



明发集团
MINGFA GROUP

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

Interim Report 2013



Wealth China
Century Mingfa



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Director

Mr. Chi Miao

Independent Non-Executive Directors

Mr. Dai Yiyi
Mr. Qu Wenzhou
Mr. Lau Kin Hon
(appointed on 19 March 2013)

COMPANY SECRETARY

Mr. Poon Wing Chuen (*FCCA*)

AUDIT COMMITTEE

Mr. Qu Wenzhou
(*chairperson of the committee*)
Mr. Dai Yiyi
Mr. Lau Kin Hon
(appointed on 19 March 2013)

NOMINATION COMMITTEE

Mr. Dai Yiyi (*chairperson of the committee*)
Mr. Qu Wenzhou
Mr. Lau Kin Hon
(appointed on 19 March 2013)

REMUNERATION COMMITTEE

Mr. Qu Wenzhou
(*chairperson of the committee*)
Mr. Dai Yiyi
Mr. Chi Miao
Mr. Lau Kin Hon
(appointed on 19 March 2013)

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

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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

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE**

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
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
2402, Admiralty Centre 1
18 Harcourt Road, Hong Kong

Financial Highlights

Unaudited For the six months ended 30 June

	2013	2012	Percentage of increase/ (decrease)
Revenue (RMB'million)	2,886.2	852.3	238.6%
Profit attributable to equity holders of the Company (RMB'million)	510.3	593.8	(14.1%)
Net profit attributable to equity holders of the Company from our core business excluding fair value gains on investment properties and derivative financial instruments (RMB'million)	324.9	2.1	155.3 times
Basic earnings per share (RMB cents)	8.4	9.8	(14.3%)
Diluted earnings per share (RMB cents)	7.0	3.4	105.9%
Interim dividend per share (HK cents)	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 2013 together with comparative amounts for the corresponding period in 2012.

RESULTS

The unaudited consolidated revenue of the Group increased by 238.6% to approximately RMB2,886.2 million for the six months ended 30 June 2013 (corresponding period in 2012: approximately RMB852.3 million). The increase was attributable to more residential properties in Xiamen, Nanjing, Wuxi and Zhangzhou delivered. During the period under review, the unaudited consolidated profit attributable to equity holders of the Company was approximately RMB510.3 million, representing a decrease of 14.1% from the corresponding period in 2012. The unaudited basic and diluted earnings per share was RMB8.4 cents and RMB7.0 cents respectively for the six months ended 30 June 2013, representing a decrease of 14.3% and an increase of 105.9% respectively compared to the corresponding period in 2012.

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2013.

INDUSTRY REVIEW

In the first half of 2013, the global economy was bundled with certain market volatility featured by the prevailed worry in debt crisis among Euro zone and concern in the shrinkage of US bond purchase. Domestically, the issue of credit crunch as a result of tightening interbank liquidity in the PRC, coupled with sluggish growth of national GDP further to 7.6% in the second quarter of 2013, has imposed pressure on the growth of economy and property market in the PRC.

Despite such adverse condition and the strengthened austerity controls this year, the property price and sales volume in the major cities continued to rise and new heights of land price recorded. Developers become more competitive in land acquisition and industry consolidation speeded up. The property market with strong demand in housing will continue to be one of the major engines driving the national economy growth in the future. Developers have to diversify different income flow from a more balanced product mix in order to fulfill different needs in the market and meanwhile, seek for sufficient liquidity and capital in order to tap the opportunities ahead.

BUSINESS REVIEW

Sales and Earnings

The sales for the six months ended 30 June 2013 was approximately RMB2,886.2 million (corresponding period in 2012: approximately RMB852.3 million), representing an increase of 238.6%.

The gross profit for the six months ended 30 June 2013 was approximately RMB1,053.5 million, (corresponding period in 2012: approximately RMB398.8 million), representing an increase of 164.2%. The reason for the increase was mainly due to the increase in the gross

Management Discussion and Analysis

floor area (“**GFA**”) delivered during the first half of 2013 whereby the GFA sold and delivered in the six months ended 30 June 2013 was 304,004 sq.m., representing an increase of 192.0%, from 104,096 sq.m. for the corresponding period in 2012.

The average sales price (“**ASP**”) per sq.m. achieved by the Group in respect of the sales recognised for the six months ended 30 June 2013 was RMB8,955.7, representing an increase of 27.9% from the ASP per sq.m. of RMB7,000.1 for the corresponding period in 2012. The primary reason for the increase was due to more residential properties delivered in Xiamen Mingfa Xiang Wan Peninsula which had higher ASP.

The unaudited consolidated profit attributable to the equity holders of the Company for the six months ended 30 June 2013 was approximately RMB510.3 million (corresponding period in 2012: approximately RMB593.8 million), representing a decrease of 14.1% from the corresponding period in 2012. The decrease was mainly due to the decrease in fair value gains in derivative financial instruments for the six months ended 30 June 2013.

If the after-tax fair value gains of RMB167.2 million on investment properties and the after-tax fair value gains of RMB18.2 million on derivative financial instruments were excluded, the resulting amount representing primarily the unaudited consolidated profit from the core business of the Group attributable to equity holders of the Company for the six months ended 30 June 2013 would be approximately RMB324.9 million which is 155.3 times as compared to the corresponding period in 2012.

Segment Information

Turnover generated from various sectors are analyzed as follows:

For the six months ended	Commercial	Residential	Properties	Hotel	Total
	Properties	Properties	Investment and Management		
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
30 June 2013	647.5	2,075.1	130.0	33.6	2,886.2
30 June 2012	311.2	417.5	101.5	22.1	852.3

The increase in turnover generated from commercial properties sector was mainly due to the increase in GFA delivered for the first half of 2013.

The turnover generated from residential properties sector increased by 397.0% to RMB2.1 billion in the first half of 2013 as compared to the corresponding period in 2012. Such increase was due to more GFA delivered as compared to the corresponding period in 2012.

Management Discussion and Analysis

Pre-sold Properties

As at 30 June 2013, the Group has pre-sold properties to the buyers with an aggregate GFA of 612,858 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	Project	Group's Interest	Attributable
			Pre-sold GFA (sq.m.)
Hefei	Hefei Mingfa Shopping Mall	100%	41,641
Honglai	Honglai Mingfa Commercial Centre	100%	3,112
Huai'an	Huai'an Mingfa Shopping Mall	100%	59,287
Nanjing	Nanjing Mingfa City Square	100%	10,690
Nanjing	Nanjing Mingfa Pearl Spring Resort	100%	162
Nanjing	Nanjing Mingfa Riverside New Town	100%	24,331
Nanjing	Nanjing Mingfa Shopping Mall	100%	883
Shenyang	Shenyang Mingfa Jinxiuhwa City	100%	64,233
Taizhou	Taizhou Mingfa City Complex	100%	31,594
Wuxi	Wuxi Mingfa International New Town	100%	18,720
Wuxi	Wuxi Mingfa Shopping Mall	70%	3,595
Xiamen	Xiamen Mingfa Harbour Resort	100%	1,885
Xiamen	Xiamen Mingfa Shopping Mall	70%	11,272
Xiamen	Xiamen Mingfa Xiang Wan Peninsula	100%	90,609
Yangzhou	Yangzhou Mingfa Jiangwan City	100%	35,061
Yangzhou	Yangzhou Mingfa Shopping Mall	100%	2,144
Zhangzhou	Zhangzhou Mingfa Shopping Mall	100%	158,534
Zhenjiang	Zhenjiang Jinxiu Yishan	100%	55,105
			612,858

Management Discussion and Analysis

Summary of Land Bank

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

Property	Location	Actual/ Estimated	Type of Property	Status	Site Area (sq.m.) (Note 3)	Approximate	Group's Interest	Attributable
		Completion Date				Leasable and Saleable GFA (sq.m.) (Note 4)		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	488	100%	488
Xiamen Mingfa Noble Place	Located at Jiangtou Residential, Huli District, Xiamen, Fujian Province	Dec/2004	Residential/ Commercial/ Office	Completed	5,529	2,111	100%	2,111
Xiamen Mingfa Garden	Located at Huanhuli South, Ivling Road, Siming District, Xiamen, Fujian Province	Apr/2005	Residential/ Commercial	Completed	18,697	15,607	100%	15,607
Xiamen Jianqun Elegant Garden	Located at Qianpu Lianqian East Road North, Huli District, Xiamen, Fujian Province	Apr/2005	Residential/Office	Completed	10,257	1,707	100%	1,707
Xiamen Mingfa International New Town	Located at Qianpu Lianqian Road South, Siming District, Xiamen, Fujian Province	Feb/2002	Residential/ Commercial/ Office	Completed	26,016	20,175	100%	20,175
Xiamen Mingfa Shopping Mall	Located at the northwest of Jiaye Road and Lianqian Road, Siming District, Xiamen, Fujian Province	Oct/2007	Commercial/ Office/Hotel	Completed	166,775	37,336	70%	26,135
Xiamen Mingfa Town	Located at Ivling Road, Siming Industrial Park, Siming District, Xiamen, Fujian Province	Jan/2008	Residential/ Commercial	Completed	12,879	15,397	100%	15,397
Xiamen Mingli Garden	Located at Qianpu Keque Road, Siming District, Xiamen, Fujian Province	Jan/2008	Residential	Completed	17,356	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

Management Discussion and Analysis

Property	Location	Actual/ Estimated	Type of Property	Status	Approximate		Group's Interest	Attributable GFA
		Completion Date			Leasable and Saleable GFA	Site Area		
					(sq.m.) (Note 3)	(sq.m.) (Note 4)		(sq.m.)
Nanjing Mingfa Riverside New Town	Located in Taishan Village, Pukou District, Nanjing, Jiangsu Province	Nov/2009	Residential/ Commercial	Completed	1,072,182	177,787	100%	177,787
Nanjing Mingfa Shopping Mall	Located at the intersection of Dingqiang Road and Yulan Road in Yuhuatai District, Nanjing, Jiangsu Province	Dec/2010	Commercial/ Office/Hotel	Completed	182,588	112,313	100%	112,313
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	438,274	70%	306,792
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	268,810	100%	268,810
Yangzhou Mingfa Shopping Mall	Located at south of Yunhe Road and west of Baolin Road, Guangling District, Yangzhou, Jiangsu Province	Dec/2011	Residential/ Commercial/ Hotel	Completed	145,267	236,428	100%	236,428
Nanjing Mingfa City Square	Located at Dingshan Road, Pukou District, Nanjing, Jiangsu Province	Dec/2012	Residential/ Commercial/ Office	Completed	128,683	129,035	100%	129,035
Honglai Mingfa Commercial Centre	Located at Longlai District, Nanan, Fujian Province	Jun/2012	Residential/ Commercial	Completed	27,065	22,852	100%	22,852
Xiamen Mingfa Xiang Wan Peninsula	Located at east part of Xiang'an Road, Xiang'an, Xiamen, Fujian Province	Dec/2012	Residential/ Commercial	Completed	104,380	142,537	100%	142,537
Sub-total					2,442,235	1,651,867		1,509,184

Management Discussion and Analysis

Property	Location	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.)
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 seaway strip of Huli District, Xiamen, Fujian Province	Dec2013	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	Dec2013	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	421,750	100%	421,750
Zhenjiang Jinxiu Yinshan	Located in the centre of Zhenjiang City, Jiangsu Province	Dec2015	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 2015	296,702	372,435	100%	372,435
Huai'an Mingfa Shopping Mall (Block A)	Located at Shenzhen South Road, Huai'an, Jiangsu Province	Dec2014	Commercial	Approximately 30% 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	Dec2013	Residential	Approximately 90% of construction has been completed	51,345	154,035	100%	154,035
Shenyang Mingfa Jinxiu Hua City	Located in Shenbei Xinqu Daoyi Development Zone, Shenyang Liaoning Province	Dec2014	Residential/ Commercial	Approximately 40% 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	Dec2014	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	408,430	100%	408,430

Management Discussion and Analysis

Property	Location	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.)
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 40% 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 30% of construction has been completed	276,120	698,507	50%	349,254
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 20% 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/2015	Residential/ Commercial	Approximately 30% 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/2014	Industrial	Approximately 20% of construction has been completed	547,215	827,762	100%	827,762
Beijing Mingfa Mall	Located in Beizang Village, Daxing District, Beijing	Dec/2015	Residential/ Commercial	Approximately 20% of construction has been completed	45,414	127,159	100%	127,159
Sub-total					2,434,854	4,974,823		4,625,570

Management Discussion and Analysis

Property	Location	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 with land use rights certificate for future development								
New project 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
New property in Lanzhou	Located in Weijia Village of Southwest, Gansu Province	Dec/2014	Residential/ Commercial	Vacant	1,371,786	1,371,786	51%	699,611
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
Sub-total					1,799,334	2,311,399		1,497,593

Management Discussion and Analysis

Property	Location	Actual/Estimated		Status	Site Area (sq.m.) (Note 3)	Approximate	Group's Interest	Attributable
		Completion Date	Type of Property			Leasable and Saleable GFA (sq.m.) (Note 4)		GFA (sq.m.)
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, Shenyang Liaoning Province	Dec/2014	Residential/ Commercial	Vacant	154,024	462,072	100%	462,072
Tianjin Mingfa City Complex	Located in Tanggu Marine Hi-Tech Development Zone, Tianjin	Dec/2014	Commercial	Vacant	209,048	418,096	100%	418,096
Hong Six highway rebuilding project	Located in Xixia Village, Honglai Town, Nanan, Fujian Province	Dec/2015	Residential/ Commercial	Vacant	22,784	92,298	100%	92,298
Nanjing Mingfa Tongda Information Port	Located in west of Software Park, Gaoxin District, Nanjing, Jiangsu Province	Dec/2015	Office	Vacant	11,244	67,465	90%	60,719
Nanjing Mingfa Headquarters Commercial Building	Located in New Town Business Avenue North, Pukou District, Nanjing, Jiangsu Province	Jun/2016	Residential/ Commercial	Vacant	56,694	368,511	100%	368,511
Changsha Wangcheng District Binshui New Town Commercial Centre Project	Located in Star Cheng Town, Wangcheng County, Changsha, Hunan Province	Dec/2016	Residential/ Commercial	Vacant	285,594	999,579	100%	999,579
Sub-total					759,297	2,511,942		2,505,196
Total land bank					7,435,720	11,450,031		10,137,543

Management Discussion and Analysis

Notes:

1. Completed properties refer to the properties in respect of which (a) the certificates of completion, (b) the permits for commencement of construction works, and (c) the land use rights certificates have been obtained as at 30 June 2013.
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 2013.
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 summarizes the details of the Group's major properties held for investment:

Property	Location	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%

Management Discussion and Analysis

Property	Location	Existing Usage	Attributable GFA (sq.m.)	Term of Leases with Tenants	Percentage of Interest in the Properties Attributable to the Group
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, Xinqu 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	234,481	10 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	133,484	15–20 years	100%
Quanzhou Mingfa Hotel	Located in Licheng District, Jiangnan Torch Village, Quanzhou, Fujian Province	Hotel	13,707	5 years	100%
Yangzhou Mingfa Shopping Mall	Located at the south of Yunhe Road East and west of Baolin Road, Guangling District, Yangzhou, Jiangsu Province	Commercial	37,362	15 years	100%
			891,582		

Management Discussion and Analysis

ACQUISITION FRAMEWORK AGREEMENTS

As at 30 June 2013, the Group had entered into 15 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. 13 MOUs were signed in or before 2012 while 2 MOUs were signed in 2013. 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.)	Note
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	
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)

Management Discussion and Analysis

Project Name	Location	Date of MOU	Site Area (sq.m.)	GFA (sq.m.)	Note
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	
Nanjing Software Park Starting Area Project (南京軟件園啟動區項目)	Nanjing City, Jiangsu Province	14-Jan-12	220,001	800,000	(6)
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 Centre 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	
Nanjing Mingfa Headquarters Commercial Building (南京明發總部商業大廈)	Nanjing City, Jiangsu Province	5-Dec-12	56,667	360,000	
Shandong Zibo World Trade Centre Project (山東淄博世界貿易中心項目)	Zibo City, Shandong Province	8-Apr-13	300,002	990,005	
Anhui Hexian Wujiang New Town (安徽和縣明發烏江新城)	Maanshan City, Anhui Province	28-Apr-13	2,000,010	7,000,035	
Total			9,715,219	24,851,484	

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, 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.
- (2) 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.

Management Discussion and Analysis

- (3) The Group had acquired two plots 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.
- (4) 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 in Taizhou and the other is located at east of Diaodong Zhonggou and south of Huangang Avenue in Taizhou. Total land area and GFA is approximately 292,487 sq.m. and approximately 731,300 sq.m. respectively.
- (5) The Group had acquired three plots of land under the MOU signed on 9 March 2011 which are located 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.
- (6) The Group had acquired one plot of land under the MOU signed on 6 December 2012. The land is located in Software Park of West, Gaoxin District, Nanjing, Jiangsu Province. Total land area and GFA is approximately 11,244 sq.m. and approximately 67,465 sq.m. respectively.

Save as disclosed in this report, there has been no material change in respect of the business of the Group since the publication of the latest annual report of the Company.

PROSPECTS AND OUTLOOK

With a prudent and diversified approach, the Group has successfully developed a balanced property portfolio which not only minimizes external business risk, but also enhances mixed land use. As at 30 June 2013, residential properties and commercial properties accounted for 47.0% and 36.8% of the Group's total attributable GFA respectively. Rental income and property management fee from commercial sector has increased by 28.0% to RMB130.0 million as compared to the corresponding period in 2012. The Group, as practice, allocates 30%–50% of shops in shopping malls as investment properties. The Group is adhered to developing balanced proportion of residential, commercial, property investment and management, as well as hotel sector for stable and diversified recurring income stream under economic and political uncertainties.

The Group's products have earned recognition in the market. Sales revenue increased by 238.6% in the first half of 2013 as compared to the corresponding period in 2012. The Group is also expecting more than 20 projects adding impetus to the Group's revenue in the remaining half of 2013 and will carry on exerting greater efforts to increase the sales revenue.

The Group has achieved contracted sales of RMB2.55 billion for the six months ended 30 June 2013 as compared to RMB1.51 billion for the corresponding period in 2012. ASP for the contracted sales has increased 7.4% to RMB7,330.0 per sq.m. in the first half of 2013 as compared to the corresponding period in 2012.

Management Discussion and Analysis

The Group's adequate and of good quality land bank enables its substantial development in the long run. Nevertheless, the Group will seize every opportunity to acquire suitable land parcel to enrich its land reserve. By signing 2 new MOUs in the first half of 2013, the Group has engaged in a closer co-operation with the PRC governmental authorities underlining both parties' intention to develop particular land parcel. The Group has executed low cost strategy for land acquisition since its establishment and will continue to stick to such policy in the future for margin maximization.

Maintaining a sound leverage profile to strengthen the Group's financial capabilities has always been one of the Group's core objectives. Apart from generating sales proceeds, the Group diversifies different financing channels and evaluates every fund raising opportunity prudently in accordance to the Group's strategy and market conditions.

In February 2013, the Group has successfully issued senior notes with principal amount of US\$100 million at 13.25% coupon rate due 2018 with the aim to refinance the Group's indebtedness and for general corporate purposes. The notes received extensive support from local and international investors, with the investment grade rating B- issued by Standard & Poor's, thus the Group's creditability was further acknowledged.

In June 2013, the Company has redeemed the principal amount of HK\$1,379 million convertible bonds due 2016 issued in May 2011 by using internal resources and bank loans. After the redemption, an aggregate principal amount of HK\$11.0 million of the bonds remains outstanding. These multiple financing platforms laid a solid foundation for the Group's future financing and liquidity, as well as enabled the Group to maintain reasonable gearing ratio at competitive borrowing cost.

Going into the second half of 2013, despite the new round of austerity controls on property speculation and investment were launched earlier this year, property market in the PRC remains one of the primary forces for the economy growth and is believed to develop more steadily in an orderly manner as well as more mature in the long run, supported by strong inelastic demand in housing and escalating urbanization promoted by the PRC government. On the other hand, such policies will gradually eliminate fragile developers in the process of consolidation and create a more competitive and fierce environment. Nonetheless, the Group will stay the course to leverage its competitive edges and remarkable brand name by developing efficient and replicable business models with integrated mixed-use complexes and large-scale mixed-use residential properties. Riding on the Group's well established foothold in Western Straits Economic Zone and Yangtze River Delta, it will carry on radiating and expanding to other regions for a more comprehensive and extensive blueprint. The Group remains positive in respect of its operation and financial status and will adjust its strategy in line with market changes and cyclicity in a timely fashion for capital maximization.

Additional Information Required by the Listing Rules

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

As at 30 June 2013, the total issued share capital of the Company was 6,093,451,026 ordinary shares.

As at 30 June 2013, 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>	4,198,585,000 shares (L) 887,915,000 shares (S)	68.90% 14.57%

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 4,198,585,000 shares and 887,915,000 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 2013, 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 2013, the total issued share capital of the Company was 6,093,451,026 ordinary shares.

As at 30 June 2013, 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 <small>(Note 1)</small>	Approximate Percentage of Interest in the Company
Ms. Chen Bihua <small>(Note 2)</small>	Interest of spouse	4,198,585,000 shares (L) 887,915,000 shares (S)	68.90% 14.57%
Warburg Pincus & Co. <small>(Note 3)</small>	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) <small>(Note 4)</small>	Interest of a controlled corporation	587,915,000 shares (L)	9.65%
Central Huijin Investment Ltd <small>(Note 4)</small>	Interest of a controlled corporation	587,915,000 shares (L)	9.65%

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. Both Mr. Wong Wun Ming and Ms. Chen Bihua, our controlling Shareholders, have pledged (1) an aggregate of 587,915,000 shares registered in the name of Galaxy Earnest Limited, which represents approximately 9.65% of the total issued share capital of the Company, to three note holders (namely, Cinda International Holdings Limited, Golden Key L.P. and Chance Talent Management Limited) pursuant to a note purchase agreement signed in May 2012; and (2) an aggregate of 300,000,000 shares registered in the name of Galaxy Earnest Limited, which represents approximately 4.92% of the total issued share capital of the Company, to Haitong International Finance Company Limited pursuant to a facility agreement signed in May 2013.

Additional Information Required by the Listing Rules

- (3) Warburg Pincus & Co. is indirectly interested in convertible bonds and warrants to subscribe for 535,027,586 and 88,966,743 of the Company's shares respectively, and is deemed to be interested in the underlying shares issuable upon conversion.
- (4) 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 the 587,915,000 shares in which Cinda International Securities Limited held as security agent for the three note holders (namely, Cinda International Holdings Limited, Golden Key L.P. and Chance Talent Management Limited) pursuant to a share charge executed by Galaxy Earnest Limited in favour of Cinda International Securities Limited.

Save as disclosed above, as at 30 June 2013, 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 2013, no option has been granted under the Share Option Scheme.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2013, the Group employed 2,319 staff (31 December 2012: 2,158 staff). The increase in staff was mainly due to more staff was recruited for new project companies. For the six months ended 30 June 2013, the unaudited total staff costs of the Group including directors' emoluments were approximately RMB87.8 million (corresponding period in 2012: approximately RMB61.7 million), representing an increase of 42.3%. The increase was due to the increase in number of staff during the period under review, and annual salary increment for 2013. 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.

Additional Information Required by the Listing Rules

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 2013, the Group had aggregate cash and cash equivalents (excluding restricted cash) of approximately RMB602.1 million (31 December 2012: approximately RMB680.1 million).

The current ratio as at 30 June 2013 was 1.17 (31 December 2012: 1.10).

As at 30 June 2013, the borrowings of the Group repayable within one year and after one year were approximately RMB5,461.4 million and RMB2,176.6 million respectively (31 December 2012: approximately RMB5,647.3 million and RMB1,540.6 million respectively).

The unaudited consolidated interest expenses including the capitalized finance costs for the six months ended 30 June 2013 amounted to approximately RMB438.1 million (corresponding period in 2012: approximately RMB338.0 million) in total. In addition, for the six months ended 30 June 2013, interests with an unaudited amount of approximately RMB308.5 million (corresponding period in 2012: approximately RMB250.1 million) were capitalized. Interest cover (including amount of interests capitalized) was 2.5 times (corresponding period in 2012: 2.6 times).

As at 30 June 2013, the ratio of total liabilities to total assets of the Group was 68.9% (31 December 2012: 69.5%).

As at 30 June 2013, the ratio of borrowings to shareholders' funds of the Group was 81.5% (31 December 2012: 81.0%). As at 30 June 2013, the ratio of non-current borrowings to total assets was 6.5% (31 December 2012: 4.8%).

As at 30 June 2013, the gearing ratio of the Group (defined as net debt divided by the sum of shareholders' funds and net debt) was 40.9% (31 December 2012: 40.9%).

CAPITAL COMMITMENTS

As at 30 June 2013, the contracted capital commitments of the Group were approximately RMB5,217.7 million (31 December 2012: approximately RMB4,270.1 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 2013, the contingent liabilities of the Group was approximately RMB3,453.0 million (31 December 2012: approximately RMB3,080.5 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 the completion of transfer of property title by the Group to buyers.

PLEDGE OF ASSETS

As at 30 June 2013, investment properties of the Group with net book value of approximately RMB3,778.5 million (31 December 2012: approximately RMB3,844.4 million), buildings of approximately RMB107.7 million (31 December 2012: approximately RMB110.8 million), land use rights of approximately RMB2,784.9 million (31 December 2012: approximately RMB1,774.5 million), completed properties held for sales of approximately RMB2,917.2 million (31 December 2012: approximately RMB2,322.7 million), and restricted bank deposits of approximately RMB975.3 million (31 December 2012: approximately RMB458.4 million) were pledged primarily to secure the banking facilities of the Group.

FOREIGN EXCHANGE RISK

As at 30 June 2013, 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 96.1%, 0.6% and 3.3% (As at 31 December 2012, Renminbi, Hong Kong dollars and US dollars accounted for 97.9%, 1.4% and 0.7% respectively of the total bank balances of the Group). The bank loans and other borrowings maintained by the Group were denominated in Renminbi, Hong Kong dollars and US dollars in the respective proportions of 61.0% and 30.7% and 8.3% (As at 31 December 2012, Renminbi and Hong Kong dollars accounted for 63.1% and 36.9% respectively of the total bank loans and other borrowings of the Group).

Additional Information Required by the Listing Rules

As the sales and purchases of the Group for the six months ended 30 June 2013 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 the Hong Kong dollars and US dollars bank balances into Renminbi as and when required to minimize any foreign exchange risk. The Group did not adopt any foreign exchange hedging instruments to hedge against foreign exchange risk for the six months ended 30 June 2013, and the Group believes that the foreign exchange risk exposed by the Group was relatively minimal.

INTEREST RATE RISK

As at 30 June 2013, the majority of the bank borrowings of the Group were floating rate borrowings and were denominated in Renminbi, Hong Kong dollars or US dollars, whereby any upward fluctuations in interest rates will increase the interest costs of the Group in connection with such loans or any new loans obtained by the Group calculated on a floating interest rate basis. The Group currently does not use any derivative instruments to hedge against its interest rate risk.

CREDIT POLICIES

The Group has policies in place to ensure that sales of properties are made to purchasers with an appropriate financial strength and appropriate percentage of down payment. Credit is normally granted to anchor tenants with sufficient financial strength. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Other receivables mainly comprise deposits made to government agencies for property development purposes which are to be recovered upon completion of the development, and advances to business partners for business cooperations. The Group closely monitor these deposits and advances to ensure actions are taken to recover these balances in the case of any risk of default.

MATERIAL LITIGATION AND ARBITRATION

Dispute Relating to Yangcheng Lake Project

Appeal submitted by Suzhou Yangchenghu Huaqing Real Estate Company Limited on 20 July 2012 was rejected by the Senior People's Court of Jiangsu Province as at 11 September 2012, original judgment was maintained and liquidation was conducted basing on it. Hong Kong Mingfa Hua Qing Investment Holdings Limited applied to the Senior People's Court of Jiangsu Province for compulsory execution of Suzhou Yitong Real Estate Development Co., Ltd, Beijing Chengxin Mechanics and Electricity Company Limited on 11 March 2013. The above mentioned liquidation and execution cases are undergoing the trial of People's Court of Suzhou Industry Park. As at the date of this report, no judgment for the appeal was made by People's Court of Suzhou Industry Park.

Additional Information Required by the Listing Rules

Details of the dispute have been set out in the 2009, 2010, 2011 and 2012 annual reports and in the 2010, 2012 interim reports of the Company.

Dispute Relating to Powerlong Group Development Co., Ltd (“Powerlong”)

As at 15 November 2012, the Group signed an agreement with Powerlong to transfer them certain shops in Xiamen Mingfa Shopping Mall for GFA of 56,517.26 sq.m. Such transfer had been substantially completed and registered on 7 December 2012.

Details of the dispute have been set out in the 2010, 2011 and 2012 annual reports and the 2009, 2010, 2011 and 2012 interim reports of the Company.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES

The Group had no material acquisition or disposal of subsidiaries during the six months ended 30 June 2013.

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 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2013, the Company had purchased certain 2016 Bonds by way of an over-the-counter purchase in an aggregate principal amount of HK\$70,000,000 on 6 February 2013, and the Company had also redeemed certain 2016 Bonds in an aggregate principal amount of HK\$1,379,000,000 on the put option date (i.e. 24 June 2013). Save for abovementioned, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

CONVERTIBLE BONDS

Reference is made to the announcements of the Company dated 8 February 2013 and 28 June 2013, the Company purchased and redeemed certain 2016 Bonds and as at the date of this report, an aggregate principal amount of HK\$11,000,000 of the 2016 Bonds remains outstanding.

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

Additional Information Required by the Listing Rules

SENIOR NOTES

Reference is made to the announcements of the Company dated 24 January 2013, 25 January 2013 and 1 February 2013, the Company issued senior notes due 2018 in an aggregate principal amount of US\$100,000,000, bearing interest rate at 13.25% per annum by way of debt issue to professional investors, as described in the offering circular dated 25 January 2013 and the senior notes was listed on Hong Kong Stock Exchange (stock code: 5901).

Details of the senior notes issued by the Company are set out in Note 16(c) to the condensed consolidated interim financial statements.

SUBSEQUENT EVENTS

There was no matter between the balance sheet date (i.e. 30 June 2013) and the date of this report that would cause material impact to 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 2013.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2013, 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 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 CG Code, one independent non-executive director of the Company were unable to attend the annual general meeting of the Company held on 31 May 2013 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

Additional Information Required by the Listing Rules

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.

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. Dai Yiyi and Mr. Lau Kin Hon. 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 2013.

On behalf of the Board

Wong Wun Ming

Chairman

26 August 2013

Condensed Consolidated Balance Sheet

As at 30 June 2013

	Note	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	510,885	519,046
Investment properties	6	8,355,001	7,952,701
Land use rights	6	39,775	37,191
Intangible assets	6	7,180	7,184
Associated companies	8	217,960	170,749
Joint ventures		266,443	218,459
Deferred income tax assets		454,296	427,308
Available-for-sale financial assets	10	20,000	—
Other receivables	11	13,341	12,961
Other non-current assets	7	3,281,470	3,640,277
		13,166,351	12,985,876
Current assets			
Land use rights	6	5,107,893	4,736,660
Properties under development		4,891,969	3,926,069
Completed properties held for sale		6,486,928	7,323,116
Inventories		9,062	9,724
Trade and other receivables and prepayments	11	1,065,422	1,159,414
Prepaid income taxes		226,295	163,281
Amounts due from related parties	12	39,455	17,968
Amounts due from non-controlling interests	13	768,810	853,500
Restricted cash	14	975,346	458,404
Cash and cash equivalents		602,090	680,079
		20,173,270	19,328,215
Total assets		33,339,621	32,314,091

The notes on page 36 to 80 are an integral part of these financial statements.

Condensed Consolidated Balance Sheet (continued)

As at 30 June 2013

	Note	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	15	536,281	536,281
Reserves		8,833,164	8,332,506
		9,369,445	8,868,787
Non-controlling interests in equity		984,600	972,158
Total equity		10,354,045	9,840,945
LIABILITIES			
Non-current liabilities			
Deferred government grants		1,697,495	1,666,423
Borrowings	16	2,176,595	1,540,560
Deferred income tax liabilities		1,815,122	1,753,811
		5,689,212	4,960,794
Current liabilities			
Trade and other payables	19	6,515,190	6,839,950
Advanced proceeds received from customers		2,993,706	2,657,573
Amounts due to related parties	20	166,842	130,549
Amounts due to non-controlling interests	13	103,833	96,374
Income tax payable		1,924,172	1,815,331
Borrowings	16	5,461,391	5,647,275
Derivative financial instruments	18	116,930	310,283
Provision for other liabilities and charges	21	14,300	15,017
		17,296,364	17,512,352
Total liabilities		22,985,576	22,473,146
Total equity and liabilities		33,339,621	32,314,091
Net current assets		2,876,906	1,815,863
Total assets less current liabilities		16,043,257	14,801,739

The notes on page 36 to 80 are an integral part of these financial statements.

Condensed Consolidated Income Statement

For the six months ended 30 June 2013

		Unaudited Six months ended 30 June	
		2013 RMB'000	2012 RMB'000
	Note		
Revenues	5	2,886,152	852,337
Cost of sales	23	(1,832,639)	(453,509)
Gross profit		1,053,513	398,828
Fair value gains on investment properties		222,897	291,459
Fair value gains on derivative financial instruments		18,231	373,097
Other gains	22	58,563	2,268
Selling and marketing costs	23	(95,594)	(53,120)
Administrative expenses	23	(156,265)	(120,811)
Other operating expenses	23	(25,092)	(17,272)
Operating profit		1,076,253	874,449
Finance income	24	9,758	7,250
Finance costs	24	(129,653)	(87,921)
Finance costs — net	24	(119,895)	(80,671)
Share of results of			
— Associated companies	8	(3,729)	(3,373)
— Joint ventures		(2,016)	(1,564)
		(5,745)	(4,937)
Profit before income tax		950,613	788,841
Income tax expense	25	(449,492)	(198,486)
Profit for the period		501,121	590,355
Attributable to:			
Equity holders of the Company		510,278	593,770
Non-controlling interests		(9,157)	(3,415)
		501,121	590,355
Earnings per share for profit attributable to equity holders of the Company			
(RMB cents)			
— Basic	27	8.4	9.8
— Diluted	27	7.0	3.4
Dividend	26	—	—

The notes on page 36 to 80 are an integral part of these financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Profit for the period	501,121	590,355
Other comprehensive loss		
— Currency translation differences	(9,620)	(1,504)
Total comprehensive income for the period	491,501	588,851
Attributable to		
Equity holders of the Company	500,658	592,266
Non-controlling interests	(9,157)	(3,415)
	491,501	588,851

The notes on page 36 to 80 are an integral part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Unaudited				
	Capital and reserves attributable to equity holders of the Company			Non- controlling interests	Total
	Share capital RMB'000	Reserves RMB'000	RMB'000		
Balance at 1 January 2013	536,281	8,332,506	972,158	9,840,945	
Comprehensive income/(loss)					
Profit for the period	—	510,278	(9,157)	501,121	
Other comprehensive loss					
— Currency translation differences	—	(9,620)	—	(9,620)	
Total comprehensive income for the period	—	500,658	(9,157)	491,501	
Transactions with owners					
Capital injection to subsidiaries by non-controlling interests	—	—	21,599	21,599	
Balance at 30 June 2013	536,281	8,833,164	984,600	10,354,045	
Balance at 1 January 2012	533,843	6,471,880	264,106	7,269,829	
Comprehensive income/(loss)					
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	
Transactions with owners					
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)	
	2,438	(170,179)	—	(167,741)	
Balance at 30 June 2012	536,281	6,893,967	260,691	7,690,939	
Comprehensive income/(loss)					
Profit for the period	—	1,170,975	(2,042)	1,168,933	
Other comprehensive loss					
— Currency translation differences	—	(6,167)	—	(6,167)	
Total comprehensive income for the period	—	1,164,808	(2,042)	1,162,766	
Transactions with owners					
Capital injection to a subsidiary by non-controlling interests	—	—	1	1	
Acquisition of a subsidiary	—	—	19,110	19,110	
Change in ownership interest in a subsidiary without loss of control	—	273,731	694,398	968,129	
	—	273,731	713,508	987,239	
Balance at 31 December 2012	536,281	8,332,506	972,158	9,840,945	

The notes on page 36 to 80 are an integral part of these financial statements.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2013

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Net cash outflow from operating activities	(65,274)	(135,293)
Net cash outflow from investing activities	(190,529)	(295,176)
Net cash inflow from financing activities	196,523	848,115
(Decrease)/increase in cash and cash equivalents and bank overdrafts	(59,280)	417,646
Cash and cash equivalents and bank overdrafts at 1 January	664,546	497,532
Effect of foreign exchange rate changes	(3,176)	774
Cash and cash equivalents and bank overdrafts at 30 June	602,090	915,952
Bank overdrafts	—	16,023
Cash and cash equivalents at 30 June	602,090	931,975

The notes on page 36 to 80 are an integral part of these financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (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 2013 are prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, 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 2012, 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 for new account item or which is specific for the interim period, 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 2012.

2 ACCOUNTING POLICIES (continued)

(a) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories of financial assets. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Available-for-sale financial assets are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Dividends on available-for-sale financial assets are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established. Fair value adjustments on available-for-sale financial assets are recognised as other comprehensive income and accumulated within equity.

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

New/revised standards and amendments adopted by the Group in 2013

The following new/revised standards and amendments to existing standards are mandatory for the first time for the financial year beginning on 1 January 2013 and are relevant to the Group's operations.

- HKAS 1 (Amendment) "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 July 2012). The main change resulting from the amendment is a requirement for entities to group items presented in 'other comprehensive income'(OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI.
- HKFRS 7 (Amendment) "Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2013). The amendment requires new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

2 ACCOUNTING POLICIES (continued)

New/revised standards and amendments adopted by the Group in 2013 (continued)

- HKFRS 10 “Consolidated Financial Statements” (effective for annual periods beginning on or after 1 January 2013). The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
- HKAS 27 (Revised 2011) “Separate Financial Statements” (effective for annual periods beginning on or after 1 January 2013). The standard includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10.
- HKFRS 11 “Joint Arrangements” (effective for annual periods beginning on or after 1 January 2013). The standard is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
- HKAS 28 (Revised 2011) “Investments in Associates and Joint Ventures” (effective for annual periods beginning on or after 1 January 2013). The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11.
- HKFRS 12 “Disclosure of Interests in Other Entities” (effective for annual periods beginning on or after 1 January 2013). The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

2 ACCOUNTING POLICIES (continued)

New/revised standards and amendments adopted by the Group in 2013 (continued)

- HKFRS 13 “Fair Value Measurement” (effective for annual periods beginning on or after 1 January 2013). The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs or US GAAP.
- HKFRSs 10, 11 and 12 (Amendments) “Transition Guidance” (effective for annual periods beginning on or after 1 January 2013). These amendments provide additional transition relief to HKFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

The adoption of the above new/revised standards and amendments to existing standards in 2013 does not have any significant impact on the Group’s consolidated financial statements. Jointly controlled entities of the Group continue to be equity accounted for and are now called joint ventures. Jointly controlled assets continue to be accounted for on a line-by-line basis based on the Group’s share of the assets, liabilities, revenue and expenses and are now called joint operations.

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 2013.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (Unaudited)

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 2012.

4 FINANCIAL RISK MANAGEMENT

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

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

There have been no changes in the risk management department since the 2012 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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (Unaudited)

4 FINANCIAL RISK MANAGEMENT (continued)

(a) Liquidity risk (continued)

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	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2013					
Borrowings	5,524,093	413,155	1,620,014	146,350	7,703,612
Interest payments on borrowings (note)	481,505	422,231	545,273	49,501	1,498,510
Trade and other payables	6,515,190	—	—	—	6,515,190
Amounts due to related parties	166,842	—	—	—	166,842
Amounts due to non-controlling interests	103,833	—	—	—	103,833
Financial guarantees	3,452,967	—	—	—	3,452,967
	16,244,430	835,386	2,165,287	195,851	19,440,954
As at 31 December 2012					
Borrowings	6,002,667	334,120	1,007,630	198,810	7,543,227
Interest payments on borrowings (note)	433,656	371,012	518,932	77,177	1,400,777
Trade and other payables	6,839,950	—	—	—	6,839,950
Amounts due to related parties	130,549	—	—	—	130,549
Amounts due to non-controlling interests	96,374	—	—	—	96,374
Financial guarantees	3,080,495	—	—	—	3,080,495
	16,583,691	705,132	1,526,562	275,987	19,091,372

Note: The interest payments on borrowings are calculated based on borrowings held as at 30 June 2013 and 31 December 2012 without taking into account future borrowings. Floating-rate interest is estimated using the current interest rate as at 30 June 2013 and 31 December 2012 respectively.

(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).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (Unaudited)

4 FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value estimation (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2013.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Available-for-sale financial assets	—	—	20,000	20,000
Financial liabilities at fair value through profit or loss — derivative financial instruments	—	—	116,930	116,930

The following table presents the Group's liabilities that are measured at fair value at 31 December 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	—	—	310,283	310,283

There is no significant change in the fair value of the available-for-sale financial assets from the investment cost (Note 10). The decrease in the value of the derivative financial instruments is primarily due to repurchase and redemption of convertible bonds and the fair value changes are not significant (Note 18).

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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (Unaudited)

5 REVENUES AND SEGMENT INFORMATION (continued)

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	
	2013 RMB'000	2012 RMB'000
Sale of properties		
— commercial	647,480	311,236
— residential	2,075,082	417,448
	2,722,562	728,684
Hotel operating income	33,636	22,120
Rental income from investment properties	117,444	86,458
Property management fee income	12,510	15,075
	2,886,152	852,337

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2013 (Unaudited)

5 REVENUES AND SEGMENT INFORMATION (continued)

(b) Segment information

The unaudited segment results for the six months ended 30 June 2013 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	647,480	2,075,082	35,727	129,954	—	—	2,888,243
Inter-segment revenues	—	—	(2,091)	—	—	—	(2,091)
Revenues	647,480	2,075,082	33,636	129,954	—	—	2,886,152
Operating profit/(loss)	369,599	405,381	(25,423)	275,525	51,171	—	1,076,253
Finance costs — net							(119,895)
Share of results of associated companies	(515)	(3,214)	—	—	—	—	(3,729)
Share of results of joint ventures	(541)	(1,482)	—	7	—	—	(2,016)
Profit before income tax							950,613
Income tax expense							(449,492)
Profit for the period							501,121
Other segment information							
Capital and property development expenditure	358,020	1,357,195	10,525	49,212	—	—	1,774,952
Depreciation	1,400	6,450	16,282	735	2,247	—	27,114
Amortisation of land use rights as expenses	2,245	451	—	—	—	—	2,696
Fair value gains on investment properties	—	—	—	222,897	—	—	222,897
Fair value gains on derivative financial instruments	—	—	—	—	18,231	—	18,231
Net loss from repurchase and redemption of 2016 Bonds	—	—	—	—	11,442	—	11,442
Impairment of goodwill recognised as expenses	—	4	—	—	—	—	4

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2013 (Unaudited)

5 REVENUES AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

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 joint ventures	(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 2013 (Unaudited)

5 REVENUES AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

The unaudited segment assets and liabilities as at 30 June 2013 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	17,797,262	17,968,133	847,732	8,458,697	7,306,008	(20,203,205)	32,174,627
Associated companies	161,931	56,029	—	—	—	—	217,960
Joint ventures	70,590	193,357	—	2,496	—	—	266,443
	18,029,783	18,217,519	847,732	8,461,193	7,306,008	(20,203,205)	32,659,030
Unallocated:							
Deferred income tax assets							454,296
Prepaid income taxes							226,295
Total assets							33,339,621
Segment liabilities	8,796,780	13,152,806	276,046	588,301	8,880,638	(20,203,205)	11,491,366
Unallocated:							
Deferred income tax liabilities							1,815,122
Borrowings							7,637,986
Derivative financial instruments							116,930
Income tax payable							1,924,172
Total liabilities							22,985,576

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (Unaudited)

5 REVENUES AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

The audited 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
Joint ventures	57,759	158,211	—	2,489	—	—	218,459
	17,035,144	13,987,386	972,394	6,809,602	6,710,930	(13,791,954)	31,723,502
Unallocated:							
Deferred income tax assets							427,308
Prepaid income taxes							163,281
Total assets							32,314,091
Segment liabilities	7,957,016	8,152,591	354,575	708,435	8,025,223	(13,791,954)	11,405,886
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							22,473,146

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2013 (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 2013	519,046	4,773,851	7,952,701	7,184	13,252,782
Additions	19,051	878,631	43,667	—	941,349
Land use rights amortisation capitalised to properties under development	—	(49,979)	—	—	(49,979)
Transfer to investment properties	—	(4,579)	4,579	—	—
Transfer to cost of sales	—	(447,560)	—	—	(447,560)
Transfer from completed properties held for sale	—	—	131,157	—	131,157
Fair value gains	—	—	222,897	—	222,897
Impairment of goodwill recognised as expenses	—	—	—	(4)	(4)
Depreciation/amortisation charged to the consolidated income statement	(27,114)	(2,696)	—	—	(29,810)
Disposals	(98)	—	—	—	(98)
Closing net book amount as at 30 June 2013	510,885	5,147,668	8,355,001	7,180	14,020,734
Representing:					
Non-current		39,775			
Current		5,107,893			
		5,147,668			

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2013 (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 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 2013 (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 July 2012	335,935	4,757,742	7,542,682	7,187	12,643,546
Additions	131,162	411,478	61,941	—	604,581
Acquisition of a subsidiary	1,065	—	—	—	1,065
Land use rights amortisation capitalised to property, plant and equipment	23	(23)	—	—	—
Land use rights amortisation capitalised to properties under development	—	(38,873)	—	—	(38,873)
Transfer to investment properties	—	(679)	679	—	—
Transfer to cost of sales	—	(351,900)	—	—	(351,900)
Transfer from completed properties held for sale	70,336	—	18,602	—	88,938
Fair value gains	—	—	333,170	—	333,170
Impairment of goodwill recognised as expenses	—	—	—	(3)	(3)
Depreciation/amortisation charged to the consolidated income statement	(19,472)	(3,894)	—	—	(23,366)
Disposals	(3)	—	(4,373)	—	(4,376)
Closing net book amount as at					
31 December 2012	519,046	4,773,851	7,952,701	7,184	13,252,782
Representing:					
Non-current		37,191			
Current		4,736,660			
		4,773,851			

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 2013 and 31 December 2012 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 2013 (Unaudited)

7 OTHER NON-CURRENT ASSETS

	30 June 2013 RMB'000	31 December 2012 RMB'000
Prepayments and deposits for land use rights (note (a))	3,145,360	3,513,027
Prepayments for acquisition of subsidiaries (note (b))	43,000	33,000
Unamortised development costs for properties where the use rights had been transferred (note (c))	93,110	94,250
	3,281,470	3,640,277

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 2013.

Pursuant to the equity transfer agreement entered into between the Group and a third party in 2013, the Group agreed to purchase 100% equity interest of a company, established in Xiamen of the PRC, at a cash consideration of approximately RMB95,000,000. The Group paid RMB10,000,000 in 2013 as prepayment and the acquisition has not been completed as at 30 June 2013.

- (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 RMB153,486,000 as at 30 June 2013 (31 December 2012: RMB155,287,000) 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 2013 (Unaudited)

8 ASSOCIATED COMPANIES

	Six months ended 30 June 2013 RMB'000
Opening balance	170,749
Additions <i>(note)</i>	60,560
Share of results	
— Loss for the period	(3,729)
Exchange differences	(9,620)
Ending balance	217,960

Note:

On 6 February 2013, the Group obtained 49% equity interest in Nanjing Software Valley Mingfa Communications Technology Development Co., Ltd. ("Mingfa Tongxin"), an unlisted entity incorporated in the PRC, by injecting cash capital of US\$9,800,000 (equivalent to RMB60,560,000).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (Unaudited)

8 ASSOCIATED COMPANIES (continued)

The Group's share of the results and the aggregated consolidated assets (including goodwill) and liabilities of the associated companies are shown below:

Name of entity	Assets RMB'000	Liabilities RMB'000	Revenue RMB'000	Loss after tax RMB'000	% of interest held
As at and for the six months ended 30 June 2013					
Eagle Rights	65,105	9,087	3,111	(3,214)	33.33
Shimao Ke Rui	277,360	175,975	—	(512)	25.00
Mingfa Tongxin	60,557	—	—	(3)	49.00
	403,022	185,062	3,111	(3,729)	

9 JOINT OPERATIONS

On 8 November 2002, the Group entered into a joint operations 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 arrangement 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 joint operations 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 2013 (Unaudited)

9 JOINT OPERATIONS (continued)

	30 June 2013 RMB'000	31 December 2012 RMB'000
Assets		
Non-current assets	276,038	260,885
Current assets	593,637	620,913
	869,675	881,798
Liabilities		
Non-current liabilities	167,298	164,622
Current liabilities	491,107	501,933
	658,405	666,555
Net assets	211,270	215,243
	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Income	10,274	51,529
Fair value gains on investment properties	—	7,503
Expenses	(14,247)	(28,948)
(Loss)/profit after income tax	(3,973)	30,084
Proportionate interest in joint operations ¹		
— operating lease rentals receivable	477,958	696,199
— financial guarantees	143,191	217,407

9 JOINT OPERATIONS (continued)

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 joint operations. 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.

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 Supplemental 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.

9 JOINT OPERATIONS (continued)

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.

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

The directors were of the view that the Partial Arbitration rulings and the Court's Enforcement Notice would not give rise to any significant financial impact to the Group and therefore no additional provision was considered necessary.

On 15 November 2012, the Group entered into a memorandum with Baolong to effect the title transfer of the allocated properties to Baolong pursuant to the Supplemental Agreement, with Baolong agreed to fully bear the related taxes ("**Memorandum**").

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (Unaudited)

9 JOINT OPERATIONS (continued)

As at 31 December 2012, the title transfer of most of the allocated properties to Baolong had been completed. The proceeds of RMB92,867,000 on the excess areas had also been received from Baolong.

The fair value of the properties allocated to the Group pursuant to the Memorandum had given rise to a gain as compared with the previously reported amounts based on 70% interest of the Group in the project on a portfolio basis. Such a gain has been accounted for as part of and included in the Group's 70% share of the project's fair value gains on investment properties in 2012.

The Group continues to proportionally account for the remaining assets and liabilities of the project and its operating results based on 70% share on a portfolio basis, and the directors consider that such an accounting treatment on the joint operations with Baolong is appropriate although there could be further incidences which 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. 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 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Six months ended 30 June 2013 RMB'000
Opening balance	—
Addition	20,000
Ending balance	20,000
Less: Non-current portion	(20,000)
Current portion	—

Available-for-sale financial assets represented equity investment of 10% in a newly established PRC shareholding limited company engaging in micro-lending businesses and are stated at fair value. There is no significant change in fair value of the financial assets as at 30 June 2013 from the investment cost.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2013 (Unaudited)

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2013 RMB'000	31 December 2012 RMB'000
Trade receivables (<i>note (a)</i>)	274,333	209,054
Less: Provision for impairment of trade receivables	(48,826)	(47,461)
Trade receivables — net	225,507	161,593
Deposits for resettlement costs	755	755
Deposits for land purchases	18,050	79,300
Advances to third parties (<i>note (c)</i>)	208,825	208,825
Receivable in connection with the disposal of a joint venture (<i>note (d)</i>)	204,479	204,479
Other receivables	158,209	134,443
Prepayments for construction costs	86,934	234,184
Prepaid business tax and other levies on pre-sale proceeds	176,004	148,796
Less: Non-current portion of other receivables (<i>note (b)</i>)	1,078,763	1,172,375
	(13,341)	(12,961)
Current portion	1,065,422	1,159,414

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (Unaudited)

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

As at 30 June 2013, the fair values of trade receivables, deposits for resettlement costs and land purchases, 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:

	30 June 2013 RMB'000	31 December 2012 RMB'000
Within 90 days	60,505	60,775
Over 90 days and within 1 year	110,184	90,420
Over 1 year and within 2 years	56,334	13,379
Over 2 years	47,310	44,480
	274,333	209,054

As at 30 June 2013, provision for impairment of trade receivables was approximately RMB48,826,000 (31 December 2012: approximately RMB47,461,000).

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

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2013 (Unaudited)

12 AMOUNTS DUE FROM RELATED PARTIES

	30 June 2013 RMB'000	31 December 2012 RMB'000
Controlled by the Controlling Shareholders		
Growing Group Limited	108	110
Better Luck Group Limited	50	51
Gainday Holdings Limited	50	51
Tin Sun Holdings Limited	50	51
Run Fast International Limited	25	26
Bloom Luck Holdings Limited	29	29
Xiamen Mingfa Property Development Co., Ltd. (廈門市明發物業發展有限公司)	402	257
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”)	708	5,695
Associated companies		
Eagle Rights (鈞濠有限公司)	8,033	6,698
Shimao Ke Rui (長春世茂科瑞置業有限公司)	30,000	5,000
	39,455	17,968

Except for an amount of RMB708,000 due from Nanjing Qianqiuye as at 30 June 2013 (2012: RMB2,695,000), 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 2013 (Unaudited)

13 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.

14 RESTRICTED CASH

There was no cash restricted and deposited in certain banks as security for issuing bank acceptance bills of exchange as at 30 June 2013 (31 December 2012: RMB63,000,000).

There was no cash restricted and deposited in certain banks as security for project construction as at 30 June 2013 (31 December 2012: RMB40,404,000).

As at 30 June 2013, the Group's cash of approximately RMB975,346,000 (31 December 2012: RMB355,000,000) was restricted and deposited in certain banks primarily as security for certain bank borrowings.

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 31 December 2012 and 30 June 2013	0.1	12,000,000,000	1,200,000,000	
Issued and fully paid:				
At 31 December 2012 and at 30 June 2013	0.1	6,093,451,026	609,345,103	536,280,877
At 1 January 2012	0.1	6,063,470,969	606,347,097	533,842,510
Issue of shares in connection with conversion of convertible bonds (note)	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

Note:

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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (Unaudited)

16 BORROWINGS

	30 June 2013 RMB'000	31 December 2012 RMB'000
Borrowings included in non-current liabilities		
Bank borrowings — secured	4,265,825	4,279,559
Convertible bonds (notes (a) and (b))	1,304,380	2,334,982
Senior notes (note (c))	632,904	—
Other borrowings — secured	200,000	200,000
	6,403,109	6,814,541
Less: Amounts due within one year	(4,226,514)	(5,273,981)
	2,176,595	1,540,560
Borrowings included in current liabilities		
Bank overdrafts	—	15,533
Bank borrowings — secured	1,234,877	357,761
Current portion of long-term borrowings	4,226,514	5,273,981
	5,461,391	5,647,275

Movement of borrowings is analysed as follows:

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Opening balance	7,187,835	6,462,427
Additions of bank borrowings	2,140,908	853,150
Repayments of bank borrowings	(1,293,059)	(223,016)
Senior notes	632,904	—
Convertible bonds — liability component	(1,030,602)	42,842
Ending balance	7,637,986	7,135,403

As at 30 June 2013, the Group's certain borrowings of RMB3,588,946,000 (31 December 2012: RMB3,561,503,000) were secured by its land use rights (Note 17), and completed properties held for sale (Note 17).

As at 30 June 2013, the Group's certain borrowings of RMB976,879,000 (31 December 2012: RMB934,273,000) were secured by its buildings (Note 17) and investment properties (Note 17).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (Unaudited)

16 BORROWINGS (continued)

As at 30 June 2013, the Group's certain borrowings of RMB1,134,877,000 (31 December 2012: RMB341,544,000) were secured by part of its restricted cash (*Note 14, Note 17*).

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 bonds. 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 2012	1,266,535
Interest expense (<i>Note 24</i>)	82,796
Coupon paid	(30,898)
Exchange gains	(22,337)
Liability component as at 30 June 2013	1,296,096

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (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 bonds. 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 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 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, were transferred to share capital and share premium as consideration for the shares issued.

On 8 February 2013, the Company repurchased some of the 2016 Bonds with an aggregate principal amount of HK\$70,000,000 by way of over the counter purchase with cash consideration of HK\$76,453,000 (equivalent to RMB61,915,000).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (Unaudited)

16 BORROWINGS (continued)

Notes (continued):

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

On 23 June 2013, the Company paid HK\$1,522,519,000 (equivalent to RMB1,212,763,000) to redeem some of the 2016 Bonds with principal amount of HK\$1,379,000,000 upon the request of the bondholders. After the redemption and as at 30 June 2013, an aggregate principal amount of HK\$11,000,000 of the 2016 Bonds remain outstanding.

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

	RMB'000
Liability component as at 31 December 2012	1,068,447
Interest expense (Note 24)	74,726
Coupon paid	(29,064)
Repurchase of convertible bonds	(52,035)
Redemption of convertible bonds	(1,036,079)
Exchange gains	(17,711)
Liability component as at 30 June 2013	8,284

(c) Senior notes issued on 1 February 2013 ("2018 Notes")

The Company issued US\$100,000,000 senior notes on 1 February 2013 ("February closing date"). The 2018 Notes bear interest at 13.25% per annum, which is payable semi-annually. The 2018 Notes mature in five years from the February closing date.

At any time and from time to time on or after 1 February 2016, the Company may at its option redeem the 2018 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve month period beginning on 1 February of each of the years indicated below:

Period	Redemption price
2016	106.6250%
2017 and thereafter	103.3125%

At any time and from time to time prior to 1 February 2016, the Company may at its option redeem the 2018 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2018 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (Unaudited)

16 BORROWINGS (continued)

Notes (continued):

(c) Senior notes issued on 1 February 2013 ("2018 Notes") (continued)

At any time and from time to time prior to 1 February 2016, the Company may redeem up to 35% of the aggregate principal amount of the 2018 Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 113.25% of the principal amount of the 2018 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2018 Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The 2018 Notes contain a liability component and the above early redemption options:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.
- (ii) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on issue date of the bonds and as at 30 June 2013, and is therefore not recognised.

The 2018 Notes recognised in the consolidated balance sheet is calculated as follows:

	Six months ended 30 June 2013 RMB'000
Opening balance	—
Additions	607,168
Interest expenses (Note 24)	35,329
Exchange gains	(9,593)
Ending balance	632,904

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (Unaudited)

17 PLEDGED ASSETS

	30 June 2013 RMB'000	31 December 2012 RMB'000
Completed properties held for sale	2,917,244	2,322,693
Property, plant and equipment	107,681	110,814
Properties under development	355,889	491,305
Land use rights	2,784,936	1,774,478
Investment properties	3,778,488	3,844,390
Restricted cash	975,346	458,404
	10,919,584	9,002,084

18 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2013 RMB'000	31 December 2012 RMB'000
2015 Bonds — Embedded derivatives (<i>note (a)</i>)	109,118	114,139
2016 Bonds — Embedded derivatives (<i>note (a)</i>)	1,278	190,079
Warrants (<i>note (b)</i>)	6,534	6,065
	116,930	310,283

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\$140,764,000 (equivalent to RMB114,139,000) at 31 December 2012 and HK\$136,989,000 (equivalent to RMB109,118,000) at 30 June 2013 respectively by DTZ Debenham Tie Leung Limited ("DTZ"). The embedded derivatives of the 2016 Bonds issued on 23 May 2011 are valued at HK\$234,420,000 (equivalent to RMB190,079,000) at 31 December 2012 and HK\$1,605,000 (equivalent to RMB1,278,000) at 30 June 2013 by DTZ. The fair value change is made through profit and loss.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (Unaudited)

18 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes (continued):

During the six months ended 30 June 2013, some of the 2016 Bonds with principal amount of HK\$70,000,000 and HK\$1,379,000,000 were repurchased and redeemed by the Company respectively and corresponding embedded derivatives with total carrying amount of HK\$219,563,000 (equivalent to RMB175,122,000) were disposed along with the liability component, resulted in a net loss of RMB11,442,000 to the Group (Note 23).

- (b) The warrants are issued together with the 2015 Bonds on 10 December 2010, which are valued at HK\$7,480,000 (equivalent to RMB6,065,000) at 31 December 2012 and HK\$8,202,000 (equivalent to RMB6,534,000) at 30 June 2013 respectively by DTZ. The fair value change is made through profit and loss.

19 TRADE AND OTHER PAYABLES

	30 June 2013 RMB'000	31 December 2012 RMB'000
Trade payables (note (a))	4,120,486	4,907,965
Other payables (note (b))	2,204,082	1,777,411
Other taxes payable	190,622	154,574
	6,515,190	6,839,950

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (Unaudited)

19 TRADE AND OTHER PAYABLES (continued)

Notes:

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

	30 June 2013 RMB'000	31 December 2012 RMB'000
Within 90 days	3,876,168	4,518,738
Over 90 days and within 1 year	244,318	389,227
	4,120,486	4,907,965

(b) Other payables comprise:

	30 June 2013 RMB'000	31 December 2012 RMB'000
Deposits and advances from constructors	728	816
Deposits received from tenants	35,917	30,256
Advances from third parties (note (i))	1,718,086	1,382,212
Consideration payable on acquisition of a joint venture	50,000	50,000
Consideration payable on acquisition of subsidiaries	87,275	88,818
Payable to a joint operations partner Baolong	116,941	118,686
Miscellaneous	195,135	106,623
	2,204,082	1,777,411

(i) The advances from third parties are non-trade in nature, unsecured, interest-free and have no fixed repayment terms except for advances of RMB82,000,000 (31 December 2012: RMB92,000,000) made from Nanjing Guoding Investment Property Company and HK\$823,000,000 (equivalent to RMB655,561,000) (31 December 2012: HK\$464,000,000, equivalent to RMB376,234,000) 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.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2013 (Unaudited)

20 AMOUNTS DUE TO RELATED PARTIES

	30 June 2013 RMB'000	31 December 2012 RMB'000
Controlling Shareholders Mr. Wong Wun Ming	151,292	1,480
Controlled by the Controlling Shareholders Galaxy Earnest Limited	—	113,519
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	15,550
	166,842	130,549

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

The carrying amounts of amounts due to related parties approximate their fair values.

21 PROVISION FOR OTHER LIABILITIES AND CHARGES

	Six months ended 30 June		For the year ended 31 December
	2013 RMB'000	2012 RMB'000	2012 RMB'000
Opening balance	15,017	15,412	15,412
Additional provision	5,811	1,116	2,563
Utilised during the period/year	(6,528)	(1,497)	(2,958)
Ending balance	14,300	15,031	15,017
Representing:			
Provided amounts	76,568	69,310	70,757
Utilised amounts	(62,268)	(54,279)	(55,740)
Net book amount	14,300	15,031	15,017

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (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
	2013 RMB'000	2012 RMB'000	2013 RMB'000
Provision for delivering delay in properties	14,300	15,031	15,017

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 RMB14,300,000 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 2013.

22 OTHER GAINS

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Government grants	387	1,782
Net exchange gain	55,923	—
Miscellaneous	2,253	486
	58,563	2,268

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (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	
	2013 RMB'000	2012 RMB'000
Staff costs — including directors' emoluments	87,792	61,724
Auditor's remuneration	1,500	1,500
Depreciation (Note 6)	27,114	16,744
Amortisation of land use rights (Note 6)	2,696	3,347
Advertising, promotion and commission costs	64,425	37,842
Cost of properties sold	1,577,062	361,239
Business tax and other levies on sales of properties	155,339	41,188
Direct outgoings arising from investment properties that generate rental income	53,309	17,957
Hotel operating expenses	40,364	27,190
Charitable donations	4,394	670
Office expenses	38,097	31,979
Professional fees	7,617	4,609
Additional/(Reversal of) provision for impairment of receivables	1,365	(298)
Impairment of goodwill (Note 6)	4	33
Provision for delay in delivering properties (Note 21)	5,811	1,116
Net exchange loss	—	13,358
Net loss from repurchase and redemption of 2016 Bonds (Note 16)	11,442	—
Miscellaneous	31,259	24,514
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses	2,109,590	644,712

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2013 (Unaudited)

24 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Finance income		
— interest income on bank deposits	9,758	7,250
Interest on bank borrowings and overdrafts		
— wholly repayable within five years	(174,379)	(159,818)
— wholly repayable over five years	(20,875)	(8,849)
Interest expense on other borrowings and advances from third parties	(50,035)	(14,806)
Interest expense on convertible bonds and senior notes (Note 16)	(192,851)	(154,520)
Less: Interest capitalised	308,487	250,072
Finance costs	(129,653)	(87,921)
Net finance costs	(119,895)	(80,671)

25 INCOME TAX EXPENSE

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Current income tax		
— PRC enterprise income tax	177,577	53,742
— PRC land appreciation tax	237,593	73,571
	415,170	127,313
Deferred income tax		
— PRC enterprise income tax	30,765	68,386
— PRC withholding income tax	3,557	2,787
	34,322	71,173
	449,492	198,486

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2013 (Unaudited)

25 INCOME TAX EXPENSE (continued)

(a) Hong Kong profits tax

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profit in Hong Kong during the six months ended 30 June 2013 (2012: Nil).

(b) PRC enterprise income tax

PRC enterprise income tax is provided for at 25% (2012: 25%) of the profits for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC enterprise income tax purpose.

(c) PRC land appreciation tax

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

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

26 DIVIDEND

The board of directors of the Company does not recommend any payment of interim dividend for the six months ended 30 June 2013 (2012: Nil).

27 EARNINGS PER SHARE**(a) Basic**

Basic earnings per share for the six months ended 30 June 2013 and 2012 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	
	2013	2012
Profit attributable to equity holders of the Company (RMB'000)	510,278	593,770
Weighted average number of ordinary shares in issue (thousands)	6,093,451	6,085,329
Basic earnings per share (RMB cents)	8.4	9.8

(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 2013 (Unaudited)

27 EARNINGS PER SHARE (continued)

(b) Diluted (continued)

For the six months ended 30 June 2013 and 2012, as the average market share price of the ordinary shares during the 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	
	2013 RMB'000	2012 RMB'000
Profit attributable to equity holders of the Company	510,278	593,770
Interest expense on convertible bonds (net of tax)	21,184	6,259
Exchange (gains)/losses on convertible bonds — liability component	(40,048)	12,162
Changes in fair value of convertible bonds — embedded derivatives	(18,700)	(369,680)
Net loss from repurchase and redemption of 2016 Bonds	11,442	—
Profit used to determine diluted earnings per share	484,156	242,511
Weighted average number of ordinary shares in issue (thousands)	6,093,451	6,085,329
Adjustment for conversion of convertible bonds (thousands)	795,281	1,102,537
Weighted average number of ordinary shares for diluted earnings per share (thousands)	6,888,732	7,187,866
Diluted earnings per share (RMB cents)	7.0	3.4

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2013 (Unaudited)

28 FINANCIAL GUARANTEES

	30 June 2013 RMB'000	31 December 2012 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	3,452,967	3,080,495

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 2013 RMB'000	31 December 2012 RMB'000
Authorised but not contracted for	334,532	371,733
Contracted but not provided for		
— Properties being developed by the Group for sale	118,817	544,741
— Land use rights	4,924,871	3,715,809
	5,043,688	4,260,550

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2013 (Unaudited)

29 COMMITMENTS (continued)

(b) Commitments for equity investments

	30 June 2013 RMB'000	31 December 2012 RMB'000
Contracted but not provided for		
— Acquisition of a subsidiary located in Chengdu (Note 7(b))	9,544	9,544
— Acquisition of a subsidiary located in Xiamen (Note 7(b))	85,000	—
— Acquisition of a subsidiary located in Pingliang (note)	79,500	—
	174,044	9,544

Note:

Pursuant to the equity transfer agreement entered into between the Group and third parties in 2013, the Group agreed to purchase 60% equity interest of a company, established in Pingliang of the PRC, at a cash consideration of approximately RMB79,500,000. As at 30 June 2013, no prepayment was made to the third parties and the acquisition has not been completed.

(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 2013 RMB'000	31 December 2012 RMB'000
Within one year	39,816	36,768
Between two to five years	69,381	67,114
After five years	24,310	—
	133,507	103,882

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2013 (Unaudited)

29 COMMITMENTS (continued)

(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 2013 RMB'000	31 December 2012 RMB'000
Within one year	235,710	212,734
Between two to five years	843,607	790,092
After five years	1,749,384	1,666,462
	2,828,701	2,669,288

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	
	2013 RMB'000	2012 RMB'000
Continuing transactions — Purchase of construction materials from a related company (i)	7,859	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.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2013 (Unaudited)

30 RELATED PARTY TRANSACTIONS (continued)

(b) Key management compensation

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Salaries and other short-term employee benefits	2,249	2,160
Retirement scheme contributions	175	149
	2,424	2,309

31 APPROVAL AND AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The condensed consolidated interim financial statements for the six months ended 30 June 2013 were approved and authorised for issue by the board of directors of the Company on 26 August 2013.