mr. Dai Yiyi. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, the interim report and the unaudited condensed consolidated financial statements for the six months ended 30 June 2012.

On behalf of the Board

Wong Wun Ming

Chairman

27 August 2012

Condensed Consolidated Balance Sheet

As at 30 June 2012

		Unaudited 30 June 2012 RMB'000	Audited 31 December 2011 RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	6	335,935	324,710
Investment properties	6	7,542,682	6,847,156
Land use rights	6	22,226	22,533
Intangible assets	6	7,187	7,220
Associated companies	8	181,812	83,689
Jointly controlled entities		170,152	179,716
Deferred income tax assets		123,845	380,754
Other receivables	10	12,593	12,235
Other non-current assets	7	3,661,020	4,151,201
		12,057,452	12,009,214
Current assets			
Land use rights	6	4,735,516	3,701,235
Properties under development		5,106,249	3,853,177
Completed properties held for sale		6,087,335	5,462,995
Inventories		4,080	4,451
Trade and other receivables and prepayments	10	562,723	465,066
Prepaid income taxes		120,727	145,398
Amounts due from related parties	11	33,333	9,080
Restricted cash	13	441,374	385,034
Cash and cash equivalents		931,975	512,993
Non-current asset classified as held for sale	14	314,144	314,144
		18,337,456	14,853,573
Total assets		30,394,908	26,862,787

The notes on page 35 to 72 are an integral part of these financial statements.

Condensed Consolidated Balance Sheet (continued)

As at 30 June 2012

	Note	Unaudited 30 June 2012 RMB'000	Audited 31 December 2011 RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	15	536,281	533,843
Reserves		6,893,967	6,471,880
		7,430,248	7,005,723
Non-controlling interests in equity		260,691	264,106
Total equity		7,690,939	7,269,829
LIABILITIES			
Non-current liabilities			
Deferred government grants		1,673,528	1,069,013
Borrowings	16	3,761,127	4,597,189
Deferred income tax liabilities		1,154,123	1,304,391
		6,588,778	6,970,593
Current liabilities			
Trade and other payables	19	8,021,551	6,201,171
Advanced proceeds received from customers		2,756,021	2,063,371
Amounts due to related parties	20	15,550	31,127
Amounts due to non-controlling interests	12	80,692	80,692
Income tax payable		1,573,952	1,695,010
Borrowings	16	3,374,276	1,865,238
Derivative financial instruments	18	278,118	670,344
Provision for other liabilities and charges	21	15,031	15,412
		16,115,191	12,622,365
Total liabilities		22,703,969	19,592,958
Total equity and liabilities		30,394,908	26,862,787
Net current assets		2,222,265	2,231,208
Total assets less current liabilities		14,279,717	14,240,422

The notes on page 35 to 72 are an integral part of these financial statements.

Condensed Consolidated Income Statement

For the six months ended 30 June 2012

		Unaudited Six months ended 30 June	
		2012 RMB'000	2011 RMB'000
	Note		
Revenues	5	852,337	1,587,453
Cost of sales	23	(453,509)	(789,848)
Gross profit		398,828	797,605
Fair value gains on investment properties		291,459	1,559,171
Fair value gains on derivative financial instruments		373,097	50,603
Other gains	22	2,268	17,822
Selling and marketing costs	23	(53,120)	(46,554)
Administrative expenses	23	(120,811)	(133,465)
Other operating expenses	23	(17,272)	(22,378)
Operating profit		874,449	2,222,804
Finance income	24	7,250	4,578
Finance costs	24	(87,921)	(136,101)
Finance costs — net	24	(80,671)	(131,523)
Share of results of — Associated companies	8	(3,373)	—
— Jointly controlled entities		(1,564)	(1,822)
		(4,937)	(1,822)
Profit before income tax		788,841	2,089,459
Income tax expense	25	(198,486)	(737,543)
Profit for the period		590,355	1,351,916
Attributable to:			
Equity holders of the Company		593,770	1,340,942
Non-controlling interests		(3,415)	10,974
		590,355	1,351,916
Earnings per share for profit attributable to equity holders of the Company (RMB cents)			
— Basic	27	9.8	22.3
— Diluted	27	3.4	20.4
Dividend	26	—	—

The notes on page 35 to 72 are an integral part of these financial statements.

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2012

	Unaudited	
	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Profit for the period	590,355	1,351,916
Other comprehensive income/(loss)		
— Revaluation surplus upon the transfer of an owner-occupied property to investment property, net of tax	—	106,336
— Currency translation differences	(1,504)	—
Total comprehensive income for the period	588,851	1,458,252
Attributable to:		
Equity holders of the Company	592,266	1,447,278
Non-controlling interests	(3,415)	10,974
	588,851	1,458,252

The notes on page 35 to 72 are an integral part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	Unaudited				
	Capital and reserves attributable to equity holders of the Company			Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Reserves RMB'000			
Balance at 1 January 2012	533,843	6,471,880	264,106	7,269,829	
Profit for the period	—	593,770	(3,415)	590,355	
Other comprehensive loss					
— Currency translation differences	—	(1,504)	—	(1,504)	
Total comprehensive income for the period	—	592,266	(3,415)	588,851	
Issue of ordinary shares in connection with conversion of convertible bonds (Note 16(b))	2,438	77,642	—	80,080	
Dividends relating to 2011	—	(247,821)	—	(247,821)	
Balance at 30 June 2012	536,281	6,893,967	260,691	7,690,939	
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 the transfer of an owner-occupied property to investment property, net of tax (Note 6)	—	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 subsidiaries	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	
Profit/total comprehensive income for the period	—	256,025	(2,286)	253,739	
Acquisition of subsidiaries	—	—	165,568	165,568	
Issue of ordinary shares in connection with conversion of convertible bonds (Note 16(b))	284	10,262	—	10,546	
Disposal of a subsidiary	—	—	(17)	(17)	
Balance at 31 December 2011	533,843	6,471,880	264,106	7,269,829	

The notes on page 35 to 72 are an integral part of these financial statements.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2012

	Unaudited	
	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Net cash outflow from operating activities	(135,293)	(2,170,704)
Net cash (outflow)/inflow from investing activities	(295,176)	559,057
Net cash inflow from financing activities	848,115	1,604,773
Increase/(decrease) in cash and cash equivalents and bank overdrafts	417,646	(6,874)
Cash and cash equivalents and bank overdrafts at 1 January	497,532	1,922,617
Effect of foreign exchange rate changes	774	(20,969)
Cash and cash equivalents and bank overdrafts at 30 June	915,952	1,894,774
Bank overdrafts	16,023	—
Cash and cash equivalents at 30 June	931,975	1,894,774

The notes on page 35 to 72 are an integral part of these financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2012 (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 2012 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 2011, 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 2011.

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

Amended standard adopted by the Group in 2012

The following amendment to existing standard is mandatory for the first time for the financial year beginning on 1 January 2012 and is relevant to the Group's operations.

Notes to the Condensed Consolidated Interim Financial Statements For the six months ended 30 June 2012 (Unaudited)

2 ACCOUNTING POLICIES (continued)

Amended standard adopted by the Group in 2012 (continued)

- In December 2010, the HKICPA amended HKAS 12 'Income Taxes' to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted. The Group has adopted this amendment in 2012 but this amendment has no significant impact on the Group's consolidated financial statements, as the investment properties of the Group are held with a business model to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly, the presumption is rebutted and related deferred tax is not remeasured.

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 2012.

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 2011.

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.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

4 FINANCIAL RISK MANAGEMENT (continued)

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 2011.

There have been no changes in the risk management department since the 2011 year end or in any risk management policies.

(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 2012					
Borrowings	3,653,362	2,787,326	868,757	282,250	7,591,695
Interest payments on borrowings (note)	381,453	197,986	284,820	104,415	968,674
Trade and other payables	8,021,551	—	—	—	8,021,551
Amounts due to related parties	15,550	—	—	—	15,550
Amounts due to non-controlling interests	80,692	—	—	—	80,692
Financial guarantees	2,587,466	—	—	—	2,587,466
	14,740,074	2,985,312	1,153,577	386,665	19,265,628
As at 31 December 2011					
Borrowings	1,839,910	3,872,210	955,403	304,170	6,971,693
Interest payments on borrowings (note)	377,653	247,348	272,684	142,890	1,040,575
Trade and other payables	6,201,171	—	—	—	6,201,171
Amounts due to related parties	31,127	—	—	—	31,127
Amounts due to non-controlling interests	80,692	—	—	—	80,692
Financial guarantees	3,227,283	—	—	—	3,227,283
	11,757,836	4,119,558	1,228,087	447,060	17,552,541

Note: The interest payments on borrowings are calculated based on borrowings held as at 30 June 2012 and 31 December 2011 without taking into account future borrowings. Floating-rate interest is estimated using the current interest rate as at 30 June 2012 and 31 December 2011 respectively.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (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 2012.

	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	—	—	278,118	278,118

The following table presents the Group's liabilities that are measured at fair value at 31 December 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	—	—	670,344	670,344

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2012 (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	
	2012 RMB'000	2011 RMB'000
Sale of properties		
— commercial	311,236	898,709
— residential	417,448	612,091
Hotel operating income	728,684	1,510,800
Rental income from investment properties	22,120	27,829
Property management fee income	86,458	41,239
	15,075	7,585
	852,337	1,587,453

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

5 REVENUES AND SEGMENT INFORMATION (continued)

(b) Segment information

The unaudited segment results for the six months ended 30 June 2012 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	311,236	417,448	22,938	101,533	—	—	853,155
Inter-segment revenues	—	—	(818)	—	—	—	(818)
Revenues	311,236	417,448	22,120	101,533	—	—	852,337
Operating profit/(loss)	163,722	38,520	(11,689)	335,262	348,634	—	874,449
Finance costs — net							(80,671)
Share of results of associated companies	(494)	(2,879)	—	—	—	—	(3,373)
Share of results of jointly controlled entities	(415)	(1,137)	—	(12)	—	—	(1,564)
Profit before income tax							788,841
Income tax expense							(198,486)
Profit for the period							590,355
Other segment information							
Capital and property development expenditure	1,393,571	1,653,561	8	136,144	—	—	3,183,284
Depreciation	1,730	5,628	7,339	198	1,849	—	16,744
Amortisation of land use rights as expenses	2,705	642	—	—	—	—	3,347
Fair value gains on investment properties	—	—	—	291,459	—	—	291,459
Fair value gains on derivative financial instruments	—	—	—	—	373,097	—	373,097
Impairment of goodwill recognised as expenses	—	33	—	—	—	—	33

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

5 REVENUES AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

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
Fair value gains on investment properties	—	—	—	1,559,171	—	—	1,559,171
Fair value gains on derivative financial instruments	—	—	—	—	50,603	—	50,603
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 2012 (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 2012	324,710	3,723,768	6,847,156	7,220	10,902,854
Additions	27,940	1,121,606	136,084	—	1,285,630
Land use rights amortisation capitalised to property, plant and equipment	34	(34)	—	—	—
Land use rights amortisation capitalised to properties under development	—	(39,838)	—	—	(39,838)
Transfer to investment properties	—	(16,062)	16,062	—	—
Transfer to cost of sales	—	(28,351)	—	—	(28,351)
Transfer from completed properties held for sale	—	—	272,903	—	272,903
Fair value gains	—	—	291,459	—	291,459
Impairment of goodwill recognised as expenses	—	—	—	(33)	(33)
Depreciation/amortisation charged to the consolidated income statement	(16,744)	(3,347)	—	—	(20,091)
Disposals	(5)	—	(20,982)	—	(20,987)
Closing net book amount as at 30 June 2012	335,935	4,757,742	7,542,682	7,187	12,643,546
Representing:					
Non-current		22,226			
Current		4,735,516			
		4,757,742			

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (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 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		2,829,180			
		2,852,020			

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (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 2011	239,202	2,852,020	6,463,224	7,288	9,561,734
Additions	99,746	151,280	55,409	—	306,435
Acquisition of subsidiaries	3,260	834,394	—	—	837,654
Land use rights amortisation capitalised to property, plant and equipment	34	(34)	—	—	—
Land use rights amortisation capitalised to properties under development	—	(19,839)	—	—	(19,839)
Transfer to investment properties	—	(12,177)	12,177	—	—
Transfer to cost of sales	—	(78,708)	—	—	(78,708)
Transfer from completed properties held for sale	—	—	122,123	—	122,123
Fair value gains	—	—	194,675	—	194,675
Impairment of goodwill recognised as expenses	—	—	—	(68)	(68)
Depreciation/amortisation charged to the consolidated income statement	(17,498)	(3,168)	—	—	(20,666)
Disposals	(34)	—	(452)	—	(486)
Closing net book amount as at 31 December 2011	324,710	3,723,768	6,847,156	7,220	10,902,854
Representing:					
Non-current		22,533			
Current		3,701,235			
		3,723,768			

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 2012 and 31 December 2011 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 2012 (Unaudited)

7 OTHER NON-CURRENT ASSETS

	30 June 2012 RMB'000	31 December 2011 RMB'000
Prepayments and deposits for land use rights (note (a))	3,511,210	4,021,671
Prepayments for acquisition of subsidiaries (note (b))	54,420	33,000
Unamortised development costs for properties where the use rights had been transferred (note (c))	95,390	96,530
	3,661,020	4,151,201

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 2012.

Pursuant to the equity transfer agreement entered into between the Group and a third party in 2011, the Group agreed to purchase 51% equity interest of a company, established in Lanzhou of the PRC, at a cash consideration of approximately RMB76,185,000. The Group paid RMB21,420,000 in 2012 as prepayment and the acquisition has not been completed as at 30 June 2012.

- (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 risks 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 RMB157,080,000 as at 30 June 2012 (31 December 2011: RMB158,882,000) 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.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

8 ASSOCIATED COMPANIES

On 27 March 2012, the Group acquired 25% equity interest in Changchun Shimao Create Property Limited (“Shimao Create”), an unlisted entity incorporated in the PRC at a cash consideration of RMB103,000,000.

	Six months ended 30 June 2012 RMB'000
Opening balance	83,689
Addition	103,000
Share of results	
— Losses for the period	(3,373)
Exchange difference	(1,504)
Ending balance	181,812

The Group’s share of the results and the aggregated consolidated assets and liabilities of the associated companies are shown below:

Name	Assets RMB'000	Liabilities RMB'000	Loss after tax RMB'000	% of interest held
30 June 2012				
Eagle Rights Limited	84,975	5,679	(2,879)	33.33%
Shimao Create	80,785	13,989	(494)	25.00%
	165,760	19,668	(3,373)	

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 projects which are included in the consolidated balance sheet and consolidated income statement.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

9 JOINTLY CONTROLLED ASSETS (continued)

	30 June 2012 RMB'000	31 December 2011 RMB'000
Assets		
Non-current assets	1,440,838	1,438,539
Current assets	480,791	547,333
	1,921,629	1,985,872
Liabilities		
Non-current liabilities	186,143	189,747
Current liabilities	375,344	466,067
	561,487	655,814
Net assets	1,360,142	1,330,058
	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Income	51,529	49,324
Fair value gains on investment properties	7,503	10,252
Other gains	—	224
Expenses	(28,948)	(31,850)
Profit after income tax	30,084	27,950
Proportionate interest in joint venture's		
— operating lease rentals receivable	696,199	725,143
— financial guarantees	217,407	157,463

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 meter and the total amount is estimated to be approximately RMB92,867,000. 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 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 2012 (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 taxes 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, the 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 2012 (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 still 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 2012 (Unaudited)

9 JOINTLY CONTROLLED ASSETS (continued)

The differences, if any, will be adjusted in the period in which such agreement is made. Accordingly the Group's interest in the project at each reporting date will necessarily involve estimates and judgement and may require adjustment to the previously reported amounts in the period in which such adjustment arises.

10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2012 RMB'000	31 December 2011 RMB'000
Trade receivables (note (a))	163,425	103,505
Less: Provision for impairment of trade receivables	(50,889)	(52,589)
Trade receivables — net	112,536	50,916
Deposits for resettlement costs	738	738
Advances to third parties (note (c))	68,363	68,363
Other receivables	159,671	122,811
Prepayments for construction costs	71,797	111,664
Prepaid business tax on pre-sale proceeds	162,211	122,809
	575,316	477,301
Less: Non-current portion of other receivables (note (b))	(12,593)	(12,235)
Current portion	562,723	465,066

As at 30 June 2012, 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 2012 (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 2012 RMB'000	31 December 2011 RMB'000
Within 90 days	55,146	18,189
Over 90 days and within 1 year	47,230	26,727
Over 1 year and within 2 years	16,444	20,743
Over 2 years	44,605	37,846
	163,425	103,505

As at 30 June 2012, provision for impairment of trade receivables was approximately RMB50,889,000 (31 December 2011: approximately RMB52,589,000).

- (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) The advances to third parties are unsecured and interest-free.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

11 AMOUNTS DUE FROM RELATED PARTIES

	30 June 2012 RMB'000	31 December 2011 RMB'000
Controlling Shareholder Mr. Wong Wun Ming	21,291	—
Controlled by the Controlling Shareholders		
Growing Group Limited ("Growing Group")	110	110
Better Luck Group Limited ("Better Luck")	52	51
Gainday Holdings Limited ("Gainday")	52	51
Tin Sun Holdings Limited ("Tin Sun Holdings")	52	51
Run Fast International Limited	26	26
Bloom Luck Holdings Limited ("Bloom Luck")	29	29
Xiamen Mingfa Property Development Co., Ltd. (廈門市明發物業發展公司) ("Xiamen Property Development")	125	161
Common directors		
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")	6,802	3,802
Associated company		
Eagle Rights Limited (鈞濠有限公司)	4,794	4,794
Joint venture		
Mingsheng Quanzhou	—	5
	33,333	9,080

Except for an amount of RMB3,802,000 due from Nanjing Qianqiuye as at 30 June 2012, which was trade in nature, 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.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

12 BALANCES WITH NON-CONTROLLING INTERESTS

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 2012, the Group's cash of approximately RMB319,260,000 (31 December 2011: 244,630,000) was restricted and deposited in certain banks as security for issuing bank acceptance bills of exchange.

As at 30 June 2012, the Group's cash of approximately RMB42,114,000 (31 December 2011: RMB40,404,000) was restricted and deposited in certain banks as security for project construction.

As at 30 June 2012, the Group's cash of approximately RMB80,000,000 (31 December 2011: RMB100,000,000) was restricted and deposited in certain banks as security for certain bank borrowings.

14 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

The Group intends to dispose its entire 50% equity interest in a jointly controlled entity but there are certain conditions that have to be met before it can proceed. Pursuant to a board resolution on 26 March 2012, a transfer agreement has been entered into with a third party to dispose the entire equity interest at a consideration of RMB1,118,440,000. The investment in the jointly controlled entity with an aggregate carrying amount of RMB314,144,000 has been transferred to non-current asset classified as held for sale as at 31 December 2011 and the disposal has not yet been completed as at 30 June 2012. At the request of the buyer, the Group's equity interest in the jointly controlled entity has been pledged to a third party as at 30 June 2012.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

15 SHARE CAPITAL

Details of share capital of the Company are as follows:

	Par value HK\$	Number of ordinary shares	Nominal value of ordinary shares HK\$	Equivalent RMB
Authorised:				
At 30 June 2011, 31 December 2011 and at 30 June 2012	0.1	12,000,000,000	1,200,000,000	
Issued and fully paid:				
At 31 December 2011	0.1	6,063,470,969	606,347,097	533,842,510
Issue of shares in connection with conversion of convertible bonds (note (a))	0.1	29,980,057	2,998,006	2,438,367
At 30 June 2012	0.1	6,093,451,026	609,345,103	536,280,877
At 1 January 2011	0.1	6,000,000,000	600,000,000	528,540,068
Issue of shares in connection with acquisition of subsidiaries (note (b))	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

Notes:

- (a) During the six months ended 30 June 2012, 19,253,066 and 10,726,991 ordinary shares at par value of HK\$0.1 per share were issued upon the request for conversion by the bondholders (Note 16 (b)) with the conversion price of HK\$3.168 and HK\$2.61 per share respectively. The ordinary shares issued have the same rights as the other shares in issue.
- (b) The Company 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 and its subsidiaries. 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 2012 (Unaudited)

16 BORROWINGS

	30 June 2012 RMB'000	31 December 2011 RMB'000
Borrowings included in non-current liabilities		
Bank borrowings — secured	4,442,959	3,954,785
Convertible bonds (<i>notes (a) and (b)</i>)	2,248,516	2,205,674
	6,691,475	6,160,459
Less: Amounts due within one year	(2,930,348)	(1,563,270)
	3,761,127	4,597,189
Borrowings included in current liabilities		
Bank overdrafts	16,023	15,461
Bank borrowings — secured	102,204	62,714
Bank borrowings — unsecured	325,701	223,793
Current portion of long-term borrowings	2,930,348	1,563,270
	3,374,276	1,865,238

Movement of borrowings is analysed as follows:

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Opening balance	6,462,427	4,523,840
Additions of bank borrowings	853,150	888,873
Repayments of bank borrowings	(223,016)	(170,401)
Convertible bonds — liability component	42,842	1,045,261
Ending balance	7,135,403	6,287,573

As at 30 June 2012, the Group's certain bank borrowings of RMB3,053,079,000 (31 December 2011: RMB2,407,000,000) were secured by its land use rights (*Note 17*), and completed properties held for sale (*Note 17*).

As at 30 June 2012, the Group's certain bank borrowings of RMB1,426,584,000 (31 December 2011: RMB1,516,499,000) were secured by its buildings (*Note 17*) and investment properties (*Note 17*).

As at 30 June 2012, the Group's certain bank borrowings of RMB65,500,000 (31 December 2011: RMB94,000,000) were secured by part of its restricted cash (*Note 13*, *Note 17*).

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

16 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. Subsequently, the liability component is measured at amortised cost and the embedded derivatives are measured at fair value at each balance sheet date.

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

	RMB'000
Liability component as at 31 December 2011	1,169,406
Interest expense (Note 24)	78,130
Coupon paid	(31,622)
Exchange losses	6,492
Liability component as at 30 June 2012	1,222,406

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

16 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 at the option of the bondholder into ordinary shares of the Company at any time on or after 2 July 2011 up to the close of business on the seventh day prior to 23 May 2016 at a price of HK\$3.168 per share which has been reset to HK\$2.61 per share on 10 March 2012.

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

The values of the liability component of the 2016 Bonds and the conversion and redemption options were determined at issuance of the bond. Subsequently, the liability component is measured at amortised cost and the embedded derivatives are measured at fair value at each balance sheet date.

During the year ended 31 December 2011, some 2016 Bonds with principal amount of HK\$11,000,000 were converted to 3,470,969 ordinary shares at a price of HK\$3.168 per share. The corresponding liability component of the 2016 Bonds with carrying amount of HK\$9,220,000 (equivalent to RMB7,514,000), together with corresponding embedded derivatives, were transferred to share capital and share premium as consideration for the shares issued.

During the six months ended 30 June 2012, some 2016 Bonds with principal amount of HK\$89,000,000 were converted to 29,980,057 ordinary shares (Note 15) at a price of HK\$3.168 or HK\$2.61 per share. The corresponding liability component of the 2016 Bonds with carrying amount of HK\$74,947,000 (equivalent to RMB60,951,000), together with corresponding embedded derivatives (Note 18), were transferred to share capital and share premium as consideration for the shares issued.

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

	RMB'000
Liability component as at 31 December 2011	1,036,268
Interest expense (Note 24)	76,390
Conversion of convertible bonds	(60,951)
Coupon paid	(31,267)
Exchange losses	5,670
Liability component as at 30 June 2012	1,026,110

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

17 PLEDGED ASSETS

	30 June 2012 RMB'000	31 December 2011 RMB'000
Completed properties held for sale	2,658,072	2,193,677
Property, plant and equipment	121,316	127,366
Land use rights	2,995,452	2,301,259
Investment properties	3,465,484	3,638,378
Restricted cash	441,374	385,034
	9,681,698	8,645,714

18 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2012 RMB'000	31 December 2011 RMB'000
2015 Bonds — Embedded derivatives (note (a))	100,524	235,867
2016 Bonds — Embedded derivatives (note (a))	171,964	425,430
Warrants (note (b))	5,630	9,047
	278,118	670,344

Notes:

- (a) The embedded derivatives in connection with the 2015 Bonds and the 2016 Bonds mainly include bondholders' redemption option and conversion option. The embedded derivatives of the 2015 Bonds issued on 10 December 2010 are valued at HK\$290,943,000 (equivalent to RMB235,867,000) at 31 December 2011 and HK\$123,312,000 (equivalent to RMB100,524,000) at 30 June 2012 respectively by DTZ Debenham Tie Leung Limited ("DTZ"). The embedded derivatives of the 2016 Bonds issued on 23 May 2011 are valued at HK\$524,769,000 (equivalent to RMB425,430,000) at 31 December 2011 and HK\$210,947,000 (equivalent to RMB171,964,000) at 30 June 2012 by DTZ. The fair value changes are made through profit and loss.

During the six months ended 30 June 2012, some 2016 Bonds with principal amount of HK\$89,000,000 were converted to 29,980,057 ordinary shares (Note 15) at a price of HK\$3.168 or HK\$2.61 per share and the corresponding embedded derivatives with carrying amount of HK\$23,523,000 (equivalent to RMB19,129,000) were transferred to share capital and share premium as consideration for the shares issued.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2012 (Unaudited)

18 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes (continued):

- (b) The warrants are issued together with the 2015 Bonds (Note 16(a)) on 10 December 2010 which are valued at HK\$11,159,000 (equivalent to RMB9,047,000) at 31 December 2011 and HK\$6,908,000 (equivalent to RMB5,630,000) at 30 June 2012 respectively by DTZ. The fair value change is made through profit and loss.

19 TRADE AND OTHER PAYABLES

	30 June 2012 RMB'000	31 December 2011 RMB'000
Trade payables (note (a))	4,818,587	3,684,693
Dividend payable (Note 26)	248,369	—
Other payables (note (b))	2,798,191	2,391,807
Other taxes payable	156,404	124,671
	8,021,551	6,201,171

Notes:

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

	30 June 2012 RMB'000	31 December 2011 RMB'000
Within 90 days	4,545,406	3,486,284
Over 90 days and within 180 days	273,181	198,409
	4,818,587	3,684,693

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

19 TRADE AND OTHER PAYABLES (continued)

Notes (continued):

(b) Other payables comprise:

	30 June 2012 RMB'000	31 December 2011 RMB'000
Deposits and advances from constructors	1,618	1,365
Excess proceeds and deposits received from customers	—	458
Deposits received from tenants	41,364	34,182
Advances from third parties (note (i))	1,137,956	879,816
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
Consideration payable on acquisition of subsidiaries	88,802	88,802
Prepayments received in connection with the disposal of a jointly controlled entity (note (ii))	1,136,359	1,136,359
Payable to a joint venture partner Baolong	110,599	92,925
Prepayments received in connection with the disposal of minority interest in a subsidiary (note (iii))	100,000	—
Miscellaneous	111,493	87,900
	2,798,191	2,391,807

- (i) The advances from third parties are non-trade in nature, unsecured, interest-free and have no fixed repayment terms except for advances of RMB165,049,000 made from Nanjing Guoding Investment Property Company and RMB255,587,000 made from Mr. Zeng Huansha which bear interest at 12% and 15.5% per annum respectively and are due for repayment upon receiving demand from the lender.
- (ii) The prepayments received are related to the planned disposal of the Group's entire 50% equity interest in a jointly controlled entity which requires certain conditions be met before it can proceed (Note 14).
- (iii) Pursuant to the equity transfer agreement entered into between the Group and a third party on 18 January 2012, the Group agreed to sell 49% equity interest in Jiangsu Mingfa Industrial Material Co., Ltd, a wholly owned subsidiary of the Group to the third party at a consideration of RMB1,053,500,000, of which RMB100,000,000 has been received as at 30 June 2012.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

20 AMOUNTS DUE TO RELATED PARTIES

	30 June 2012 RMB'000	31 December 2011 RMB'000
Controlling Shareholder Mr. Wong Wun Ming	—	7,577
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)	15,550	23,550
	15,550	31,127

21 PROVISION FOR OTHER LIABILITIES AND CHARGES

	Six months ended 30 June		For the year ended 31 December
	2012 RMB'000	2011 RMB'000	2011 RMB'000
Opening balance	15,412	3,830	3,830
Additional provision	1,116	3,372	14,688
Utilised during the period/year	(1,497)	(1,510)	(3,106)
Ending balance	15,031	5,692	15,412
Representing:			
Provided amounts	69,310	56,878	68,194
Utilised amounts	(54,279)	(51,186)	(52,782)
Net book amount	15,031	5,692	15,412

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

21 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
	2012 RMB'000	2011 RMB'000	2012 RMB'000
Provision for delay in delivering properties	15,031	5,692	15,412

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 RMB15,031,000 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 2012.

22 OTHER GAINS

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Government grants	1,782	1,601
Net exchange gain	—	15,480
Miscellaneous	486	741
	2,268	17,822

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

23 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	
	2012 RMB'000	2011 RMB'000
Staff costs — including directors' emoluments	61,724	57,307
Auditor's remuneration	1,500	2,100
Depreciation (Note 6)	16,744	17,275
Amortisation of land use rights (Note 6)	3,347	1,966
Advertising, promotion and commission costs	37,842	37,055
Cost of properties sold	361,239	661,437
Business tax and other levies on sales of properties	41,188	85,396
Direct outgoings arising from investment properties that generate rental income	17,957	7,271
Hotel operating expenses	27,190	22,879
Charitable donations	670	2,217
Office expenses	31,979	34,715
Professional fees	4,609	7,583
(Reversal of)/Additional provision for impairment of receivables	(298)	1,078
Impairment of goodwill (Note 6)	33	7,435
Provision for delay in delivering properties (Note 21)	1,116	3,372
Net exchange loss	13,358	—
Miscellaneous	24,514	43,159
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses	644,712	992,245

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

24 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Finance income		
— interest income on bank deposits	7,250	4,578
Interest on bank borrowings and overdrafts		
— wholly repayable within five years	(174,624)	(99,938)
— wholly repayable over five years	(8,849)	(10,191)
Interest expense on convertible bonds (Note 16)	(154,520)	(93,929)
Less: Interest capitalised	250,072	67,957
Finance costs	(87,921)	(136,101)
Net finance costs	(80,671)	(131,523)

25 INCOME TAX EXPENSE

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Current income tax		
— PRC enterprise income tax	53,742	179,616
— PRC land appreciation tax	73,571	95,125
	127,313	274,741
Deferred income tax		
— PRC enterprise income tax	68,386	387,757
— PRC withholding income tax	2,787	75,045
	71,173	462,802
	198,486	737,543

(a) Hong Kong profits tax

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profit in Hong Kong during the six months ended 30 June 2012 (2011: Nil).

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

25 INCOME TAX EXPENSE (continued)

(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 tax rate of the subsidiaries established in Xiamen of the PRC has been increased to 25% during the six months ended 30 June 2012 (2011: 24%).

(c) PRC land appreciation tax

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

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

(d) PRC withholding income tax

According to the 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 2012 (Unaudited)

26 DIVIDEND

The board of directors of the Company does not recommend any payment of interim dividend for the six months ended 30 June 2012 (2011: Nil).

A final dividend in respect of 2011 of HK5 cents per ordinary share, amounting to approximately HK\$304,673,000 (equivalent to approximately RMB247,821,000) has been approved at the annual general meeting of the Company held on 18 May 2012. The dividend remained unpaid as at 30 June 2012 (Note 19).

27 EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the six months ended 30 June 2012 and 2011 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	
	2012	2011
Profit attributable to equity holders of the Company (RMB'000)	593,770	1,340,942
Weighted average number of ordinary shares in issue (thousands)	6,085,329	6,016,000
Basic earnings per share (RMB cents)	9.8	22.3

(b) Diluted

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

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

27 EARNINGS PER SHARE (continued)

(b) Diluted (continued)

For the six months ended 30 June 2012 and 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	
	2012 RMB'000	2011 RMB'000
Profit attributable to equity holders of the Company	593,770	1,340,942
Interest expense on convertible bonds (net of tax)	6,259	93,929
Exchange losses/(gains) on convertible bonds — liability component	12,162	(31,115)
Changes in fair value of convertible bonds — embedded derivatives	(369,680)	(46,700)
Profit used to determine diluted earnings per share	242,511	1,357,056
Weighted average number of ordinary shares in issue (thousands)	6,085,329	6,016,000
Adjustment for conversion of convertible bonds (thousands)	1,102,537	638,984
Weighted average number of ordinary shares for diluted earnings per share (thousands)	7,187,866	6,654,984
Diluted earnings per share (RMB cents)	3.4	20.4

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

28 FINANCIAL GUARANTEES

	30 June 2012 RMB'000	31 December 2011 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	2,587,466	3,227,283

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.

29 COMMITMENTS

(a) Commitments for capital and property development expenditure

	30 June 2012 RMB'000	31 December 2011 RMB'000
Authorised but not contracted for	112,082	71,230
Contracted but not provided for		
— Property, plant and equipment	3,145	3,145
— Properties being developed by the Group for sale	1,479,366	1,579,558
— Land use rights	3,067,322	3,075,255
	4,549,833	4,657,958

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)**29 COMMITMENTS (continued)****(b) Commitments for equity investments**

	30 June 2012 RMB'000	31 December 2011 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 Lanzhou (Note 7(b))	54,765	76,185
	64,765	86,185

(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 2012 RMB'000	31 December 2011 RMB'000
Within one year	28,791	11,696
Between two to five years	67,252	14,671
	96,043	26,367

(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 2012 RMB'000	31 December 2011 RMB'000
Within one year	190,768	117,783
Between two to five years	789,774	549,019
After five years	1,844,331	1,222,723
	2,824,873	1,889,525

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2012 (Unaudited)

30 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	
	2012 RMB'000	2011 RMB'000
Continuing transactions		
— Purchase of construction materials from a related company (i)	5,698	—

Note:

- (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	
	2012 RMB'000	2011 RMB'000
Salaries and other short-term employee benefits	2,160	3,494
Retirement scheme contributions	149	10
	2,309	3,504

31 APPROVAL AND AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The condensed consolidated interim financial statements for the six months ended 30 June 2012 were approved and authorised for issue by the board of directors of the Company on 27 August 2012.