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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 846)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

PERFORMANCE HIGHLIGHTS

The consolidated revenue for 2012 was approximately RMB3,741.1 million, representing an increase of approximately 25.6% over 2011.

The consolidated profit attributable to equity holders of the Company was approximately RMB1,764.7 million for 2012, representing an increase of approximately 10.5% over 2011.

The basic and diluted earnings per share was RMB29.0 cents and RMB20.4 cents respectively for 2012, representing an increase of approximately 9.4% and a decrease of approximately 22.1% respectively over 2011.

The Board did not recommend payment of final dividend for the year ended 31 December 2012.

The board of directors (the “**Board**”) of Mingfa Group (International) Company Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2012 together with comparative figures. The consolidated annual results have been reviewed by the Company’s audit committee.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

		Year ended 31 December	
		2012	2011
	Note	RMB'000	RMB'000
Revenues	3	3,741,096	2,978,828
Cost of sales	5	<u>(2,549,993)</u>	<u>(1,459,032)</u>
Gross profit		1,191,103	1,519,796
Fair value gains on investment properties		624,629	1,753,846
Fair value gains/(losses) on derivative financial instruments		340,932	(183,693)
Other gains	4	1,031,471	63,122
Selling and marketing costs	5	(139,251)	(116,192)
Administrative expenses	5	(286,685)	(250,985)
Other operating expenses	5	<u>(19,992)</u>	<u>(35,018)</u>
Operating profit		<u>2,742,207</u>	<u>2,750,876</u>
Finance income	6	21,726	14,066
Finance costs	6	<u>(206,638)</u>	<u>(210,217)</u>
Finance costs — net	6	<u>(184,912)</u>	<u>(196,151)</u>
Share of results of			
— Associated companies		(8,269)	(14,010)
— Jointly controlled entities		<u>(3,257)</u>	<u>(4,958)</u>
		<u>(11,526)</u>	<u>(18,968)</u>
Profit before income tax		2,545,769	2,535,757
Income tax expense	7	<u>(786,481)</u>	<u>(930,102)</u>
Profit for the year		<u>1,759,288</u>	<u>1,605,655</u>
Attributable to:			
Equity holders of the Company		1,764,745	1,596,967
Non-controlling interests		<u>(5,457)</u>	<u>8,688</u>
		<u>1,759,288</u>	<u>1,605,655</u>
Earnings per share for profit attributable to equity holders of the Company (RMB cents)			
— Basic	8	29.0	26.5
— Diluted	8	<u>20.4</u>	<u>26.2</u>
Dividends	9	<u>—</u>	<u>245,783</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the year ended 31 December 2012*

	Year ended 31 December	
	2012	2011
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	1,759,288	1,605,655
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	(7,671)	—
Total comprehensive income for the year	<u>1,751,617</u>	<u>1,711,991</u>
Attributable to:		
Equity holders of the Company	1,757,074	1,703,303
Non-controlling interests	(5,457)	8,688
	<u>1,751,617</u>	<u>1,711,991</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2012

		As at 31 December	
		2012	2011
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		519,046	324,710
Investment properties		7,952,701	6,847,156
Land use rights		37,191	22,533
Intangible assets		7,184	7,220
Associated companies		170,749	83,689
Jointly controlled entities		218,459	179,716
Deferred income tax assets		427,308	380,754
Other receivables	10	12,961	12,235
Other non-current assets		3,640,277	4,151,201
		<u>12,985,876</u>	<u>12,009,214</u>
Current assets			
Land use rights		4,736,660	3,701,235
Properties under development		3,926,069	3,853,177
Completed properties held for sale		7,323,116	5,462,995
Inventories		9,724	4,451
Trade and other receivables and prepayments	10	1,159,414	465,066
Prepaid income taxes		163,281	145,398
Amounts due from related parties		17,968	9,080
Amounts due from non-controlling interests		853,500	—
Restricted cash		458,404	385,034
Cash and cash equivalents		680,079	512,993
Non-current asset classified as held for sale		—	314,144
		<u>19,328,215</u>	<u>14,853,573</u>
Total assets		<u>32,314,091</u>	<u>26,862,787</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	536,281	533,843
Reserves		8,332,506	6,471,880
		<u>8,868,787</u>	<u>7,005,723</u>
Non-controlling interests in equity		<u>972,158</u>	<u>264,106</u>
Total equity		<u>9,840,945</u>	<u>7,269,829</u>

		As at 31 December	
		2012	2011
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Deferred government grants		1,666,423	1,069,013
Borrowings	12	1,540,560	4,597,189
Deferred income tax liabilities		1,753,811	1,304,391
		<u>4,960,794</u>	<u>6,970,593</u>
Current liabilities			
Trade and other payables	13	6,839,950	6,201,171
Advanced proceeds received from customers		2,657,573	2,063,371
Amounts due to related parties		130,549	31,127
Amounts due to non-controlling interests		96,374	80,692
Income tax payable		1,815,331	1,695,010
Borrowings	12	5,647,275	1,865,238
Derivative financial instruments	14	310,283	670,344
Provision for other liabilities and charges		15,017	15,412
		<u>17,512,352</u>	<u>12,622,365</u>
Total liabilities		<u>22,473,146</u>	<u>19,592,958</u>
Total equity and liabilities		<u>32,314,091</u>	<u>26,862,787</u>
Net current assets		<u>1,815,863</u>	<u>2,231,208</u>
Total assets less current liabilities		<u>14,801,739</u>	<u>14,240,422</u>

Notes:

1 GENERAL INFORMATION

Mingfa Group (International) Company Limited (the “Company”) was incorporated in the Cayman Islands on 27 November 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is 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 consolidated financial statements are presented in thousands of Renminbi (RMB’000), unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and under the historical cost convention, as modified by the revaluation of investment properties and derivative financial instruments which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group’s accounting policies.

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.

- 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/revised standards and amendments to the existing standards that have been issued but are not effective in 2012. The Group is in the process of making an assessment on the impact of these new/revised standards and amendments and does not anticipate that the adoption when they become effective will result in any material impact on the Group’s results of operations and financial position.

3 REVENUES AND SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments:

- (i) the property development segment engages in real estate development, and is further segregated into commercial and residential;
- (ii) the hotel segment engages in hotel operation;
- (iii) the property investment and management segment invests in properties for their rental income potential and/or for capital appreciation, and provides management and security services to residential, hotel and commercial properties.

Other operating segments mainly include investment holding, manufacture and sale of furniture, which are not included within the reportable operating segments, as they are not included in the reports provided to the management. The results of these operations are included in the “all other segments” column.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects may be measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs and interest income) and income taxes are managed on a group basis and are not allocated to operating segments.

Inter-segment revenues are eliminated on consolidation.

The Group’s revenue from external customers is derived solely from its operations in the PRC, and no non-current assets of the Group are located outside the PRC.

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties under development, completed properties held for sale, receivables and cash balances. They also include goodwill recognised arising from acquisition of subsidiaries or non-controlling interests relating to respective segments. They exclude deferred income tax assets and prepaid income taxes.

Segment liabilities comprise operating liabilities. They exclude borrowings, deferred income tax liabilities, income tax payable and derivative financial instruments.

(a) Revenues

Turnover of the Group comprises revenues recognised as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Sale of properties		
— commercial	711,070	1,587,082
— residential	2,767,252	1,239,061
	<u>3,478,322</u>	<u>2,826,143</u>
Hotel operating income	49,422	50,051
Rental income from investment properties	194,193	85,329
Property management fee income	19,159	17,305
	<u>3,741,096</u>	<u>2,978,828</u>

(b) Segment information

The segment results and other segment items for the year ended 31 December 2012 are as follows:

	Property development — commercial <i>RMB'000</i>	Property development — residential <i>RMB'000</i>	Hotel <i>RMB'000</i>	Property investment and management <i>RMB'000</i>	All other segments <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Total segment revenues	711,070	2,767,252	50,011	213,352	—	—	3,741,685
Inter-segment revenues	—	—	(589)	—	—	—	(589)
Revenues	<u>711,070</u>	<u>2,767,252</u>	<u>49,422</u>	<u>213,352</u>	<u>—</u>	<u>—</u>	<u>3,741,096</u>
Operating profit/(loss)	<u>308,903</u>	<u>1,428,353</u>	<u>(45,813)</u>	<u>731,714</u>	<u>319,050</u>	<u>—</u>	<u>2,742,207</u>
Finance costs — net							(184,912)
Share of results of associated companies	(1,114)	(7,155)	—	—	—	—	(8,269)
Share of results of jointly controlled entities	(870)	(2,382)	—	(5)	—	—	(3,257)
Profit before income tax							2,545,769
Income tax expense							(786,481)
Profit for the year							<u>1,759,288</u>
Other segment information							
Capital and property development expenditure	1,903,506	3,065,690	234,409	205,578	—	—	5,409,183
Depreciation	2,964	11,854	17,020	396	3,982	—	36,216
Amortisation of land use rights as expenses	5,663	1,578	—	—	—	—	7,241
Fair value gains on investment properties	—	—	—	624,629	—	—	624,629
Fair value gains on derivative financial instruments	—	—	—	—	340,932	—	340,932
Gains from disposal of a jointly controlled entity	—	1,026,694	—	—	—	—	1,026,694
Impairment of goodwill recognised as expenses	—	36	—	—	—	—	36

The segment assets and liabilities as at 31 December 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
Segment assets	16,875,499	13,760,312	972,394	6,807,113	6,710,930	(13,791,954)	31,334,294
Associated companies	101,886	68,863	—	—	—	—	170,749
Jointly controlled entities	57,759	158,211	—	2,489	—	—	218,459
	<u>17,035,144</u>	<u>13,987,386</u>	<u>972,394</u>	<u>6,809,602</u>	<u>6,710,930</u>	<u>(13,791,954)</u>	<u>31,723,502</u>
Unallocated:							
Deferred income tax assets							427,308
Prepaid income taxes							163,281
Total assets							<u>32,314,091</u>
Segment liabilities	<u>7,957,016</u>	<u>8,152,591</u>	<u>354,575</u>	<u>708,435</u>	<u>8,025,223</u>	<u>(13,791,954)</u>	<u>11,405,886</u>
Unallocated:							
Deferred income tax liabilities							1,753,811
Borrowings							7,187,835
Derivative financial instruments							310,283
Income tax payable							1,815,331
Total liabilities							<u>22,473,146</u>

The segment results and other segment items for the year ended 31 December 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	1,587,082	1,239,061	52,976	104,934	—	—	2,984,053
Inter-segment revenues	—	—	(2,925)	(2,300)	—	—	(5,225)
Revenues	<u>1,587,082</u>	<u>1,239,061</u>	<u>50,051</u>	<u>102,634</u>	<u>—</u>	<u>—</u>	<u>2,978,828</u>
Operating profit/(loss)	<u>826,741</u>	<u>294,757</u>	<u>(13,766)</u>	<u>1,790,592</u>	<u>(147,448)</u>	<u>—</u>	<u>2,750,876</u>
Finance costs — net							(196,151)
Share of results of an associated company	—	(14,010)	—	—	—	—	(14,010)
Share of results of jointly controlled entities	(597)	(4,355)	—	(6)	—	—	(4,958)
Profit before income tax							2,535,757
Income tax expense							(930,102)
Profit for the year							<u>1,605,655</u>
Other segment information							
Capital and property development expenditure	3,440,573	5,571,067	520	89,820	—	—	9,101,980
Depreciation	2,656	10,400	14,805	1,179	5,733	—	34,773
Amortisation of land use rights as expenses	3,993	1,141	—	—	—	—	5,134
Fair value gains on investment properties	—	—	—	1,753,846	—	—	1,753,846
Fair value losses on derivative financial instruments	—	—	—	—	183,693	—	183,693
Impairment of goodwill recognised as expenses	—	540	6,963	—	—	—	7,503

The segment assets and liabilities as at 31 December 2011 are as follows:

	Property development — commercial <i>RMB'000</i>	Property development — residential <i>RMB'000</i>	Hotel <i>RMB'000</i>	Property investment and management <i>RMB'000</i>	All other segments <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	14,966,559	11,095,763	200,412	7,265,475	5,451,792	(13,220,915)	25,759,086
Associated company	—	83,689	—	—	—	—	83,689
Jointly controlled entities	47,396	129,826	—	2,494	—	—	179,716
Non-current asset classified as held for sale	—	314,144	—	—	—	—	314,144
	<u>15,013,955</u>	<u>11,623,422</u>	<u>200,412</u>	<u>7,267,969</u>	<u>5,451,792</u>	<u>(13,220,915)</u>	<u>26,336,635</u>
Unallocated:							
Deferred income tax assets							380,754
Prepaid income taxes							145,398
Total assets							<u>26,862,787</u>
Segment liabilities	<u>8,392,892</u>	<u>7,362,153</u>	<u>174,145</u>	<u>339,962</u>	<u>6,412,549</u>	<u>(13,220,915)</u>	<u>9,460,786</u>
Unallocated:							
Deferred income tax liabilities							1,304,391
Borrowings							6,462,427
Derivative financial instruments							670,344
Income tax payable							1,695,010
Total liabilities							<u>19,592,958</u>

4 OTHER GAINS

	Year ended 31 December	
	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Government grants (<i>note (a)</i>)	2,381	1,808
Gains from disposal of property, plant and equipment	—	9
Net exchange gain	926	58,155
Gains from disposal of investment properties	—	209
Gains from disposal of a jointly controlled entity (<i>note (b)</i>)	1,026,694	—
Miscellaneous	1,470	2,941
	<u>1,031,471</u>	<u>63,122</u>

Notes:

- (a) The government grants represented both the amortisation of deferred government grant and other subsidy income received from various local governments to certain subsidiaries which were credited to the consolidated income statements directly. Grants from government were recognised at their fair values when the Group fulfilled the attached conditions.

As the provision of government grants should be approved by local government on a case by case basis there is no assurance that the Group will continue to enjoy such grants in the future.

- (b) The Group disposed its entire 50% equity interest in a jointly controlled entity in 2012 and recognised gains of RMB1,026,694,000 from the disposal (Note 13(b)(ii)).

5 EXPENSES BY NATURE

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

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Staff costs — including directors' emoluments (<i>note (a)</i>)	148,356	119,295
Auditor's remuneration	2,750	2,750
Depreciation	36,216	34,773
Amortisation of land use rights	7,241	5,134
Advertising, promotion and commission costs	104,021	90,402
Cost of properties sold	2,226,064	1,216,195
Business tax and other levies on sales of properties (<i>note (b)</i>)	196,841	157,507
Direct outgoings arising from investment properties that generate rental income	56,739	15,920
Hotel operating expenses	56,429	44,666
Charitable donations	3,195	2,384
Office expenses	83,736	67,708
Professional fees	15,603	21,341
(Reversal of)/Additional provision for impairment of receivables	(1,741)	4,409
Impairment of goodwill	36	7,503
Provision for delay in delivering properties	2,563	14,688
Miscellaneous	57,872	56,552
	<u>2,995,921</u>	<u>1,861,227</u>
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses		

Notes:

(a) Staff costs (including directors' emoluments)

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Wages and salaries	120,628	101,838
Pension costs — statutory pension	11,906	8,870
Other allowances and benefits	15,822	8,587
	<u>148,356</u>	<u>119,295</u>

(b) Business tax and other levies on sales of properties

The PRC companies of the Group are subject to business tax of 5% and other levies on their revenues from sale of properties. These expenses are included in cost of sales.

6 FINANCE INCOME AND COSTS

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Finance income		
— interest income on bank deposits	21,726	14,066
Interest on bank borrowings and overdrafts		
— wholly repayable within five years	(297,344)	(266,996)
— wholly repayable over five years	(48,351)	(20,713)
Interest on other borrowings and advances from third parties	(58,272)	—
Interest expense on convertible bonds	(314,689)	(244,129)
Less: Interest capitalised	512,018	321,621
Finance costs	(206,638)	(210,217)
Net finance costs	(184,912)	(196,151)

7 INCOME TAX EXPENSE

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Current income tax		
— PRC enterprise income tax	192,147	243,850
— PRC land appreciation tax	191,468	237,911
	383,615	481,761
Deferred income tax		
— PRC enterprise income tax	346,827	356,428
— PRC withholding income tax	56,039	91,913
	402,866	448,341
	786,481	930,102

Hong Kong profits tax

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profit in Hong Kong for the year ended 31 December 2012 (2011: Nil).

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% for the year ended 31 December 2012 (2011: 24%).

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 4.5% on the proceeds from sales of properties, as agreed with the local tax authority.

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.

8 EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the years ended 31 December 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 year.

	Year ended 31 December	
	2012	2011
Profit attributable to equity holders of the Company (<i>RMB'000</i>)	<u>1,764,745</u>	<u>1,596,967</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>6,089,423</u>	<u>6,037,173</u>
Basic earnings per share (<i>RMB cents</i>)	<u>29.0</u>	<u>26.5</u>

(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.

For the years ended 31 December 2012 and 2011, as the average market share price of the ordinary shares during the year was lower than the subscription price, the impact of exercise of warrants on earnings per share is anti-dilutive.

	Year ended 31 December	
	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Profit attributable to equity holders of the Company	1,764,745	1,596,967
Interest expense on convertible bonds (net of tax)	41,811	102,397
Exchange losses/(gains) on convertible bonds — liability component	1,012	(83,444)
Changes in fair value of convertible bonds — embedded derivatives	(337,950)	184,189
	<u>1,469,618</u>	<u>1,800,109</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	6,089,423	6,037,173
Adjustment for conversion of convertible bonds (<i>thousands</i>)	1,098,443	833,849
	<u>7,187,866</u>	<u>6,871,022</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>thousands</i>)		
	<u>7,187,866</u>	<u>6,871,022</u>
Diluted earnings per share (<i>RMB cents</i>)	<u>20.4</u>	<u>26.2</u>

9 DIVIDENDS

	Year ended 31 December	
	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Proposed final dividend of nil (2011: HK5.0 cents) per ordinary share	—	245,783

The board of directors of the Company did not recommend payment of final dividend for the year ended 31 December 2012.

The final dividend in respect of 2011 of HK5.0 cents per ordinary share, amounting to approximately HK\$304,673,000 (equivalent to approximately RMB245,783,000) was approved at the annual general meeting of the Company held on 18 May 2012. The amount was paid in 2012.

10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Trade receivables (<i>note (a)</i>)	209,054	103,505
Less: Provision for impairment of trade receivables (<i>note (d)</i>)	<u>(47,461)</u>	<u>(52,589)</u>
Trade receivables — net	161,593	50,916
Deposits for resettlement costs	755	738
Deposits for land purchase	79,300	—
Advances to third parties (<i>note (c)</i>)	208,825	68,363
Receivable in connection with the disposal of a jointly controlled entity (<i>note (e)</i>)	204,479	—
Other receivables	134,443	122,811
Prepayments for construction costs	234,184	111,664
Prepaid business tax and other levies on pre-sale proceeds	<u>148,796</u>	<u>122,809</u>
	1,172,375	477,301
Less: Non-current portion of other receivables (<i>note (b)</i>)	<u>(12,961)</u>	<u>(12,235)</u>
Current portion	<u><u>1,159,414</u></u>	<u><u>465,066</u></u>

As at 31 December 2012 and 2011, the fair values of trade receivables, deposits for resettlement costs and land purchase, advances to third parties, receivable in connection with a disposal and other receivables approximate their carrying amounts.

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:

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Within 90 days	60,775	18,189
Over 90 days and within 1 year	90,420	26,727
Over 1 year and within 2 years	13,379	20,743
Over 2 years	<u>44,480</u>	<u>37,846</u>
	<u><u>209,054</u></u>	<u><u>103,505</u></u>

The ageing analysis of trade receivables past due but not impaired is as follows:

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Within 90 days	7,818	6,386
Over 90 days and within 1 year	<u>6,514</u>	<u>1,518</u>
	<u><u>14,332</u></u>	<u><u>7,904</u></u>

As at 31 December 2012, trade receivables of RMB14,332,000 (2011: RMB7,904,000) which were past due but not impaired have been received subsequent to the year end.

As at 31 December 2012, trade receivables of RMB47,461,000 (2011: RMB52,589,000) are considered impaired.

- (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, interest-free and have no fixed repayment terms.
- (d) Movements on provision for impairment of trade receivables are as follows:

	Year ended 31 December	
	2012 RMB'000	2011 RMB'000
Opening balance	52,589	48,206
(Reversal of)/Additional provision for receivable impairment	(1,741)	4,409
Receivables written off during the year as uncollectible	(3,387)	(26)
Ending balance	<u>47,461</u>	<u>52,589</u>

- (e) The amount relates to reimbursement of certain accrued expenses in connection with the disposal to be received from the buyer.

11 SHARE CAPITAL

	Par value HK\$	Number of ordinary shares	Nominal value of ordinary shares HK\$	Equivalent RMB
Authorised:				
At 1 January 2011, 31 December 2011 and at 31 December 2012	0.1	12,000,000,000	1,200,000,000	
Issued and fully paid:				
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 (<i>note a</i>)	0.1	60,000,000	6,000,000	5,019,000
Issue of shares in connection with conversion of convertible bonds (<i>note b</i>)	0.1	3,470,969	347,097	283,442
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 (<i>note b</i>)	0.1	29,980,057	2,998,006	2,438,367
At 31 December 2012	0.1	<u>6,093,451,026</u>	<u>609,345,103</u>	<u>536,280,877</u>

Notes:

- (a) 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.

- (b) During the year ended 31 December 2011, a total of 3,470,969 ordinary shares at par value of HK\$0.1 per share were issued upon the request for conversion by the bondholders (Note 12(b)) with the conversion price of HK\$3.168 per share. The ordinary shares issued have the same rights as the other shares in issue.

During the year ended 31 December 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 12(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.

12 BORROWINGS

	As at 31 December	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Borrowings included in non-current liabilities		
Bank borrowings — secured	4,279,559	3,954,785
Convertible bonds (<i>notes (a) and (b)</i>)	2,334,982	2,205,674
Other borrowings — secured	200,000	—
	<u>6,814,541</u>	<u>6,160,459</u>
Less: Amounts due within one year	<u>(5,273,981)</u>	<u>(1,563,270)</u>
	<u><u>1,540,560</u></u>	<u><u>4,597,189</u></u>
Borrowings included in current liabilities		
Bank overdrafts	15,533	15,461
Bank borrowings — secured	357,761	62,714
Bank borrowings — unsecured	—	223,793
Current portion of long-term borrowings	5,273,981	1,563,270
	<u>5,647,275</u>	<u>1,865,238</u>

(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.

(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 of the 2016 Bonds with principal amount of HK\$11,000,000 were converted to 3,470,969 ordinary shares (Note 11) 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 year ended 31 December 2012, some of the 2016 Bonds with principal amount of HK\$89,000,000 were converted to 29,980,057 ordinary shares (Note 11) 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 14), were transferred to share capital and share premium as consideration for the shares issued.

Subsequent to 31 December 2012 and on 8 February 2013, the Company repurchased some of the 2016 Bonds with an aggregated principal amount of HK\$70,000,000 by way of over the counter purchase (“Repurchase”). Immediately following the Repurchase, the aggregate principal amount of the 2016 Bonds remain outstanding is HK\$1,390,000,000.

13 TRADE AND OTHER PAYABLES

	As at 31 December	
	2012	2011
	RMB’000	RMB’000
Trade payables (<i>note (a)</i>)	4,907,965	3,684,693
Other payables (<i>note (b)</i>)	1,777,411	2,391,807
Other taxes payable	154,574	124,671
	<u>6,839,950</u>	<u>6,201,171</u>

Notes:

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

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Within 90 days	4,518,738	3,486,284
Over 90 days and within 1 year	389,227	198,409
	<u>4,907,965</u>	<u>3,684,693</u>

(b) Other payables comprise:

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
Deposits and advances from constructors	816	1,365
Excess proceeds and deposits received from customers	—	458
Deposits received from tenants	30,256	34,182
Advances from third parties (<i>note (i)</i>)	1,382,212	879,816
Consideration payable on acquisition of additional interest in a subsidiary	—	20,000
Consideration payable on acquisition of a jointly controlled entity	50,000	50,000
Consideration payable on acquisition of subsidiaries	88,818	88,802
Prepayments received in connection with the disposal of a jointly controlled entity (<i>note (ii)</i>)	—	1,136,359
Payable to a joint venture partner Baolong	118,686	92,925
Miscellaneous	106,623	87,900
	<u>1,777,411</u>	<u>2,391,807</u>

Notes:

- (i) The advances from third parties are non-trade in nature, unsecured, interest-free and have no fixed repayment terms except for advances of RMB92,000,000 (2011: RMB150,000,000) made from Nanjing Guoding Investment Property Company and HK\$464,000,000 (equivalent to RMB376,234,000) (2011: Nil) 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 as at 31 December 2011 were related to the disposal of the Group's entire 50% equity interest in a jointly controlled entity which has been completed as at 31 December 2012 (Note 4(b)).

14 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December	
	2012	2011
	RMB'000	RMB'000
2015 Bonds — Embedded derivatives (<i>note (a)</i>)	114,139	235,867
2016 Bonds — Embedded derivatives (<i>note (a)</i>)	190,079	425,430
Warrants (<i>note (b)</i>)	6,065	9,047
	310,283	670,344
	310,283	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\$140,764,000 (equivalent to RMB114,139,000) at 31 December 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\$234,420,000 (equivalent to RMB190,079,000) at 31 December 2012 by DTZ. The fair value changes are made through profit and loss.

During the year ended 31 December 2011, some of the 2016 Bonds with principal amount of HK\$11,000,000 were converted to 3,470,969 ordinary shares (Note 11) at a price of HK\$3.168 per share and the corresponding embedded derivatives with carrying amount of HK\$3,726,000 (equivalent to RMB3,031,000) were transferred to share capital and share premium as consideration for the shares issued.

During the year ended 31 December 2012, some of the 2016 Bonds with principal amount of HK\$89,000,000 were converted to 29,980,057 ordinary shares (Note 11) 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.

- (b) The warrants are issued together with the 2015 Bonds (Note 12(a)) on 10 December 2010, which are valued at HK\$11,159,000 (equivalent to RMB9,047,000) at 31 December 2011 and HK\$7,480,000 (equivalent to RMB6,065,000) at 31 December 2012 respectively by DTZ. The fair value change is made through profit and loss.

BUSINESS REVIEW

Sales and Earnings

The total area of properties sold and delivered to customers by the Group in 2012 in terms of GFA was approximately 499,890 sq.m., representing an increase of approximately 72.1% over 2011 (2011: approximately 290,445 sq.m.). Such increase was due to more residential properties in Zhangzhou Mingfa Shopping Mall and Wuxi Mingfa International New Town were delivered in 2012 upon partial completion.

During the year under review, the average selling price of the Group's properties delivered and recognized as sales in 2012 was RMB6,958.2 per sq.m. (2011: average selling price was RMB9,730.4 per sq.m.), representing a decrease of approximately 28.5% over 2011. Such decrease was mainly due to the change of properties mix whereas more residential properties were delivered in 2012.

The GFA of the major properties delivered by the Group in 2012 and the average selling price per sq.m. were as follows:

	Sales Revenue (RMB million)		GFA Delivered (sq.m.)		Average Selling Price (RMB per sq.m.)	
	2012	2011	2012	2011	2012	2011
Nanjing Mingfa Riverside New Town	361.1	167.2	44,959.0	14,951.0	8,031.8	11,183.2
Nanjing Mingfa Shopping Mall	98.7	816.8	3,084.0	34,959.0	32,003.9	23,364.5
Nanjing Mingfa City Square	637.9	535.0	73,973.0	55,033.0	8,623.4	9,721.4
Yangzhou Mingfa Shopping Mall	77.8	735.1	4,385.0	116,305.0	17,742.3	6,320.5
Hefei Mingfa Shopping Mall	197.7	254.4	26,146.0	33,904.0	7,561.4	7,503.5
Wuxi Mingfa Shopping Mall	25.7	205.4	2,223.0	26,651.0	11,561.0	7,707.0
Wuxi Mingfa International New Town	539.1	—	91,566.0	—	5,887.6	n/a
Zhangzhou Mingfa Shopping Mall	883.6	—	138,668.0	—	6,372.1	n/a
Xiamen Mingfa Xiangwan Peninsula	256.9	—	26,436.0	—	9,717.8	n/a
Zhenjiang Jinxiu Yinshan	160.4	—	31,207.0	—	5,139.9	n/a
Honglai Mingfa Commercial Centre	177.6	—	50,747.0	—	3,499.7	n/a

The average cost of sales of the Group was RMB4,846.9 per sq.m. in 2012, representing an increase of approximately 3.3% over 2011 (2011: average cost of sales was RMB4,690.5 per sq.m.). Such increase was due to the general increase in construction costs in 2012.

The gross profit of the Group amounted to approximately RMB1,191.1 million in 2012, representing a decrease of approximately 21.6% over 2011 (2011: approximately RMB1,519.8 million). The major reason for the decrease in the gross profit was attributable to more residential properties with lower gross margin were delivered in 2012.

The audited profit attributable to the equity holders of the Company was approximately RMB1,764.7 million in 2012, representing an increase of approximately RMB167.7 million or approximately 10.5% from that of 2011. The major reason for the increase was attributable to the set off effect among the decrease in gross profit of RMB328.7 million in 2012, the increase in the disposal gain after tax of approximately RMB822.2 million in 2012 and the decrease in fair value gain in investment properties and derivative financial instruments after tax from approximately RMB1,131.7 million in 2011 to approximately RMB809.4 million in 2012.

Pre-sold Properties

As at 31 December 2012, the Group has pre-sold properties with an aggregate GFA of 596,450 sq.m. to the buyers. Set out below are the details of the properties, the Group's interests 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%	28,748
Nanjing	Nanjing Mingfa Shopping Mall	100%	2,136
Nanjing	Nanjing Mingfa City Square	100%	23,428
Wuxi	Wuxi Mingfa Shopping Mall	70%	3,761
Wuxi	Wuxi Mingfa International New Town	100%	31,177
Xiamen	Xiamen Mingfa Shopping Mall	70%	11,317
Xiamen	Xiamen Mingfa Xiang Wan Peninsula	100%	131,741
Yangzhou	Yangzhou Mingfa Shopping Mall	100%	5,408
Yangzhou	Yangzhou Mingfa Jiangwan City	100%	10,421
Hefei	Hefei Mingfa Shopping Mall	100%	28,919
Zhangzhou	Zhangzhou Mingfa Shopping Mall	100%	147,205
Honglai	Honglai Mingfa Commercial Centre	100%	3,684
Zhengjiang	Zhengjiang Jinxiu Yishan	100%	40,956
Huai'an	Huai'an Mingfa Shopping Mall	100%	53,251
Shenyang	Shenyang Mingfa Jinxiuhwa City	100%	47,668
Taizhou	Taizhou Mingfa City Complex	100%	17,756
Quanzhou	Quanzhou Mingfa Huacheng International New Town	50%	8,874
Total			<u>596,450</u>

Summary of Land Bank

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

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	Attributable GFA (sq.m.)
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	618	100%	618
Xiamen Mingfa Noble Place	Located at Jiangtou Residential, Huli district, Xiamen, Fujian Province	Dec/2004	Residential/ Commercial/ Office	Completed	5,529	2,365	100%	2,365
Xiamen Mingfa Garden	Located at Huanhuli South, Lvling Road, Siming district, Xiamen, Fujian Province	Apr/2005	Residential/ Commercial	Completed	18,697	16,840	100%	16,840
Xiamen Jianqun Elegant Garden	Located at Qianpu Lianqian East Road North, Huli district, Xiamen, Fujian Province	Apr/2005	Residential/Office	Completed	10,257	1,857	100%	1,857
Xiamen Mingfa International New Town	Located at Qianpu Lianqian Road South, Siming district, Xiamen, Fujian Province	Feb/2002	Residential/ Commercial/ Office	Completed	26,016	20,723	100%	20,723
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	37,845	70%	26,492
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
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	226,429	100%	226,429
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	115,053	100%	115,053
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	438,551	70%	306,986
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	323,170	100%	323,170
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	241,301	100%	241,301
Nanjing Mingfa City Square	Located on Dingshan Road, Pukou district, Nanjing, Jiangsu Province	Dec/2012	Residential/ Commercial/ Office	Completed	128,683	170,514	100%	170,514
Honglai Mingfa Commercial Centre	Located at Longlai district, Nanan, Fujian Province	Jun/2012	Residential/ Commercial	Completed	27,065	26,406	100%	26,406
Xiamen Mingfa Xiang Wan Peninsula	Located at east part of Xiang'an Road, Xiang'an, Fujian Province	Dec/2012	Residential/ Commercial	Completed	104,380	259,151	100%	259,151
Sub-total					2,442,235	1,927,230		1,784,312

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.)
Properties under development (Note 2)								
Xiamen Mingfa Harbour Resort	Located at south of Wu Yuan Wan Bridge, west of Huan Wan Road, and along the seaview strip of Huli district, Xiamen, Fujian Province	Dec/2013	Hotel	Construction has been completed	58,952	161,705	100%	161,705
Zhangzhou Mingfa Shopping Mall	Located at east of Longjiang Road, north of Shuixian Street, west of No. 6 Road, south of Xinpu Road, Zhangzhou, Fujian Province	Dec/2013	Residential/ Commercial/ Office/Hotel	Completion certificate had been granted for GFA of 241,222 sq.m. in December 2012. The remaining GFA of 447,161 sq.m. will be completed in December 2013	223,589	437,299	100%	437,299
Zhenjiang Jinxiu Yinshan	Located in the centre of Zhenjiang City, Jiangsu Province	Dec/2015	Residential/ Commercial/ Hotel	Completion certificate had been granted for GFA of 53,278 sq.m. in December 2012. The remaining GFA of 351,400 sq.m. will be completed in December 2014	296,702	373,471	100%	373,471
Huai'an Mingfa Shopping Mall (Block A)	Located at Shenzhen South Road, Huai'an, Jiangsu Province	Dec/2014	Commercial	Approximately 20% of construction has been completed	133,110	266,335	100%	266,335
Huai'an Mingfa Shopping Mall (Block C)	Located at Weihai East Road, Huai'an, Jiangsu Province	Dec/2013	Residential	Approximately 80% of construction has been completed	51,345	154,035	100%	154,035
Shenyang Mingfa Jinxiu Hua City	Located in Shenbei Xinqu Daoyi Development Zone	Dec/2014	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/2014	Residential/ Commercial	Completion certificate had been granted for GFA of 221,630 sq.m. in December 2012. The remaining GFA of 327,931 sq.m. will be completed in December 2014	258,297	457,995	100%	457,995
Yangzhou Mingfa Jiangwan City	Located at east of Xuzhuang Road, north of Kaifa East Road, west of Liaojiagou Road, south of Ming Cheng Road, Yangzhou, Jiangsu Province	Dec/2014	Residential	Approximately 30% of construction has been completed	158,238	221,533	100%	221,533
Quanzhou Mingfa Huachang International Town	Located in Guanqiao Town Neicuo Village, Nanan, Fujian Province	Dec/2015	Commercial	Approximately 20% of construction has been completed	276,120	698,507	50%	349,253

Property	Address	Actual/Estimated Completion Date	Type of Property	Status	Site Area (sq.m.) (Note 3)	Approximate	Group's Interest	Attributable
						Leasable and Saleable GFA (sq.m.) (Note 4)		GFA (sq.m.)
Taizhou Mingfa City Complex	Located at west of Machang Zhonggou and south of Huangang Avenue Gaogang district, Taizhou, Jiangsu Province	Dec/2015	Residential/ Commercial	Approximately 10% of construction has been completed	292,487	731,300	100%	731,300
Zhangzhou Longhai Mingfa Mall	Located in Bangshan Town, Kekeng Village, Longhai, Zhangzhou, Fujian Province.	Dec/2014	Residential/ Commercial	Approximately 10% of construction has been completed	32,163	277,762	100%	277,762
Nanjing Mingfa Business Park	Located in Nanjing High-Tech Development Zone, Pukou district, Nanjing, Jiangsu Province	Dec/2015	Industrial	Approximately 10% of construction has been completed	547,215	827,762	100%	827,762
Sub-total					2,389,440	4,913,814		4,564,560
Properties with land use rights certificate for future development								
New property in Huizhou	Huizhou City West Train Station, Guangdong Province	Dec/2015	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
New property in Lanzhou	Located in Weijia Village of Southwest region	Dec/2015	Residential/ Commercial	Vacant	481,192	481,192	100%	481,192
Sub-total					854,961	1,251,500		1,109,869
Properties with signed land use rights contract for future development								
Xiamen Mingfeng Town	Located at Douling, Siming district, Xiamen, Fujian Province	Dec/2014	Industrial	Vacant	19,909	103,921	100%	103,921
Shenyang Creative Industrial Estate	Located in Shenbei Xinqu Daoyi Development Zone	Dec/2015	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/2015	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/2015	Commercial	Vacant	209,048	418,096	100%	418,096
New property in Lanzhou	Located in Weijia Village of Southwest region	Dec/2015	Residential/ Commercial	Vacant	890,594	890,594	51%	454,203
Sub-total					1,372,768	2,171,147		1,734,756
Total land bank					7,059,404	10,263,691		9,193,497

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 31 December 2012.
- 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 31 December 2012.
- The site area is in respect of the whole property (regardless of GFA that have been sold).
- 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	103,096	8–20 years	70%–100%
Nanjing Mingfa Shopping Mall	Located at the intersection of Dingqiang Road and Yulan Road in Yuhuatai district, Nanjing, Jiangsu Province	Commercial	135,436	10–15 years	100%
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%
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	236,282	3 years	51%
Wuxi Mingfa Shopping Mall	Located in Sitou Village and Tangtou Village, Yanqiao town, Huishan district, Wuxi, Jiangsu Province	Commercial	4,687	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	97,681	15–20 years	100%
Quanzhou Mingfa Hotel	Located in Licheng District, Jiangnan Torch Village, Quanzhou, Fujian Province	Hotel	13,707	5 years	100%

Property	Address	Existing Usage	Attributable GFA (sq.m.)	Term of Leases with Tenants	Percentage of Interest in the Properties Attributable to the Group
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%
			<u>857,580</u>		

Properties to be completed in 2013

Set out below is the details of the properties expected to be completed by the Group in 2013. The total GFA available for sale/leasing by the Group will be approximately 762,901 sq.m. including those already pre-sold as at 31 December 2012.

	Expected Completion Date	GFA available for Sale/Leasing (sq.m.)	Percentage of Interest in the Property attributable to the Group	Usage
Xiamen Mingfa Harbour Resort	Dec-2013	161,705	100%	Hotel and serviced apartment
Zhangzhou Mingfa Shopping Mall	Dec-2013	447,161	100%	Commercial & residential
Huai'an Mingfa Shopping Mall (Block C)	Dec-2013	154,035	100%	Commercial & residential
		<u>762,901</u>		

ACQUISITION FRAMEWORK AGREEMENTS

As at 31 December 2012, the Group had entered into thirteen 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. Four of them were signed in 2012 and the other nine 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 the future development of land and the Group still has to go through the public tender, auction or listing-for-sale procedures pursuant to the relevant PRC rules and regulations in order to obtain the land use rights from the PRC governmental authorities for 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	GFA	Note
			(sq.m.)	(sq.m.)	
Huai’an Mingfa International Industrial Material Park and Mingfa International Town (淮安明發國際工業原料城和明發國際城)	Huai’an City, Jiangsu Province	28-Nov-07	666,670	1,180,219	(1)
Tianjin Jingjin Mingfa International Town (天津京津明發國際城)	Tianjin City	6-Dec-09	1,533,341	3,000,000	
Shenyang Creative Park (瀋陽創意產業園)	Shenyang City, Liaoning Province	28-Jan-10	912,005	2,000,000	(2)
Shenyang residential and commercial complex (瀋陽商住項目)	Shenyang City, Liaoning Province	28-Jan-10	142,800	714,000	(3)
Panjin Mingfa City Square (盤錦明發城市廣場)	Panjin City, Liaoning Province	20-Oct-10	427,332	1,281,996	
Changsha Wangcheng district Binshui New Town Commercial Centre Project (長沙市望城縣濱水新城商業中心項目)	Changsha City, Hunan Province	1-Dec-10	316,154	1,106,539	
Jiangsu Taizhou Mingfa City complex Project (江蘇泰州明發城市綜合體項目)	Taizhou City, Jiangsu Province	22-Dec-10	1,466,674	3,666,685	(4)
Tianjin Mingfa City complex Project (天津明發城市綜合體項目)	Tianjin City	9-Mar-11	280,000	560,000	(5)
Shenyang Mingfa Integrated Science and Technology Park (瀋陽明發綜合科技園)	Shenyang City, Liaoning Province	23-Sep-11	1,344,007	1,830,000	

Project Name	Location	Date of MOU	Site Area (sq.m.)	GFA (sq.m.)	<i>Note</i>
Nanjing Software Park Starting Area Project (南京軟件園啓動區項目)	Nanjing City, Jiangsu Province	14-Jan-12	220,001	800,000	
Nanjing Zijin (Pukou) Technology Entrepreneurship Special Community 2# Block Project (南京紫金(浦口)科技創業特別社區2#地塊項目)	Nanjing City, Jiangsu Province	9-Oct-12	200,001	800,000	
Nanjing Mingfa New Town Financial Center Project (南京明發新城金融中心項目)	Nanjing City, Jiangsu Province	11-Oct-12	59,042	295,209	
Nanjing Software Valley Technology City Project (南京軟件谷科技城項目)	Nanjing City, Jiangsu Province	6-Dec-12	106,667	373,335	
			<u>7,674,694</u>	<u>17,607,983</u>	

Notes:

- (1) 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 and at Shenzhen South Road in Huai'an. Total land area and GFA is approximately 184,455 sq.m. and 420,370 sq.m. respectively.
- (2) The Group had acquired five plots of land from 2010 to 2012 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 531,262 sq.m. and 1,216,548 sq.m. respectively.
- (3) The Group had acquired two plots of land from 2010 to 2012 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 66,690 sq.m. and 360,777 sq.m. respectively.
- (4) The Group had acquired two plots of land in 2011 under the MOU signed on 22 December 2010. The land is located at west of Machang Zhonggou, south of Huangang Avenue and at east of Diaodong Zhougou, south of Huangang Avenue in Taizhou. Total land area and GFA is approximately 292,487 sq.m. and 731,300 sq.m. respectively.
- (5) The Group had acquired three plots of land in 2011 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 418,082 sq.m. respectively.

PROSPECTS

The Group had achieved record high contracted sales for the year of 2012, during which the GFA and sales amount were 707,028 sq.m. and approximately RMB5.3 billion respectively.

The Group will further strengthen its foundation in the commercial properties sector as well as the residential properties sector in the 2nd and 3rd-tier cities by increasing our land banks steadily. Meanwhile, the Group will increase steady and regular rental income by means of increasing our investment properties.

Major anchor tenants, including supermarkets, cinema, department stores, KTV and etc., had moved into Nanjing Mingfa Shopping Mall and Hefei Mingfa Shopping Mall in 2012. Regular and stable rental income will be definitely increased. Meanwhile, as the number of visitors increases, ASP for the unsold commercial properties in the shopping malls will increase accordingly.

Nanjing government intends to develop an international software city and expects to generate a revenue of approximately RMB400 billion in 2015 by launching the policy “One Valley and Two Parks” in 2011. In response to this policy, 49% equity interests of a project company was sold to an investment arm of Nanjing government in January 2012. Properties owned by this project company will be used as the pilot project to develop the software city in Nanjing. The transaction has been completed in second half of 2012.

The Group selectively builds up its land reserve primarily through public auction of land arranged by the PRC government or through acquisition of the project companies which hold land use rights. In addition, the Group will also act proactively and seize opportunities to approach, discuss and enter into MOUs with the relevant PRC governmental bodies in relation to various development of land designated for sizable commercial and residential complex in different cities and locations. Although these MOUs are not binding and there is no assurance that the Group will be granted the land use rights upon signing of the same, the Group considers signing of these MOUs as the opportunities for the Group to establish a closer strategic and working relationship with the relevant PRC government authorities which are in the interest and to the benefit of the Group in the long run. During 2012, we have signed 4 new MOUs with local government.

Looking forward, the Group will continue to maintain a balanced properties mix and cooperate with the local governments of the PRC to speed up urbanization through the execution of the MOUs and believes that though the real estate measures will not be loosened in the near future, the Group’s financial and business outlook will perform steadily in 2013.

FINANCIAL ANALYSIS

The gross profit of the Group amounted to approximately RMB1,191.1 million in 2012, representing an decrease of approximately 21.6% over 2011 (2011: approximately RMB1,519.8 million). The major reason for the decrease in the gross profit was the change of properties mix. 80% and 44% of properties sales was generated from residential properties in 2012 and 2011 respectively. Gross profit of residential properties is generally lower than commercial properties.

The audited profit attributable to the equity holders of the Company was approximately RMB1,764.7 million in 2012, representing an increase of approximately RMB167.7 million or approximately 10.5% from that of 2011. The major reason for the increase was the set off effect among the decrease in gross profit of approximately RMB328.7 million in 2012, the increase in the disposal gain after tax of approximately RMB822.2 million in 2012 and the decrease in fair value gain in investment properties and derivative financial instruments after tax from approximately RMB1,131.7 million in 2011 to approximately RMB809.4 million in 2012.

CAPITAL STRUCTURE

As at 31 December 2012, the Group had aggregated cash and cash equivalents (excluding restricted cash) of approximately RMB680.1 million (31 December 2011: approximately RMB513.0 million).

The current ratio as at 31 December 2012 was 1.10 (31 December 2011: 1.18).

As at 31 December 2012, the bank loans and other borrowings of the Group repayable within one year and after one year were approximately RMB5,647.3 million and RMB1,540.6 million respectively (31 December 2011: approximately RMB1,865.2 million and RMB4,597.2 million respectively).

The interest expenses including the capitalized interest expenses and the finance costs arising from the convertible bonds amounted to approximately RMB718.7 million (2011: approximately RMB531.8 million) in total.

In addition, interests with an amount of approximately RMB512.0 million (2011: approximately RMB321.6 million) were capitalized in 2012. Interest cover (including amount of interests capitalized) was 3.82 times (2011: 5.2 times).

As at 31 December 2012, the ratio of total liabilities to total assets of the Group was 69.5% (31 December 2011: 72.9%).

As at 31 December 2012, the ratio of bank loans and other borrowings to shareholder's funds of the Group was 81.0% (31 December 2011: 92.2%). As at 31 December 2012, the ratio of non-current bank loans and other borrowings to total assets was 4.8% (31 December 2011: 17.1%).

As at 31 December 2012, the gearing ratio of the Group (defined as net debt divided by the sum of shareholder's funds and net debt) was 40.9% (31 December 2011: 47.7%).

CAPITAL COMMITMENTS

As at 31 December 2012, the contracted capital commitments of the Group were approximately RMB4,270.6 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 fund and resources.

GUARANTEES AND CONTINGENT LIABILITIES

As at 31 December 2012, the contingent liabilities of the Group were approximately RMB3,080.5 million (31 December 2011: approximately RMB3,227.3 million), which were mainly the guarantees given by the Group in favour of certain banks for the grant of mortgage loans to buyers of the Group's properties. Such guarantees will be released following completion of transfer of property title by the Group to the buyers.

PLEDGE OF ASSETS

As at 31 December 2012, investment properties of the Group with net book value of approximately RMB3,844.4 million (31 December 2011: approximately RMB3,638.4 million), buildings of approximately RMB110.8 million (31 December 2011: approximately 127.4 million), land use rights of approximately RMB1,774.5 million (31 December 2011: approximately RMB2,301.3 million), completed properties held for sale of approximately RMB2,322.7 million (31 December 2011: approximately RMB2,193.7 million), properties under development of approximately RMB491.3 million (31 December 2011: Nil) and restricted bank deposits of approximately RMB355.0 million (31 December 2011: approximately RMB100.0 million) were pledged to secure the banking facilities of the Group. Cash deposits of approximately RMB40.4 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 RMB63.0 million (31 December 2011: approximately RMB244.6 million) were restricted and deposited in certain banks as security for bank notes.

FOREIGN EXCHANGE RISK

As at 31 December 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 97.9%, 1.4% and 0.7% (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 respective proportions of 63.1% and 36.9% (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, purchases, bank borrowings and other borrowings of the Group in 2012 were made mainly in Renminbi and Hong Kong dollars, and it is expected that the majority of future development and transactions carried out by the Group will be made and transacted either in Renminbi or Hong Kong dollars, the Group will convert bank balances into Renminbi or Hong Kong dollars as and when required to minimize any foreign exchange risk. The Group did not adopt any foreign exchange hedging instruments to hedge against foreign exchange risk in 2012, and the Group believes that the foreign exchange risk exposed by the Group was relatively minimal.

INTEREST RATE RISK

As at 31 December 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.

SUBSEQUENT EVENTS

The Group has issued the US\$100.0 million 13.25% senior notes due 2018 on 25 January 2013. The net proceeds was US\$96.7 million.

CLOSURE OF REGISTER OF MEMBERS AND ANNUAL GENERAL MEETING (“AGM”)

The AGM will be held on Friday, 31 May 2013. The notice of the AGM which constitutes part of the circular will be sent together with the annual report to shareholders of the Company in due course. The notice of the AGM and the proxy form will be published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) and the Company (<http://www.ming-fa.com>) and be despatched to the shareholders of the Company within the prescribed time and in such manner as required under the Listing Rules.

The register of members of the Company will be closed and no transfer of shares will be registered during the following period:

To determine the identity of shareholders who are entitled to attend and vote at the AGM

Latest time for lodging transfers	: 4:30 p.m. on Monday, 27 May 2013
Closure of register of members	: Tuesday, 28 May 2013 to Friday, 31 May 2013, both days inclusive
Date of the AGM	: Friday, 31 May 2013

To qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than the latest time for lodging transfers as stated above.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") throughout the year under review, except as noted hereunder.

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.

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 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 noncompliance with code provision A.4.1 is acceptable.

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 commitment at the relevant time.

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.

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 for Securities Transactions by Directors of Listed Companies (the "**Model Code**") set out in Appendix 10 to 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 year ended 31 December 2012.

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2012.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2012, the Group employed a total of 2,158 staff (31 December 2011: 1,962 staff). The staff costs include basic salary and welfare expenses, whereby employees' welfare includes medical insurance plan, pension plan, unemployment insurance plan, training and pregnancy insurance plan. The Group provided various training opportunities to employees in order to enhance the competitiveness of the employees and the Company, including training from PRC Financial Centre for accounting teams and other training in relation to the latest group reporting requirements and standards. The Group's employees are engaged according to the terms and provisions of their employment contracts and the Group normally conducts review on the remuneration packages and performance appraisal once every year for its employees, the results of which will be applied in annual salary review for considering the grant of annual bonus or not and in promotion assessment. The Group also studies and compares its remuneration packages with those of its peers and competitors and will make adjustments whenever necessary so as to maintain its competitiveness in the employment market.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises of all independent non-executive directors, Mr. Wong Po Yan, Mr. Qu Wenzhou and Mr. Dai Yiyi. The duties of the Audit Committee include making recommendations to the Board in relation to the independency and engagement of external auditor, monitoring the integrity, accuracy and fairness of financial statements, reviewing the system of financial control, internal control and risk management and reviewing corporate governance practices of the Company. The Audit Committee had reviewed the annual results of the Group for the year ended 31 December 2012.

PUBLICATION OF ANNUAL REPORT

The 2012 annual report of the Company will be despatched to the shareholders of the Company and published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (<http://ming-fa.com>) in due course.

By order of the Board of
MINGFA GROUP (INTERNATIONAL) COMPANY LIMITED
WONG WUN MING
Chairman

Hong Kong, 18 March 2013

As at the date of this announcement, the Board comprises eight directors, of which Mr. Wong Wun Ming, Mr. Huang Qingzhu, Mr. Huang Lianchun and Mr. Huang Li Shui are executive directors; Mr. Chi Miao is non-executive director; Mr. Wong Po Yan, Mr. Dai Yiyi and Mr. Qu Wenzhou are independent non-executive directors.