



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 2015



CONTENTS

Corporate Information	02
Financial Highlights	04
Management Discussion and Analysis	05
Additional Information Required by the Listing Rules	25
Condensed Consolidated Interim Financial Statements	
• Condensed Consolidated Balance Sheet	35
• Condensed Consolidated Income Statement	37
• Condensed Consolidated Statement of Comprehensive Income	38
• Condensed Consolidated Statement of Changes in Equity	39
• Condensed Consolidated Cash Flow Statement	40
• Notes to the Condensed Consolidated Interim Financial Statements	41

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

Mr. Dai Yiyi
Mr. Qu Wenzhou
Mr. Lau Kin Hon

COMPANY SECRETARY

Mr. Poon Wing Chuen (*FCCA*)

AUDIT COMMITTEE

Mr. Qu Wenzhou
(*chairperson of the committee*)
Mr. Dai Yiyi
Mr. Lau Kin Hon

NOMINATION COMMITTEE

Mr. Dai Yiyi (*chairperson of the committee*)
Mr. Qu Wenzhou
Mr. Lau Kin Hon

REMUNERATION COMMITTEE

Mr. Qu Wenzhou
(*chairperson of the committee*)
Mr. Dai Yiyi
Mr. Lau Kin Hon

AUTHORISED REPRESENTATIVES

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

REGISTERED OFFICE

Offshore Incorporations (Cayman) Limited
Floor 4, Willow House
Cricket Square, P O Box 2804
Grand Cayman KY1-1112
Cayman Islands

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

Jiangsu Mingfa Business Park
No. 88 Pudong North Road
Pukou, Nanjing City
Jiangsu Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

COMPANY'S WEBSITE

<http://ming-fa.com>

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

846

**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 Limited
Bank of China (Hong Kong) Limited

**LEGAL ADVISERS AS TO
HONG KONG LAW**

Paul Hastings
21–22/F, Bank of China Tower
1 Garden Road
Central
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		
	2015	2014	Percentage of increase/ (decrease)
Revenue (RMB million)	1,114.1	1,525.5	(27.0%)
Profit attributable to equity holders of the Company (RMB million)	63.3	352.7	(82.1%)
Basic earnings per share (RMB cents)	1.0	5.8	(82.8%)
Diluted earnings per share (RMB cents)	1.0	5.3	(81.1%)

The Board of Directors (“**Board**”) of Mingfa Group (International) Company Limited (“**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (“**Group**”) for the six months ended 30 June 2015 together with comparative amounts for the corresponding period in 2014.

Management Discussion and Analysis

RESULTS

The unaudited consolidated revenue of the Group decreased by 27.0% to approximately RMB1,114.1 million (corresponding period in 2014: approximately RMB1,525.5 million) for the six months ended 30 June 2015. During the period under review, the unaudited consolidated profit attributable to equity holders of the Company was approximately RMB63.3 million (corresponding period in 2014: approximately RMB352.7 million), representing a decrease of 82.1% from the corresponding period in 2014. The unaudited basic and diluted earnings per share were RMB1.0 cents and RMB1.0 cents respectively for the six months ended 30 June 2015, representing a decrease of 82.8% and 81.1% respectively compared to the corresponding period in 2014.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2015 (30 June 2014: Nil).

INDUSTRY REVIEW

In the first half of 2015, the property market in China continued to improve in response to the series of favorable government measures including the release of home-purchase restriction, interest rate cuts, easing of mortgage transactions which started from the middle of 2014. These favorable policies have spurred buyers in a wait-and-see position to more active investment in the property market.

In the market, contracted sales have performed well in tier-1 cities due to steady demand while the selling prices have also shown an upward trend in tier-2 and tier-3 cities. However, the rebound rate was less attractive in lower-tier cities as compared to the tier-1 cities, and developers have remained cautious when investing in smaller cities which were still suffering from oversupply and limited demand.

In order to improve liquidity, developers have started to issue onshore bonds to raise funds. Local investors are keen to invest in these bonds due to the competitive pricing and strong liquidity in the PRC market. Such onshore bonds have become new platforms to raise capital in China.

On the other hand, the PRC stock market has entered a period of volatility in June 2015 which may have some negative impacts towards the property market which may be reflected in the market during the second half year of 2015.

Despite the uncertainty of the Chinese economy and financial markets, the property market in the first half of 2015 has been active and is expected to have further improvements in terms of average sales price ("**ASP**") and volume during the second half of 2015.

Management Discussion and Analysis

BUSINESS REVIEW

Sales and Earnings

The unaudited consolidated revenue for the six months ended 30 June 2015 was approximately RMB1,114.1 million (corresponding period in 2014: approximately RMB1,525.5 million), representing a decrease of 27.0%. The decrease was due to less gross floor area (“**GFA**”) had been delivered to the buyers for the six months ended 30 June 2015 as compared to the corresponding period in 2014.

The unaudited consolidated gross profit for the six months ended 30 June 2015 was approximately RMB73.5 million (corresponding period in 2014: approximately RMB605.8 million), representing a decrease of 87.9%. The gross profit decreased in line with the reduced revenue and the cost adjustment in Xiamen Mingfa Xiang Wan Peninsula in 2015.

The unaudited consolidated profit attributable to the equity holders of the Company for the six months ended 30 June 2015 was approximately RMB63.3 million (corresponding period in 2014: approximately RMB352.7 million), representing a decrease of 82.1% from the corresponding period in 2014. The change was mainly due to the decrease in gross profit of approximately RMB532.3 million for the six months ended 30 June 2015 which arose from the decrease in property delivery and the cost adjustment in Xiamen Mingfa Xiang Wan Peninsula.

Regarding the recognised sales for the six months ended 30 June 2015, the ASP per square metre (“**sq.m.**”) achieved by the Group was RMB6,630.1, representing a decrease of 19.5% from RMB8,237.7 per sq.m. for the corresponding period in 2014. Such drop was due to the change in product mix. In addition, the GFA sold and delivered for the six months ended 30 June 2015 was 94,112.3 sq.m., representing a decrease of 41.1%, from 159,809 sq.m. for the corresponding period in 2014.

In the first half of 2015, the Group achieved contracted sales of approximately RMB1,412.0 million (corresponding period in 2014: approximately RMB991.6 million). The ASP for the contracted sales had increased by 8.1% to RMB7,146.8 per sq.m. during the period under review (corresponding period in 2014: approximately RMB6,613.4 per sq.m.).

Management Discussion and Analysis

Segment Information

Turnover generated from various segments are analyzed as follows:

For the six months ended	Commercial Properties RMB'million	Residential Properties RMB'million	Property Investment and Management RMB'million	Hotel RMB'million	Property Construction RMB'million	Total RMB'million
30 June 2015	153.1	470.9	119.0	73.0	298.1	1,114.1
30 June 2014	372.9	943.6	159.0	50.0	—	1,525.5

The decrease in turnover generated from commercial and residential properties was mainly due to less GFA having been delivered to the buyers for the six months ended 30 June 2015 as compared to the corresponding period in 2014. A new business segment, property construction, started in the second half of 2014 which contributed a turnover of RMB298.1 million for six months ended 30 June 2015.

Management Discussion and Analysis

Pre-sold Properties

As at 30 June 2015, the attributable GFA of pre-sold properties not yet delivered to the buyers was 427,729 sq.m. (approximately 410,673 sq.m. as at 31 December 2014). Set out below are the details of the properties, the Group's interest and the attributable pre-sold GFA of the Group:

City	Property	Group's Interest	Attributable
			Pre-sold GFA (sq.m.)
Beijing	Beijing Mingfa Mall	100%	67,319
Changsha	Changsha Mingfa Shopping Mall	100%	12,626
Hefei	Hefei Mingfa Shopping Mall	100%	19,996
Honglai	Honglai Mingfa Commercial Centre	100%	2,134
Huai'an	Huai'an Mingfa Shopping Mall	100%	5,724
Huizhou	Huizhou Mingfa Gaobang New City	80%	1,056
Nanjing	Nanjing Mingfa City Square	100%	1,488
Nanjing	Nanjing Mingfa Xiang Hill Garden	100%	3,581
Nanjing	Nanjing Mingfa Cloud Mansion	100%	8,484
Nanjing	Nanjing Mingfa Pearl Spring Resort	100%	7,095
Nanjing	Nanjing Mingfa Riverside New Town	100%	7,887
Nanjing	Nanjing Mingfa Shopping Mall	100%	1,628
Nanjing	Nanjing Mingfa New City Finance Building	64%	12,956
Pingliang	Pingliang Mingfa European City	60%	23,858
Shenyang	Shenyang Mingfa Jinxiuhua City	100%	6,895
Taizhou	Taizhou Mingfa City Complex	100%	97,380
Wuxi	Wuxi Mingfa International New Town	100%	57,157
Wuxi	Wuxi Mingfa Shopping Mall	70%	2,409
Xiamen	Xiamen Mingfa Harbour Resort	100%	2,765
Xiamen	Xiamen Mingfa Shopping Mall	70%	14,287
Xiamen	Xiamen Mingfa Xiang Wan Peninsula	100%	4,670
Yangzhou	Yangzhou Mingfa Jiangwan City	100%	7,051
Yangzhou	Yangzhou Mingfa Shopping Mall	100%	1,006
Zhangzhou	Zhangzhou Mingfa Shopping Mall	100%	7,689
Zhangzhou	Zhangzhou Longhai Mingfa Mall	100%	27,583
Zhenjiang	Zhenjiang Jinxiu Yishan	100%	23,005
Total			427,729

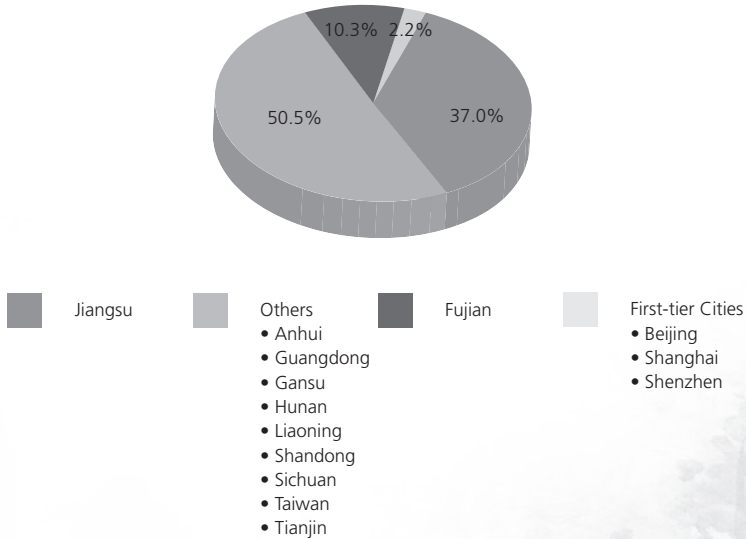
Management Discussion and Analysis

Summary of Land Bank

As at 30 June 2015, land bank attributable to the Group increased by 15.0% to approximately 14.6 million sq.m. (approximately 12.7 million sq.m. as at 31 December 2014), consisting of 62 projects (55 projects as at 31 December 2014) in total.

	Number of Projects	Attributable GFA <i>(million sq.m.)</i>
Completed projects	19	1.6
Projects under development	19	6.7
Projects for future development	24	6.3
Total	62	14.6

Total Land Bank by Province as at 30 June 2015



Management Discussion and Analysis

The following tables summarize the details of the Group's land bank:

Property Name	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.)
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	450	100%	450
Xiamen Mingfa Noble Place	Located at Jiangtuo Residential, Huli District, Xiamen, Fujian Province	Dec/2004	Residential/ Commercial/ Office	Completed	5,529	1,672	100%	1,672
Xiamen Mingfa Garden	Located at Huanhuli South, Lvling Road, Siming District, Xiamen, Fujian Province	Apr/2005	Residential/ Commercial	Completed	18,697	13,976	100%	13,976
Xiamen Jianqun Elegant Garden	Located at the north of Qianpu Lianqian East Road, Huli District, Xiamen, Fujian Province	Apr/2005	Residential/Office	Completed	10,257	1,418	100%	1,418
Xiamen Mingfa International New Town	Located at the south of Qianpu Lianqian Road, Siming District, Xiamen, Fujian Province	Feb/2002	Residential/ Commercial/ Office	Completed	26,016	8,516	100%	8,516
Xiamen Mingfa Shopping Mall	Located at the northwest of Jiahe Road and Lianqian Road, Siming District, Xiamen, Fujian Province	Oct/2007	Commercial/ Office/Hotel	Completed	166,775	33,500	70%	23,450
Xiamen Mingfa Town	Located at Siming Industrial Park, Lvling Road, Siming District, Xiamen, Fujian Province	Jan/2008	Residential/ Commercial	Completed	12,879	15,397	100%	15,397
Nanjing Mingfa Pearl Spring Resort	Located in Pearl Spring Resort, Pukou District, Nanjing, Jiangsu Province	Dec/2008	Residential/Hotel	Completed	112,973	29,779	100%	29,779
Nanjing Mingfa Riverside New Town	Located in Taishan Village, Pukou District, Nanjing, Jiangsu Province	Nov/2009	Residential/ Commercial	Completed	1,072,182	93,604	100%	93,604

Management Discussion and Analysis

Property Name	Location	Actual/ Estimated Completion Date	Type of Property	Status	Approximate Leasable and Saleable GFA		Group's Interest	Attributable GFA
					Site Area (Sq.m.) (Note 3)	(Sq.m.) (Note 4)		
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	112,186	100%	112,186
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	437,337	70%	306,136
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	194,717	100%	194,717
Yangzhou Mingfa Shopping Mall	Located at the south of Yunhe Road East and west of Baolin Road, Guangling District, Yangzhou, Jiangsu Province	Dec/2011	Residential/ Commercial/ Hotel	Completed	145,267	234,634	100%	234,634
Nanjing Mingfa City Square	Located on Dingshan Road, Pukou District, Nanjing, Jiangsu Province	Dec/2012	Residential/ Commercial/ Office	Completed	128,683	85,811	100%	85,811
Honglai Mingfa Commercial Centre	Located at Longlai District, Nanan, Fujian Province	Jun/2012	Residential/ Commercial	Completed	27,065	14,035	100%	14,035
Xiamen Mingfa Xiang Wan Peninsula	Located at the eastern part of Xiang'an Road, Xiang'an, Fujian Province	Dec/2012	Residential/ Commercial	Completed	104,380	32,942	100%	32,942
Zhangzhou Mingfa Shopping Mall	Located at the east of Longjiang Road, north of Shuixian Street, west of No.6 Road, south of Xinpui Road, Zhangzhou, Fujian Province	Dec/2013	Residential/ Commercial/ Office/Hotel	Completed	223,589	249,662	100%	249,662

Management Discussion and Analysis

Property Name	Location	Actual/ Estimated Completion Date	Type of Property	Status	Approximate		Group's Interest	Attributable GFA
					Site Area (Sq.m.) (Note 3)	Leasable and Saleable GFA (Sq.m.) (Note 4)		
Xiamen Mingfa Harbor Resort	Located at south of Wu Yuan Wan Bridge, west of Huan Wan Road, and along the seaview strip of Huli District, Xiamen, Fujian Province	Dec/2013	Hotel	Completed	58,952	158,770	100%	158,770
Huai'an Mingfa Shopping Mall (Block C)	Located in Weihai East Road, Huai'an, Jiangsu Province	Dec/2014	Residential	Completed	51,345	48,672	100%	48,672
Sub-total					2,758,765	1,767,078		1,625,827

Management Discussion and Analysis

Property Name	Location	Actual/ Estimated Completion Date	Type of Property	Status	Approximate	Group's	Attributable	
					Leasable and Saleable GFA			Interest
					Site Area (Sq.m.) (Note 3)	(Sq.m.) (Note 4)	(Sq.m.)	
Properties under development (Note 2)								
Zhenjiang Jinxiu Yinshan	Located in the centre of Zhenjiang City, Jiangsu Province	Dec/2015	Residential/ Commercial/ Hotel	Completion certificate had been granted for GFA of 120,340 sq.m. in December 2013. The remaining GFA of 284,338 sq.m. will be completed in December 2015	296,702	315,701	100%	315,701
Huai'an Mingfa Shopping Mall (Block A)	Located on Shenzhen South Road, Huai'an, Jiangsu Province	Dec/2016	Commercial	Approximately 60% of construction has been completed	133,110	266,335	100%	266,335
Shenyang Mingfa Jinxihua City	Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province	Dec/2015	Residential/ Commercial	Completion certificate had been granted for GFA of 130,484 sq.m. in December 2014. The remaining GFA of 175,626 sq.m. will be completed in December 2015	61,222	234,892	100%	234,892
Wuxi Mingfa International New Town	Located at the south of Yanqiao Town, Huishan District, Wuxi, Jiangsu Province	Dec/2016	Residential/ Commercial	Completion certificate had been granted for GFA of 332,062 sq.m. in December 2014. The remaining GFA of 217,499 sq.m. will be completed in December 2016	258,297	259,279	100%	259,279
Yangzhou Mingfa Jiangwan City	Located at the east of Xuzhuang Road, north of Kaifa East Road, west of Liaojiagou Road, south of Ming Cheng Road, Yangzhou, Jiangsu Province	Dec/2016	Residential	Completion certificate had been granted for GFA of 86,052.95 sq.m. in December 2014. The remaining GFA of 135,480.25 sq.m. will be completed in May 2016	158,238	158,847	100%	158,847
Taizhou Mingfa City Complex	Located at the west of Machang Zhonggou, south of Huangang Avenue, Gaogang District, Taizhou, Jiangsu Province	Dec/2016	Residential/ Commercial	Completion certificate had been granted for GFA of 40,930 sq.m. in December 2013. The remaining GFA of 690,370 sq.m. will be completed in December 2015	292,487	694,250	100%	694,250

Management Discussion and Analysis

Property Name	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.)
Zhangzhou Mingfa Mall	Located in Kekeng Village, Bangshan Town, Longhai, Zhangzhou, Fujian Province	Dec/2016	Residential/ Commercial	Approximately 90% of construction has been completed	78,622	277,762	100%	277,762
Nanjing Mingfa Business Park	Located in Nanjing High-Tech Development Zone, Pukou District, Nanjing, Jiangsu Province	Dec/2017	Industrial	Completion certificate had been granted for GFA of 119,697 sq.m. in November 2014. The remaining GFA of 1,440,669 sq.m. will be completed in December 2017	520,122	1,560,366	100%	1,560,366
Beijing Mingfa Mall	Located in Beizang Village, Daxing District, Beijing	Dec/2015	Residential/ Commercial	Completed	45,414	127,159	100%	127,159
Shanghai Mingfa Shopping Mall	Located at the east of Hu Yi Highway, south of Baiyin Road, west boundary of Gaotai North Road, Shanghai	Dec/2016	Commercial	Approximately 60% of construction has been completed	53,779	169,305	100%	169,305
Pingliang Mingfa European City	Located at the west of Water Bridge, north of Linjing Road, Kongdong District, Pingliang, Gansu Province	Dec/2016	Residential	Approximately 50% of construction has been completed	117,594	268,259	60%	160,955
Nanjing Mingfa New City Finance Building	Located at the north of New Town Business Avenue, Pukou District, Nanjing, Jiangsu Province	Dec/2016	Residential/ Commercial	Approximately 30% of construction has been completed	59,042	401,297	64%	256,830
Changsha Mingfa Shopping Mall	Located in Star Cheng Town, Wangcheng County, Changsha, Hunan Province	Dec/2016	Residential/ Commercial	Approximately 35% of construction has been completed	285,594	928,837	100%	928,837
Xiamen Mingfeng Town	Located in Lingdou, Siming District, Xiamen, Fujian Province	Dec/2016	Commercial/Office	To be developed	19,909	103,921	100%	103,921

Management Discussion and Analysis

Property Name	Location	Actual/ Estimated Completion Date	Type of Property	Status	Approximate		Group's Interest	Attributable GFA
					Site Area (Sq.m.) (Note 3)	Leasable and Saleable GFA (Sq.m.) (Note 4)		
Huizhou Mingfa Gaobang New City	Huizhou City West Train Station, Guangdong Province	Dec/2017	Residential	To be developed	332,335	708,157	80%	566,526
Nanjing Mingfa Cloud Mansion	Located in along the south of Mountain Road, Jiangpu Street, Nanjing, Jiangsu Province	Dec/2016	Residential	To be developed	32,787	59,016	100%	59,016
Nanjing Mingfa Xiang Hill Garden	Located in along the south of Mountain Road, east of Caiba Road, Pukou District, Nanjing, Jiangsu Province	Dec/2016	Residential	To be developed	115,876	185,402	100%	185,402
Nanjing Mingfa Pearl River International	Located at Jiangpu Street, east to Xianzhang Road, south to Jiangpu Secondary School, north to South River, west to Guihua Road, Pukou District, Jiangsu Province	Dec/2017	Residential	To be developed	8,586	25,759	100%	25,759
New project in Anhui Jinzhai	Located at New Town District, Meishan Town, Jinzhai County, Hefei, Anhui Province	Dec/2018	Residential/ Commercial	To be developed	105,504	355,831	100%	355,831
Sub-total					2,975,220	7,100,375		6,706,973

Management Discussion and Analysis

Property Name	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 with land use rights certificate for future development								
Nanjing Mingfa Furniture City	Located in Huangyao Village, Taishan Street, Pukou District, Nanjing, Jiangsu Province	Dec/2016	Industrial	Vacant	41,434	103,585	100%	103,585
Lanzhou Mingfa Zhongke Ecological park	Located in Weijia Village of Southwest Region, Gansu Province	Dec/2017	Residential/ Commercial	Vacant	1,371,786	1,371,786	51%	699,611
Tianjin Binhai Mingfa Shopping Mall	Located in Tanggu Marine Hi-Tech Development Zone, Tianjin	Dec/2017	Commercial	Vacant	209,048	418,096	100%	418,096
Nanjing Mingfa Wealth Center	Located at New City Headquarters Avenue on the north side of 05 plots, Pukou District, Nanjing, Jiangsu Province	Dec/2016	Commercial/Office	Vacant	56,694	283,470	100%	283,470
Shenyang Creative Industrial Estate	Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province	Dec/2017	Residential/ Commercial	Vacant	154,024	462,072	100%	462,072
Zhangzhou Longhai Mingfa Mall (Block 2011G15)	Located in Kekeng Village, Bangshan Town, Longhai, Zhangzhou, Fujian Province	Dec/2016	Residential	Vacant	63,127	189,381	100%	189,381
Taiwan Taoyuan 54 Block	Located in Air Passenger Park, Taoyuan, Taiwan	Dec/2017	Commercial	Vacant	13,710	32,905	40%	13,162
Taiwan Taoyuan 169 Block	Located in Air Passenger Park, Taoyuan, Taiwan	Dec/2017	Commercial	Vacant	16,110	38,663	40%	15,465
New project in Anhui Hexian	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Dec/2017	Residential/ Commercial	Vacant	219,826	516,006	100%	516,006
New project in Anhui Jinzhai (Block D)	Located at New City, Meishan Town, Jinzhai County, Anhui Province	Dec/2017	Residential/ Commercial	Vacant	62,885	128,252	100%	128,252

Management Discussion and Analysis

Property Name	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.)
New project in Nanjing Pukou G77	Located at Jiangpu Street, Puzhu Road North, Directional River Road East, Pukou District, Nanjing, Jiangsu Province	Dec/2017	Residential	Vacant	132,937	255,552	51%	130,331
Sub-total					2,341,581	3,799,768		2,959,431

Management Discussion and Analysis

Property Name	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 with signed land use rights contract for future development								
Hong Six highway rebuilding property	Located in Xixia Village, Honglai Town, Nanan, Fujian Province	Dec/2016	Residential/ Commercial	Vacant	22,784	92,298	100%	92,298
Shandong Zibo World Trade Center	Located at the north of People's Road and east of Shanghai Road, Zhangdian District, Zibo, Shandong Province	Dec/2016	Residential/ Commercial	Vacant	147,371	618,958	100%	618,958
Guang'an Mingfa Mall (GC2013-45 Block)	Located in Bridge Group, Guan'an, Sichuan Province	Dec/2016	Residential/ Commercial	Vacant	76,153	382,692	100%	382,692
Guang'an Mingfa City Complex Project (ChaMa Road B1-1 Block)	Located on Binjiang Road, Guan'an, Sichuan Province	Dec/2016	Residential/ Commercial	Vacant	76,363	305,452	100%	305,452
Shenyang Mingfa Square	Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province	Dec/2017	Residential/ Commercial	Vacant	260,292	520,584	100%	520,584
Shenyang Mingfa Wealth Center	Located at Young Street, Heping District, Shenyang, Liaoning Province	Dec/2017	Commercial	Vacant	5,468	54,677	100%	54,677
Zhangzhou Longhai Mingfa Mall (2011G16, 2012G13, 2012G14)	Located in Kekeng Village, Bangshan Town, Longhai, Zhangzhou, Fujian Province	Dec/2017	Residential	Vacant	105,188	315,564	100%	315,564
New project in Nanjing Pukou G86	Located at the intersection of the Jiangsu Street Technology University and Flower Avenue, Pukou District, Nanjing, Jiangsu Province	Dec/2017	Residential	Vacant	72,280	79,508	100%	79,508

Management Discussion and Analysis

Property Name	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.)
New project in Nanjing Pukou G07	Located at the south along the Mountain Road, the east side to the Nanjing University of Technology, Pukou District, Jiangsu Province	Dec/2016	Commercial	Vacant	31,455	62,911	100%	62,911
Jinzhai Mingfa City Square	Located in New Town District, Meishan Town, Jinzhai County, Hefei, Anhui Province	Dec/2017	Residential/ Commercial	Vacant	105,504	355,900	100%	355,900
New project in Shenzhen (Block A603-0387)	Located at Tianliao Yulv Are, Guangming New District, Shenzhen	Dec/2018	Commercial	Vacant	4,109	12,320	100%	12,320
New project in Anhui Jinzhai (Block EF)	Located at Golden Leaf Road East, General Road West, New City District, Meishan Town, Jinzhai County, Anhui Province.	Dec/2018	Residential/ Commercial	Vacant	203,406	464,275	100%	464,275
New project in Nanjing Yuhua G67	Located at Yuhuatai Economic Development Zone, Nanjing, Jiangsu Province	Dec/2018	Residential	Vacant	58,914	117,827	49%	57,735
Sub-total					1,169,287	3,382,966		3,322,874
Total land bank					9,244,853	16,050,187		14,615,105

Notes:

- Completed properties refer to the properties in respect of which (a) the certificates of completion, (b) the permits for commencement of construction works, and (c) the land use rights certificates had been obtained as at 30 June 2015.
- 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 had been obtained as at 30 June 2015.
- The site area is in respect of the whole property (regardless of GFA that had been sold).
- The approximate leasable and saleable GFA have excluded the GFA that had been sold/leased.

Management Discussion and Analysis

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 Name	Location	Existing Usage	Attributable GFA (sq.m.)	Term of Leases	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	113,053	8–20 years	70%–100%
Xiamen Mingfa Group Mansion	Located in Qianpu Industrial Park, Xiamen, Fujian Province	Commercial	1,123	5–6 years	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	13,163	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 West Road, Siming District, Xiamen, Fujian Province	Industrial	11,588	8–15 years	100%
Xiamen Lianfeng Furniture Park	Located at Honglian Road, Siming District, Xiamen, Fujian Province	Industrial	26,120	20 years	100%

Management Discussion and Analysis

Property Name	Location	Existing Usage	Attributable GFA (sq.m.)	Term of Leases	Percentage of Interest in the Properties Attributable to the Group
Zhangzhou Mingfa Shopping Mall	Located at the east of Longjiang Road, north of Shuixian Street, west of No.6 Road, south of Xinpud Road, Zhangzhou, Fujian Province	Commercial	112,416	10–15 years	100%
Wuxi Mingfa Shopping Mall	Located in Sitou Village and Tangtou Village, Yanqiao Town, Huishan District, Wuxi, Jiangsu Province	Commercial	4,687	15–20years	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	140,775	15–20 years	100%
Quanzhou Mingfa Hotel	Located in Jiangnan Torch Village, Licheng District, Quanzhou, Fujian Province	Hotel	13,707	5 years	100%
Yangzhou Mingfa Shopping Mall	Located at the south of Yunhe Road East and west of Baolin Road, Guangling District, Yangzhou, Jiangsu Province	Commercial	47,104	15 years	100%
Tianjin Mingfa City Complex	Located in Tanggu Marine Hi-Tech Development Zone, Tianjin	Commercial	62,631	Under construction	100%
Changsha Mingfa Shopping Mall	Located in Star Cheng Town, Wangcheng County, Changsha, Hunan Province	Commercial	70,742	Under construction	100%
			825,601		

Management Discussion and Analysis

ACQUISITION FRAMEWORK AGREEMENTS

As at 30 June 2015, the Group entered into 11 uncompleted memoranda of understanding (“**MOU(s)**”) with various local governmental bodies of the PRC after being approached by them in relation to various urban renewal and redevelopment programs in different cities and locations. All MOUs were signed in or before 2015. These MOUs are not legally-binding and there is no assurance that the Group will be granted 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. A 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)
Shenyang Creative Park (瀋陽創意創業園)	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)
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 (南京軟件園啓動區項目)	Nanjing City, Jiangsu Province	14-Jan-12	220,001	800,000	

Management Discussion and Analysis

Project Name	Location	Date of MOU	Site Area (sq.m.)	GFA (sq.m.)	Note
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 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	(5)
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	(6)
Jinzhai Mingfa City Square (金寨明發城市廣場)	Jinzhai City, Anhui Province	17-Jun-14	666,670	1,333,340	(7)
Total			8,152,837	20,979,610	

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.
- (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 one plot of land under the MOU signed on 6 December 2012. The land is located at west of Software Park, Gaoxin District, Nanjing, Jiangsu Province. Total land area and GFA is approximately 11,244 sq.m. and approximately 67,465 sq.m. respectively.

Management Discussion and Analysis

- (6) The Group had acquired seven plots of land under the MOU signed on 28 April 2013. The land is located at Wujiang Town Four Lian, Hexian, Anhui Province. Total land area and GFA is approximately 219,826 sq.m. and approximately 516,006 sq.m. respectively.
- (7) The Group had acquired seven plots of land under the MOU signed on 17 June 2014. The land is located at New City, Meishan Town, Jinzhai County, Anhui Province. Total land area and GFA is approximately 317,795 sq.m. and approximately 901,415 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

The Group has been adhering to the strategy of maintaining a balanced and diversified property mix. The proportion of residential and commercial properties in the Group's portfolio accounted for 48.0% and 31.0% of the land bank respectively as at 30 June 2015. Meanwhile, the Group has a balanced investment properties portfolio which generates stable income stream.

Along with the prudent land acquisition strategy and balanced property portfolio, the Group is constantly exploring land parcels with high potential across the region, with a geographical diversification in tier-1, tier-2 and tier-3 cities domestically as well as several cooperation projects in Hong Kong, Taiwan and abroad. The land reserve of the Group has been expanded by 15.0% to a GFA of 14.6 million sq.m. as at the first half of 2015.

The "Great Jiangbei" strategy has been approved by the PRC Central Government in 2015 with Pukou District, Nanjing as one of the major districts to be developed under this strategy. The property market in this area has rebound rapidly in terms of volume and selling price. The Group has 10 projects with attributable GFA of approximately 1.4 million sq.m. in this district. It is expected that these projects will contribute to the Group's revenue from the second half of 2015.

The real estate sector is one of the key elements of China's GDP growth as it is the country's largest industry. Looking ahead, the Group's outlook towards the property market remains positive as its business continues to steadily grow.

Additional Information Required by the Listing Rules

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

As at 30 June 2015, the total issued share capital of the Company was 6,093,451,026 ordinary shares.

As at 30 June 2015, the Directors or chief executives of the Company which had 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 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 to 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 ^(Note 1)	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 ^(Note 2)	5,086,500,000 shares (L)	83.47%

Notes:

- (1) The letter “L” denotes a long position in the shares or underlying shares.
- (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 5,086,500,000 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 2015, none of the Directors or 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 2015, the total issued share capital of the Company was 6,093,451,026 ordinary shares.

As at 30 June 2015, any persons other than the Directors or chief executives of the Company which had the interest or short position 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	Interest of spouse <small>(Note 2)</small>	5,100,000,000 shares (L)	83.7%
Huarong (HK) International Holdings Limited	Interest of a controlled corporation <small>(Note 3)</small>	602,852,204 shares (L)	9.89%
中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Limited)	Interest of a controlled corporation <small>(Note 3)</small>	602,852,204 shares (L)	9.89%

Notes:

- (1) The letter "L" denotes a long position in the shares or underlying shares.
- (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 (i) an aggregate of 602,852,204 shares registered in the name of Galaxy Earnest Limited, which represents approximately 9.89% of the total issued share capital of the Company, to the note holders as mentioned in Note (3) below, and (ii) 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.
- (3) Huarong (HK) International Holdings Limited and 中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Limited) are both deemed to be interested in these 602,852,204 shares in which Cinda International Securities Limited held as security agent pursuant to a share charge executed in December 2014 by Galaxy Earnest Limited in favour of Huarong (HK) International Holdings Limited.

Additional Information Required by the Listing Rules

Save as disclosed above, as at 30 June 2015, no person, other than the Directors or chief executives of the Company, had any interest or short position 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 2015, no option had been granted under the Share Option Scheme.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2015, the Group employed 2,347 staff (31 December 2014: 2,412 staff). The decrease in staff was mainly due to regular staff turnover. For the six months ended 30 June 2015, the unaudited total staff costs of the Group including directors' emoluments were approximately RMB108.8 million (corresponding period in 2014: approximately RMB102.4 million), representing an increase of 6.3%. The increase was due to the annual salary adjustment for 2015. 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 adjustment whenever necessary so as to maintain its competitiveness in the employment market.

DIVIDEND POLICY

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

Additional Information Required by the Listing Rules

CAPITAL STRUCTURE

As at 30 June 2015, the Group had aggregate cash and cash equivalents (excluding restricted cash) of approximately RMB1,560.4 million (31 December 2014: approximately RMB732.1 million). Restricted cash of the Group was RMB2,746.0 million (31 December 2014: approximately RMB2,464.2 million). Bank loans and other borrowings of the Group repayable within one year and after one year were approximately RMB7,667.4 million and RMB5,924.0 million respectively (31 December 2014: approximately RMB8,217.9 million and RMB3,984.3 million respectively). The cash and cash equivalents of the Group were mainly denominated in Renminbi as at 30 June 2015.

The unaudited consolidated interest expenses including the capitalized finance costs for the six months ended 30 June 2015 amounted to approximately RMB507.0 million (corresponding period in 2014: approximately RMB439.1 million) in total. In addition, for the six months ended 30 June 2015, interests with an unaudited amount of approximately RMB507.0 million (corresponding period in 2014: approximately RMB395.3 million) were capitalized.

Set out below are the major ratios of the Group:

	As at 30 June 2015	As at 30 June 2014
Gross profit margin	6.6%	39.7%
Operating profit margin	1.0%	45.2%
Net profit margin	4.8%	23.0%
	As at 30 June 2015	As at 31 December 2014
Current ratio	1.24	1.17
Total liabilities to total assets	73.6%	71.1%
Bank loans and other borrowings to shareholders' funds	121.9%	110.1%
Non-current bank loans and other borrowings to total assets	13.2%	9.8%
Gearing ratio*	44.0%	43.5%

* Defined as net debt (total borrowings and derivative financial instruments less cash and cash equivalents and cash restricted for borrowings) divided by the sum of shareholders' funds and net debt.

Additional Information Required by the Listing Rules

PLEDGE OF ASSETS

As at 30 June 2015, investment properties of the Group with net book value of approximately RMB5,180.0 million (31 December 2014: approximately RMB4,145.4 million), buildings of approximately RMB548.7 million (31 December 2014: approximately RMB555.2 million), land use rights of approximately RMB3,147.4 million (31 December 2014: approximately RMB3,166.8 million), completed properties held for sale of approximately RMB2,599.8 million (31 December 2014: approximately RMB2,734.9 million), properties under development of approximately RMB1,869.6 million (31 December 2014: approximately RMB951.6 million), other non-current assets of approximately RMB268.7 million (31 December 2014: approximately RMB268.7 million) and restricted bank deposits of approximately RMB2,745.2 million (31 December 2014: approximately RMB2,458.6 million) were pledged to secure the banking facilities of the Group. As at 30 June 2015, there was no available-for-sale financial assets (31 December 2014: approximately RMB50.0 million) pledged to secure the banking facilities of the Group. As at 30 June 2015, there was no cash (31 December 2014: approximately RMB5.69 million) restricted and deposited in certain banks as security for bank notes. As at 30 June 2015, deposits of approximately RMB0.8 million (31 December 2014: Nil) was restricted and deposited in certain banks as security for project construction.

CAPITAL COMMITMENTS

As at 30 June 2015, the contracted capital commitments of the Group were approximately RMB6,186.0 million (31 December 2014: approximately RMB6,083 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 2015, the contingent liabilities of the Group was approximately RMB4,197.2 million (31 December 2014: approximately RMB4,005.5 million), which were mainly the guarantees given by the Group in favour of certain banks for the grant of mortgage loans to buyers of the Group's properties. Such guarantees will be released following completion of transfer of property title by the Group to the buyers.

FOREIGN EXCHANGE RISK

As at 30 June 2015, 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 93.8%, 0.2% and 6.0% (As at 31 December 2014: Renminbi, Hong Kong dollars and US dollars accounted for 92.0%, 1.2% and 6.8% 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, US dollars and New Taiwan dollars in the respective proportions of 63.3%, 14.2%, 21.9% and 0.6% (As at 31 December 2014:

Additional Information Required by the Listing Rules

Renminbi, Hong Kong dollars, US dollars and New Taiwan dollars accounted for 63.1%, 19.0%, 17.2% and 0.7% respectively of the total bank loans and other borrowings of the Group).

As the sales, purchases, bank borrowings and other borrowings of the Group for the six months ended 30 June 2015 were made mainly in Renminbi and Hong Kong dollars, and it is expected that the majority of future development and transactions carried out by the Group will be made and transacted either in Renminbi or Hong Kong dollars, the Group will convert 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 2015, and the Group believes that the foreign exchange risk exposed by the Group was relatively minimal.

INTEREST RATE RISK

As at 30 June 2015, the majority of the bank borrowings of the Group were floating rate borrowings and were denominated in Renminbi, Hong Kong dollars and 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.

FUNDING AND TREASURY POLICY

The Group utilizes cash flows generated from operating activities and bank loans to finance its operations, construction and capital expenditure; to increase its land banks; to discharge its debt and to ensure the continuous growth of the Group's business.

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 monitors these deposits and advances to ensure actions are taken to recover these balances in the case of any risk of default.

Additional Information Required by the Listing Rules

MATERIAL LITIGATION AND ARBITRATION

Dispute Relating to Yangcheng Lake Project

As at the date of this report, no judgment for the appeal was made by People's Court of Suzhou Industry Park since the last disclosure made by the Company in its 2014 annual report.

Details of the dispute have been set out in the Company's annual reports of 2009 to 2014 and in the Company's interim reports of 2010, 2012 to 2014.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES

During the six months ended 30 June 2015, 南京明發科技商務城建設發展有限公司 (Nanjing Mingfa Technological and Commercial Town Construction Development Co., Ltd.*) ("**Project Company**"), Ming Fat Holdings (Hong Kong) Limited (明發集團(香港)有限公司) and Mingfa Group Investments Company Limited (明發集團投資有限公司), all of which are direct or indirect wholly-owned subsidiaries of the Company, entered into a capital increase agreement ("**Agreement**") with 南京揚子國資投資集團有限責任公司 (Nanjing Yangzi State Assets Investments Group Co. Ltd.*) ("**Yangzi Guotou**"). Pursuant to the Agreement, Yangzi Guotou or its designated party shall make a capital contribution of RMB1,318,040,000 to the Project Company, comprising US\$196,000,000 (equivalent to RMB1,198,285,200 based on the agreed exchange rate of US\$1 to RMB6.1137) to be contributed to the increase in registered capital of the Project Company, and the remainder to be contributed to the capital reserve of the Project Company. Upon completion of such capital increase, the total equity interest of the Group in the Project Company would decrease from 100% to 51%, which constitutes a deemed disposal under Rule 14.29 of the Listing Rules.

Save for the abovementioned, the Group had no material acquisition or disposal of subsidiaries during the six months ended 30 June 2015.

* for identification purpose only

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 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Additional Information Required by the Listing Rules

SENIOR NOTES

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

GUARANTEED TERM NOTES DUE 2015 (“2015 NOTES”)

Reference is made to the Company’s announcement dated 29 December 2014 (capitalized terms in this paragraph have the same meanings as those defined therein). The Company, together with the Guarantors and the Chargor (Galaxy Earnest Limited (銀誠有限公司)) entered into a Note Purchase Agreement with the Purchaser in relation to the issuance of the 2015 Notes, in an aggregate principal amount of US\$60,000,000. No listing of the 2015 Notes on the Stock Exchange or other stock exchanges was sought. The Company intended to use the net proceeds in the operation of the Company’s principal business including working capital financing and property development projects.

On the Completion Date (30 December 2014), the Chargor, being the controlling shareholder of the Company, entered into a share charge to charge 602,852,204 Shares in favour of the security agent for the interest of the Holders. Upon the occurrence of an event of default, including (a) a change of control such that the Chargor ceases to hold at least 50% of the issued share capital of the Company or ceases to be the single largest shareholder directly of the Company; or (b) among Wong Wun Ming (黃煥明), being the beneficial controlling shareholder of the Company, Huang Qingzhu (黃慶祝), Huang Lianchun (黃連春) and Huang Li Shui (黃麗水) any two of them cease to be executive Directors of the Company, the 2015 Notes shall become immediately due and repayable in accordance with the conditions of the 2015 Notes.

SUBSEQUENT EVENTS

There was no matter between the balance sheet date (i.e. 30 June 2015) and the date of this report that would cause a material impact to the Group.

DISCLOSURE OF CHANGES IN INFORMATION OF DIRECTOR(S)

Pursuant to rule 13.51B(1) of the Listing Rules, the changes of information on Director(s) are as follows:

Mr. Qu Wenzhou was appointed as independent director of Fujian Consumer Pharmaceutical Co., Ltd. (stock code: 300436) in December 2014 and as independent director of Guangdong Baolihua New Energy Stock Co., Ltd. (stock code: 000690) in March 2015, both companies are listed on Shenzhen Stock Exchange.

Additional Information Required by the Listing Rules

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the directors' securities transactions on terms no less than the required standard set out in the Model Code in Appendix 10 to the Listing Rules. Having made specific enquiries of all Directors, all Directors have confirmed that they had 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 2015.

CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability to the shareholders of the Company as a whole. The Board strived to uphold good corporate governance and adopt sound corporate governance practices. Throughout the six months ended 30 June 2015, the Company had complied with all code provisions in the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company ("**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 results and the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015.

On behalf of the Board

WONG WUN MING

Chairman

28 August 2015

Condensed Consolidated Balance Sheet

As at 30 June 2015

	Note	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,455,774	1,475,041
Investment properties	6	7,642,164	7,393,525
Land use rights	6	153,828	160,119
Intangible assets	6	7,169	7,172
Associated companies	8	1,185,303	1,158,636
Joint ventures		—	262,017
Deferred income tax assets		372,067	366,238
Available-for-sale financial assets	10	20,000	20,000
Amounts due from a related party	12	226,941	220,886
Other receivables	11	14,620	14,396
Other non-current assets	7	3,996,054	4,043,057
		15,073,920	15,121,087
Current assets			
Land use rights	6	8,731,944	7,300,146
Properties under development		7,535,063	5,871,966
Completed properties held for sale		6,605,502	6,607,124
Inventories		8,909	9,731
Trade and other receivables and prepayments	11	1,956,155	1,670,821
Prepaid income taxes		138,167	118,498
Amounts due from related parties	12	361,194	537,505
Amounts due from non-controlling interests	13	20,478	20,428
Available-for-sale financial assets	10	100,000	117,000
Restricted cash	14	2,746,024	2,464,240
Cash and cash equivalents		1,560,361	732,142
		29,763,797	25,449,601
Total assets		44,837,717	40,570,688

The notes on page 41 to 84 are an integral part of these financial statements.

Condensed Consolidated Balance Sheet (Continued)

As at 30 June 2015

	Note	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	15	536,281	536,281
Reserves		10,609,305	10,547,089
		11,145,586	11,083,370
Non-controlling interests in equity		686,703	625,822
Total equity		11,832,289	11,709,192
LIABILITIES			
Non-current liabilities			
Deferred government grants		1,456,262	1,459,979
Borrowings	16	5,924,047	3,984,346
Deferred income tax liabilities		1,611,445	1,612,630
		8,991,754	7,056,955
Current liabilities			
Trade and other payables	19	9,331,202	7,909,370
Advanced proceeds received from customers		3,894,584	2,902,624
Amounts due to related parties	20	137,079	356,700
Amounts due to non-controlling interests	13	838,306	230,453
Income tax payable		2,135,813	2,175,776
Borrowings	16	7,667,383	8,217,892
Derivative financial instruments	18	13	2,432
Provision for other liabilities and charges	21	9,294	9,294
		24,013,674	21,804,541
Total liabilities		33,005,428	28,861,496
Total equity and liabilities		44,837,717	40,570,688
Net current assets		5,750,123	3,645,060
Total assets less current liabilities		20,824,043	18,766,147

The notes on page 41 to 84 are an integral part of these financial statements.

Condensed Consolidated Income Statement

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Revenues	5	1,114,062	1,525,498
Cost of sales	23	(1,040,575)	(919,691)
Gross profit		73,487	605,807
Fair value gains on investment properties		177,135	345,459
Fair value gains on derivative financial instruments		2,419	2,464
Other gains	22	37,872	75,547
Selling and marketing costs	23	(76,129)	(82,855)
Administrative expenses	23	(189,929)	(173,465)
Other operating expenses	23	(14,061)	(83,476)
Operating profit		10,794	689,481
Finance income	24	53,524	7,988
Finance costs	24	—	(43,792)
Finance income/(costs) — net	24	53,524	(35,804)
Share of results of			
— Associated companies	8	27,733	(1,227)
— Joint ventures		(1,141)	(1,635)
		26,592	(2,862)
Profit before income tax		90,910	650,815
Income tax expense	25	(37,664)	(300,603)
Profit for the period		53,246	350,212
Attributable to:			
Equity holders of the Company		63,296	352,748
Non-controlling interests		(10,050)	(2,536)
		53,246	350,212
Earnings per share for profit attributable to equity holders of the Company (RMB cents)			
— Basic	27	1.0	5.8
— Diluted	27	1.0	5.3

The notes on page 41 to 84 are an integral part of these financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Unaudited	
	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Profit for the period	53,246	350,212
Other comprehensive (loss)/income, which may be reclassified subsequently to profit or loss		
— Currency translation differences	(1,080)	2,649
Total comprehensive income for the period	52,166	352,861
Attributable to		
Equity holders of the Company	62,216	355,397
Non-controlling interests	(10,050)	(2,536)
	52,166	352,861

The notes on page 41 to 84 are an integral part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Unaudited			
	Capital and reserves attributable to equity holders of the Company			
	Share capital RMB'000	Reserves RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2015	536,281	10,547,089	625,822	11,709,192
Comprehensive income/(loss)				
Profit for the period	—	63,296	(10,050)	53,246
Other comprehensive loss				
— Currency translation differences	—	(1,080)	—	(1,080)
Total comprehensive income for the period	—	62,216	(10,050)	52,166
Transactions with owners				
Capital injection to subsidiaries by non-controlling interests	—	—	98,000	98,000
Disposal of subsidiaries	—	—	(27,069)	(27,069)
Balance at 30 June 2015	536,281	10,609,305	686,703	11,832,289
Balance at 1 January 2014	536,281	9,717,806	988,671	11,242,758
Comprehensive income/(loss)				
Profit for the period	—	352,748	(2,536)	350,212
Other comprehensive income				
— Currency translation differences	—	2,649	—	2,649
Total comprehensive income for the period	—	355,397	(2,536)	352,861
Balance at 30 June 2014	536,281	10,073,203	986,135	11,595,619
Comprehensive income				
Profit for the period	—	476,562	229,386	705,948
Other comprehensive income/(loss)				
— Revaluation surplus upon transfer of an owner-occupied property to investment property, net of tax	—	5,242	—	5,242
— Currency translation differences	—	(7,918)	—	(7,918)
Total comprehensive income for the period	—	473,886	229,386	703,272
Transactions with owners				
Capital injection to a subsidiary by non-controlling interests	—	—	354,000	354,000
Disposal of subsidiaries	—	—	(943,699)	(943,699)
Balance at 31 December 2014	536,281	10,547,089	625,822	11,709,192

The notes on page 41 to 84 are an integral part of these financial statements.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2015

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Operating activities		
Net cash used in operations	(1,192,656)	(693,144)
Interest received	53,300	7,590
Interest paid	(502,916)	(495,294)
PRC enterprise income tax paid	(63,585)	(62,180)
PRC land appreciation tax paid	(33,197)	(75,980)
Net cash used in operating activities	(1,739,054)	(1,319,008)
Investing activities		
Additions of property, plant and equipment and investment properties	(117,234)	(69,619)
Net cash advances made to related parties	(500)	(1,000)
Net cash advances (made to)/received from third parties	(61,000)	104,753
Acquisition of subsidiaries, net of cash acquired	8,894	(357,608)
Received from/(advances to) associated companies	177,019	(82,829)
Advances to a joint venture	(6,055)	(220,831)
Prepayments received in connection with the deemed disposal of partial interest in subsidiaries	759,020	—
Disposal of a subsidiary, net of cash disposed	50,000	—
Payments for acquisition of additional interest in an associated company	—	(45,373)
Proceeds from sale of investment properties	48,790	56,423
Additions of available-for-sale financial assets	(220,000)	—
Disposal of available-for-sale financial assets	237,000	—
Acquisition of a joint venture	—	(1)
Net cash generated from/(used in) investing activities	875,934	(616,085)
Financing activities		
Drawdown of borrowings	3,472,554	6,243,582
Repayments of borrowings	(2,567,687)	(3,865,244)
Net cash advances received from non-controlling interests	206,026	1,075
Net cash advances (repaid to)/received from related parties	(101,177)	(7,440)
Net cash advances (repaid to)/received from a joint venture	(34,940)	50,000
Net cash advances received from an associated company	99,744	—
Net cash advances received from third parties	790,742	169,404
Increase in restricted cash relating to financing activities	(286,674)	(1,391,230)
Capital contribution from non-controlling interests	98,000	—
Cash received in connection with the disposal of partial interest in a subsidiary without loss of control	—	405,112
Net cash generated from financing activities	1,676,588	1,605,259
Effect of foreign exchange rate changes on cash	14,751	1,870
Net increase/(decrease) in cash and cash equivalents	828,219	(327,964)
Cash and cash equivalents at 1 January	732,142	971,184
Cash and cash equivalents at 30 June	1,560,361	643,220

The notes on page 41 to 84 are an integral part of these financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (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 Floor 4, Willow House, Cricket Square, P O Box 2804, 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 began to list 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 2015 are prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets 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 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

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

These condensed consolidated interim financial statements have not been audited.

2 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those used for and described in the annual consolidated financial statements of the Company for the year ended 31 December 2014.

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

2 ACCOUNTING POLICIES (continued)

Amendments adopted by the Group in 2015

The following amendments to existing standards are mandatory for the first time for the financial year beginning on 1 January 2015 and are relevant to the Group's operations.

- Annual improvements 2012, affecting the following 4 standards: HKFRS 8 "Operating Segments", HKAS 16 "Property, Plant and Equipment", HKAS 24 "Related Party Disclosures" and HKAS 38 "Intangible Assets";
- Annual improvements 2013, affecting the following 3 standards: HKFRS 3 "Business Combinations", HKFRS 13 "Fair Value Measurement" and HKAS 40 "Investment Property".

The adoption of the above amendments to existing standards in 2015 does not have any significant impact on the Group's consolidated financial statements.

The Group has not early adopted any new accounting and financial reporting standards, amendments to existing standards and interpretations which have been issued but are not yet effective for the financial year ending on 31 December 2015.

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 2014.

4 FINANCIAL RISK MANAGEMENT

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

4 FINANCIAL RISK MANAGEMENT (continued)

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

There have been no changes in the risk management department since the 2014 year end or in any risk management policies.

(a) Liquidity risk

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

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 30 June 2015					
Borrowings	7,632,045	3,164,210	2,140,472	633,013	13,569,740
Interest payments on borrowings (note)	583,326	218,546	237,849	79,909	1,119,630
Trade and other payables	9,331,202	—	—	—	9,331,202
Amounts due to related parties	137,079	—	—	—	137,079
Amounts due to non-controlling interests	838,306	—	—	—	838,306
Financial guarantees	4,197,184	—	—	—	4,197,184
	22,719,142	3,382,756	2,378,321	712,922	29,193,141
As at 31 December 2014					
Borrowings	8,182,628	1,943,309	1,556,469	500,007	12,182,413
Interest payments on borrowings (note)	655,925	205,345	285,845	78,161	1,225,276
Trade and other payables	7,909,370	—	—	—	7,909,370
Amounts due to related parties	356,700	—	—	—	356,700
Amounts due to non-controlling interests	230,453	—	—	—	230,453
Financial guarantees	4,005,525	—	—	—	4,005,525
	21,340,601	2,148,654	1,842,314	578,168	25,909,737

Note: The interest payments on borrowings are calculated based on borrowings held as at 30 June 2015 and 31 December 2014 without taking into account future borrowings. Floating-rate interest is estimated using the current interest rate as at 30 June 2015 and 31 December 2014 respectively.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

4 FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value estimation

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2015.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Available-for-sale financial assets	—	—	120,000	120,000
Financial liabilities at fair value through profit or loss — derivative financial instruments	—	—	13	13

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Available-for-sale financial assets	—	—	137,000	137,000
Financial liabilities at fair value through profit or loss — derivative financial instruments	—	—	2,432	2,432

4 FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value estimation (continued)

There were no transfer among Level 1, 2, 3 during the period. There were no changes in valuation techniques during the period.

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (Unaudited)

4 FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value estimation (continued)

(iii) Financial instruments in Level 3

The following tables present the changes in Level 3 instruments for the six months ended 30 June 2015 and 2014.

Six months ended 30 June 2015	Available-for-sale financial assets RMB'000	Derivative financial instruments RMB'000
Opening balance at 1 January	137,000	2,432
Additions	220,000	—
Disposals	(237,000)	—
Gains recognised in profit or loss	—	(2,419)
Closing balance at 30 June	120,000	13
Total gains for the reporting period included in profit or loss	—	(2,419)

Six months ended 30 June 2014	Available-for-sale financial assets RMB'000	Derivative financial instruments RMB'000
Opening balance at 1 January	20,000	46,230
Gains recognised in profit or loss	—	(2,464)
Redemption of convertible bonds	—	(37,480)
Closing balance at 30 June	20,000	6,286
Total gains for the reporting period included in profit or loss	—	(2,464)

The fair value measurements of investment properties fall under Level 3 and there were no transfers among Level 1, Level 2 and Level 3 during the period. There were no changes in valuation techniques during the period.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

5 REVENUES AND SEGMENT INFORMATION

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

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

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

(a) Revenues

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

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Sale of properties		
— commercial	153,106	372,901
— residential	470,866	943,553
Hotel operating income	623,972	1,316,454
Rental income	73,037	50,062
— from investment properties	95,527	135,632
— others	4,285	9,068
Property management fee income	19,141	14,282
Property construction income	298,100	—
	1,114,062	1,525,498

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (Unaudited)

5 REVENUES AND SEGMENT INFORMATION (continued)

(b) Segment information

The unaudited segment results for the six months ended 30 June 2015 are as follows:

	Property development — commercial RMB'000	Property development — residential RMB'000	Hotel RMB'000	Property investment and management RMB'000	Property construction RMB'000	All other segments RMB'000	Elimination RMB'000	Total RMB'000
Total segment revenues	153,106	470,866	74,355	118,953	298,100	—	—	1,115,380
Inter-segment revenues	—	—	(1,318)	—	—	—	—	(1,318)
Revenues	153,106	470,866	73,037	118,953	298,100	—	—	1,114,062
Operating (loss)/profit	(19,719)	(128,653)	(15,626)	187,682	10,406	(23,296)	—	10,794
Finance income — net								53,524
Share of results of associated companies	(1,877)	(3,128)	—	32,738	—	—	—	27,733
Share of results of joint ventures	(270)	(871)	—	—	—	—	—	(1,141)
Profit before income tax								90,910
Income tax expense								(37,664)
Profit for the period								53,246
Other segment information								
Capital and property development expenditure	533,265	3,084,413	9,262	95,901	—	—	—	3,722,841
Depreciation	6,454	8,246	16,363	1,037	—	665	—	32,765
Amortisation of land use rights as expenses	1,571	1,751	—	—	—	—	—	3,322
Fair value gains on investment properties	—	—	—	177,135	—	—	—	177,135
Fair value gains on derivative financial instruments	—	—	—	—	—	2,419	—	2,419
Impairment of goodwill recognised as expenses	—	3	—	—	—	—	—	3

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (Unaudited)

5 REVENUES AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

The unaudited segment results for the six months ended 30 June 2014 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	372,901	943,553	52,528	158,982	—	—	1,527,964
Inter-segment revenues	—	—	(2,466)	—	—	—	(2,466)
Revenues	372,901	943,553	50,062	158,982	—	—	1,525,498
Operating profit/(loss)	73,320	242,571	(18,337)	422,416	(30,489)	—	689,481
Finance costs — net							(35,804)
Share of results of associated companies	(791)	(436)	—	—	—	—	(1,227)
Share of results of joint ventures	(438)	(1,200)	—	3	—	—	(1,635)
Profit before income tax							650,815
Income tax expense							(300,603)
Profit for the period							350,212
Other segment information							
Capital and property development expenditure	968,986	2,324,765	14,627	5,518	—	—	3,313,896
Depreciation	1,861	7,355	9,938	1,067	2,278	—	22,499
Amortisation of land use rights as expenses	1,551	962	—	—	—	—	2,513
Fair value gains on investment properties	—	—	—	345,459	—	—	345,459
Fair value gains on derivative financial instruments	—	—	—	—	2,464	—	2,464
Net gain from redemption of 2015 and 2016 Bonds	—	—	—	—	23,988	—	23,988
Impairment of goodwill recognised as expenses	—	1	—	—	—	—	1

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (Unaudited)

5 REVENUES AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

The unaudited segment assets and liabilities as at 30 June 2015 are as follows:

	Property development — commercial RMB'000	Property development — residential RMB'000	Hotel RMB'000	Property investment and management RMB'000	Property Construction RMB'000	All other segments RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	22,667,557	34,889,033	2,250,855	8,601,398	797,500	9,426,528	(35,610,691)	43,022,180
Associated companies	202,106	37,628	—	945,569	—	—	—	1,185,303
	22,869,663	34,926,661	2,250,855	9,546,967	797,500	9,426,528	(35,610,691)	44,207,483
Unallocated:								
Deferred income tax assets								372,067
Prepaid income taxes								138,167
Available-for-sale financial assets								120,000
Total assets								44,837,717
Segment liabilities	13,038,484	25,812,571	259,284	527,699	769,661	10,869,719	(35,610,691)	15,666,727
Unallocated:								
Deferred income tax liabilities								1,611,445
Borrowings								13,591,430
Derivative financial instruments								13
Income tax payable								2,135,813
Total liabilities								33,005,428

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (Unaudited)

5 REVENUES AND SEGMENT INFORMATION (continued)

(b) Segment information (continued)

The audited segment assets and liabilities as at 31 December 2014 are as follows:

	Property development — commercial RMB'000	Property development — residential RMB'000	Hotel RMB'000	Property investment and management RMB'000	Property construction RMB'000	All other segments RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	20,156,194	28,639,168	2,295,698	8,073,168	499,400	8,512,244	(29,647,573)	38,528,299
Associated companies	203,983	41,822	—	912,831	—	—	—	1,158,636
Joint ventures	69,408	190,120	—	2,489	—	—	—	262,017
	20,429,585	28,871,110	2,295,698	8,988,488	499,400	8,512,244	(29,647,573)	39,948,952
Unallocated:								
Deferred income tax assets								366,238
Prepaid income taxes								118,498
Available-for-sale financial assets								137,000
Total assets								40,570,688
Segment liabilities	11,397,165	20,306,309	241,989	305,088	217,419	10,048,023	(29,647,573)	12,868,420
Unallocated:								
Deferred income tax liabilities								1,612,630
Borrowings								12,202,238
Derivative financial instruments								2,432
Income tax payable								2,175,776
Total liabilities								28,861,496

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (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 2015	1,475,041	7,460,265	7,393,525	7,172	16,336,003
Additions	13,406	1,362,835	87,944	—	1,464,185
Acquisition of subsidiaries	446	212,337	—	—	212,783
Land use rights amortisation capitalised to properties under development	—	(81,266)	—	—	(81,266)
Transfer to investment properties	—	(3,613)	3,613	—	—
Transfer to cost of sales	—	(61,464)	—	—	(61,464)
Transfer from completed properties held for sale	—	—	13,461	—	13,461
Fair value gains	—	—	177,135	—	177,135
Impairment of goodwill recognised as expenses	—	—	—	(3)	(3)
Depreciation/amortisation charged to the consolidated income statement	(32,765)	(3,322)	—	—	(36,087)
Disposals	(314)	—	(33,514)	—	(33,828)
Disposal of a subsidiary	(40)	—	—	—	(40)
Closing net book amount as at 30 June 2015	1,455,774	8,885,772	7,642,164	7,169	17,990,879
Representing:					
Non-current		153,828			
Current		8,731,944			
		8,885,772			

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (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 2014	1,521,738	6,939,543	8,704,268	7,177	17,172,726
Additions	57,610	477,487	5,225	—	540,322
Acquisition of a subsidiary	—	94,308	—	—	94,308
Land use rights amortisation capitalised to property, plant and equipment	247	(247)	—	—	—
Land use rights amortisation capitalised to properties under development	—	(71,549)	—	—	(71,549)
Transfer to investment properties	—	(41,099)	41,099	—	—
Transfer from deferred government grants	—	—	(21,493)	—	(21,493)
Transfer to cost of sales	—	(161,192)	—	—	(161,192)
Transfer from completed properties held for sale	—	—	47,633	—	47,633
Fair value gains	—	—	345,459	—	345,459
Impairment of goodwill recognised as expenses	—	—	—	(1)	(1)
Depreciation/amortisation charged to the consolidated income statement	(22,499)	(2,513)	—	—	(25,012)
Disposals	(3)	—	(67,382)	—	(67,385)
Closing net book amount as at 30 June 2014	1,557,093	7,234,738	9,054,809	7,176	17,853,816
Representing:					
Non-current		162,904			
Current		7,071,834			
		7,234,738			

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (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 2014	1,557,093	7,234,738	9,054,809	7,176	17,853,816
Additions	13,999	596,751	785	—	611,535
Land use rights amortisation capitalised to property, plant and equipment	64	(64)	—	—	—
Land use rights amortisation capitalised to properties under development	—	(95,069)	—	—	(95,069)
Transfer to investment properties	(6,852)	(12,297)	19,149	—	—
Transfer to cost of sales	—	(224,094)	—	—	(224,094)
Transfer from completed properties held for sale	—	—	134,530	—	134,530
Fair value gains	—	—	857,743	—	857,743
Revaluation surplus upon transfer of an owner-occupied property to investment property	—	—	6,989	—	6,989
Impairment of goodwill recognised as expenses	—	—	—	(4)	(4)
Depreciation/amortisation charged to the consolidated income statement	(28,108)	(4,432)	—	—	(32,540)
Disposals	(60,218)	—	(20,480)	—	(80,698)
Disposal of subsidiaries	(937)	(35,268)	—	—	(36,205)
Disposal of a subsidiary which become an associated company	—	—	(2,660,000)	—	(2,660,000)
Closing net book amount as at 31 December 2014	1,475,041	7,460,265	7,393,525	7,172	16,336,003
Representing:					
Non-current		160,119			
Current		7,300,146			
		7,460,265			

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

6 CAPITAL EXPENDITURE (continued)

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 existing use basis as at 30 June 2015 and 31 December 2014 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 2015 (Unaudited)

7 OTHER NON-CURRENT ASSETS

	30 June 2015 RMB'000	31 December 2014 RMB'000
Prepayments and deposits for land use rights (note (a))	3,907,504	3,920,367
Prepayments for acquisition of subsidiaries (note (b))	—	33,000
Unamortised development costs for properties where the use rights had been transferred (note (c))	88,550	89,690
	3,996,054	4,043,057

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.

As at 30 June 2015, other non-current assets of RMB268,690,000 (31 December 2014: RMB268,690,000) were pledged as collateral for the Group's borrowings.

- (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. As at 30 June 2015, the acquisition has been completed.

- (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 RMB146,296,000 as at 30 June 2015 (31 December 2014: RMB148,097,000) 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 2015 (Unaudited)

8 ASSOCIATED COMPANIES

	Six months ended 30 June 2015 RMB'000
Opening balance	1,158,636
Share of results	
— Profit for the period	27,733
Share of other comprehensive loss	
— Exchange differences	(1,066)
Ending balance	1,185,303

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)/ profit after tax RMB'000	% of interest held
As at and for the six months ended 30 June 2015					
Eagle Rights	55,197	17,569	2,839	(3,128)	33.33%
Shimao Mingfa	257,374	112,110	—	(314)	37.50%
Mingfa Tongxin	292,161	235,319	—	(1,563)	49.00%
Software Valley Mingfa	1,817,076	871,507	22,294	32,738	48.00%
Speedy Gains	306,606	306,606	—	—	20.00%
	2,728,414	1,543,111	25,133	27,733	

As at 30 June 2015, the Group provided guarantees of the following amounts in respect of bank borrowings to its associated companies:

	30 June 2015 RMB'000	31 December 2014 RMB'000
Mingfa Tongxin	300,000	200,000
Software Valley Mingfa	—	265,000
Speedy Gains	158,832	145,152
Total	458,832	610,152

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

9 JOINT OPERATION

On 8 November 2002, the Group entered into a joint operation 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 operation 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 operation which are included in the consolidated balance sheet and consolidated income statement.

	30 June 2015 RMB'000	31 December 2014 RMB'000
Assets		
Current assets	538,948	508,875
Non-current assets	390,898	375,211
	929,846	884,086
Liabilities		
Current liabilities	534,958	495,087
Non-current liabilities	178,864	177,981
	713,822	673,068
Net assets	216,024	211,018

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

9 JOINT OPERATION (continued)

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Income	21,243	17,676
Fair value gains on investment properties	13,088	6,940
Expenses	(29,325)	(44,394)
Profit/(loss) after income tax	5,006	(19,778)
Proportionate interest in joint operation's		
— operating lease rentals receivable	5,477	424,234
— financial guarantees	40,887	96,827

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 operation. Pursuant to the assets allocation under the Supplemental Agreement, Baolong has been allocated an excess areas of approximately 9,775 square metres. The Group is entitled to receive proceeds from Baolong on the excess areas at a fixed price of RMB9,500 per square metre and the total amount is estimated to be approximately RMB92,867,000. 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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

9 JOINT OPERATION (continued)

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

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

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

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 further judgment and no final rulings have been made.

9 JOINT OPERATION (continued)

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**").

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 operation 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.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (Unaudited)

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Opening balance	137,000	20,000
Addition	220,000	—
Disposal	(237,000)	—
Ending balance	120,000	20,000
Less: Non-current portion	(20,000)	(20,000)
Current portion	100,000	—
	30 June 2015 RMB'000	31 December 2014 RMB'000
Unlisted equity shares (note (a))	20,000	20,000
Wealth-management products (note (b))	100,000	117,000
	120,000	137,000

Notes:

- (a) Unlisted equity shares of 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 for the six months ended 30 June 2015 from the investment costs.
- (b) The interest rate of these wealth-management products as at 30 June 2015 approximates to 3.0% and the maturity date is 3 July 2015. There is no significant change in fair value of these financial assets as at 30 June 2015 from the purchase cost.

As at 30 June 2015, there was no wealth-management products pledged as collateral for the Group's borrowings (31 December 2014: RMB 50,000,000).

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (Unaudited)

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2015 RMB'000	31 December 2014 RMB'000
Trade receivables (<i>note (a)</i>)	731,916	623,043
Less: Provision for impairment of trade receivables	(50,737)	(50,737)
Trade receivables — net	681,179	572,306
Deposits for resettlement costs	2,538	2,538
Deposits for land purchases	18,050	18,050
Advances to third parties (<i>note (c)</i>)	237,073	176,073
Receivable in connection with the disposal of a joint venture (<i>note (d)</i>)	204,479	204,479
Other receivables	303,098	326,961
Prepayments for construction costs	295,310	210,256
Prepaid business tax and other levies on pre-sale proceeds	229,048	174,554
	1,970,775	1,685,217
Less: Non-current portion of other receivables (<i>note (b)</i>)	(14,620)	(14,396)
Current portion	1,956,155	1,670,821

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (Unaudited)

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

As at 30 June 2015, the fair values of trade receivables, deposits for resettlement costs and land purchases, advances to third parties, receivable in connection with a disposal of equity interest and other receivables approximate their carrying amounts.

Notes:

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

The ageing analysis of trade receivables is as follows:

	30 June 2015 RMB'000	31 December 2014 RMB'000
Within 90 days	422,767	336,023
Over 90 days and within 1 year	97,604	96,314
Over 1 year and within 2 years	144,355	121,437
Over 2 years	67,190	69,269
	731,916	623,043

As at 30 June 2015, provision for impairment of trade receivables was approximately RMB50,737,000 (31 December 2014: approximately RMB50,737,000).

- (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, interest-free and have no fixed repayment terms.
- (d) The amount relates to reimbursement of certain accrued expenses in connection with a disposal of equity interest to be received from the buyer.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

12 AMOUNTS DUE FROM RELATED PARTIES

	30 June 2015 RMB'000	31 December 2014 RMB'000
Receivables from related parties		
Controlled by the Controlling Shareholders		
Growing Group Limited	106	106
Better Luck Group Limited	50	50
Gainday Holdings Limited	50	50
Tin Sun Holdings Limited	50	50
Run Fast International Limited	25	25
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)	954	746
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”)	3,192	2,692
Associated companies		
Eagle Rights (鈞濠有限公司)	19,800	16,218
Shimao Mingfa (長春世茂明發房地產開發有限公司)	111,750	111,750
Software Valley Mingfa (南京軟件谷明發信息科技發展有限公司)	77,072	259,085
Speedy Gains	148,116	146,704
Loan to a related party		
Joint venture		
Superb Land Limited (Previously named as: Powerland Holding Limited)	226,941	220,886
	588,135	758,391
Less: Non-current portion comprising loan to Superb Land Limited	(226,941)	(220,886)
	361,194	537,505

Except for an amount of RMB2,692,000 due from Nanjing Qianqiuye as at 30 June 2015 (31 December 2014: RMB2,692,000), which was trade in nature and an amount of RMB226,941,000 due from Superb Land Limited (31 December 2014: RMB220,886,000), which carries interest at 2.2% per annum and will not be demanded for repayment during the next 12 months, the amounts due from related parties are non-trade in nature, unsecured, interest-free and have no fixed repayment terms. The fair value of the non-current loan to Superb Land Limited is based on cash flows discounted using a market rate which are within Level 2 of the fair value hierarchy.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

12 AMOUNTS DUE FROM RELATED PARTIES (continued)

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

As at 30 June 2015, the Group provided of RMB213,713,000 (31 December 2014: RMB213,784,000) guarantee in respect of bank borrowings to the joint venture, Superb Land Limited.

13 BALANCES WITH NON-CONTROLLING INTERESTS

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

14 RESTRICTED CASH

As at 30 June 2015, the Group's cash of approximately RMB2,745,224,000 (31 December 2014: RMB2,458,550,000) was restricted and deposited in certain banks as security for certain borrowings.

As at 30 June 2015, there was no cash restricted and deposited in certain banks as security for issuing bank acceptance bills of exchange (31 December 2014: RMB5,690,000).

As at 30 June 2015, the Group's cash of approximately of RMB800,000 (31 December 2014: Nil) was restricted and deposited in certain banks as security for project construction.

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 1 January 2014, 31 December 2014 and 30 June 2015	0.1	12,000,000,000	1,200,000,000	
Issued and fully paid:				
At 1 January 2014, 31 December 2014 and 30 June 2015	0.1	6,093,451,026	609,345,103	536,280,877

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

16 BORROWINGS

	30 June 2015 RMB'000	31 December 2014 RMB'000
Borrowings included in non-current liabilities		
Bank borrowings — secured	8,669,450	7,326,844
Senior notes (note (a))	633,050	631,725
Other borrowings — guaranteed and secured	1,411,000	566,000
	10,713,500	8,524,569
Less: Amounts due within one year	(4,789,453)	(4,540,223)
	5,924,047	3,984,346
Borrowings included in current liabilities		
Bank borrowings — secured	1,736,114	2,165,529
Other borrowings — guaranteed and secured	771,816	742,140
Other borrowings — unsecured	370,000	770,000
Current portion of long-term borrowings	4,789,453	4,540,223
	7,667,383	8,217,892

Movement of borrowings is analysed as follows:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Opening balance	12,202,238	8,641,401
Proceeds of new borrowings	3,472,554	6,243,582
Acquisition of a subsidiary	483,000	—
Repayments of borrowings	(2,567,687)	(2,499,587)
Senior notes	1,325	7,392
Convertible bonds — liability component	—	(1,343,682)
Ending balance	13,591,430	11,049,106

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

16 BORROWINGS (continued)

As at 30 June 2015, the Group's certain borrowings of RMB6,425,499,000 (31 December 2014: RMB5,383,964,000) were secured by its land use rights (Note 17), properties under development (Note 17) and completed properties held for sale (Note 17).

As at 30 June 2015, the Group's certain borrowings of RMB3,050,841,000 (31 December 2014: RMB2,550,057,000) were secured by its buildings (Note 17) and investment properties (Note 17).

As at 30 June 2015, there was no borrowings secured by its available-for-sale financial assets (31 December 2014: RMB50,000,000).

As at 30 June 2015, the Group's certain borrowings of RMB2,745,224,000 (31 December 2014: RMB2,449,352,000) were secured by part of its restricted cash (Note 14, Note 17).

As at 30 June 2015, the Group's certain borrowings of RMB366,816,000 (31 December 2014: RMB367,140,000) were guaranteed by the Controlling Shareholders, Galaxy Earnest Limited which is controlled by the Controlling Shareholders and Growing Group Limited which is wholly-owned by Mr. Wong Wun Ming, one of the Controlling Shareholders, together with a charge on certain shares of the Company held by Galaxy Earnest Limited.

As at 30 June 2015, the unsecured other borrowings of RMB370,000,000 (31 December 2014: RMB770,000,000) were provided by certain third parties through entrusted arrangement with no guarantee or security required. The interest ranges from 12% to 14% per annum.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

16 BORROWINGS (continued)

Note:

(a) 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**") which were listed on the Stock Exchange. 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.

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, as at 31 December 2014 and 30 June 2015, and is therefore not recognised.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (Unaudited)

16 BORROWINGS (continued)

Note (continued):

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

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

	Six months ended 30 June 2015 RMB'000
Opening balance	631,725
Interest expenses (Note 24)	42,385
Coupon paid	(40,658)
Exchange gains	(402)
Ending balance	633,050

17 PLEDGED ASSETS

	30 June 2015 RMB'000	31 December 2014 RMB'000
Completed properties held for sale	2,599,844	2,734,858
Property, plant and equipment	548,653	555,218
Properties under development	1,869,633	951,610
Land use rights	3,147,410	3,166,794
Investment properties	5,179,970	4,145,383
Other non-current assets	268,690	268,690
Available-for-sale financial assets	—	50,000
Restricted cash	2,746,024	2,464,240
	16,360,224	14,336,793

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (Unaudited)

18 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2015 RMB'000	31 December 2014 RMB'000
Warrants (note)	13	2,432

Note:

The warrants are issued together with the convertible bonds issued on 10 December 2010, which are valued at HK\$16,000 (equivalent to RMB13,000) at 30 June 2015 and HK\$3,083,000 (equivalent to RMB2,432,000) at 31 December 2014 respectively by DTZ Debenham Tie Leung Limited. The fair value change is made through profit and loss.

19 TRADE AND OTHER PAYABLES

	30 June 2015 RMB'000	31 December 2014 RMB'000
Trade payables (note (a))	5,087,586	5,024,787
Other payables (note (b))	4,019,319	2,698,466
Other taxes payable	224,297	186,117
	9,331,202	7,909,370

Notes:

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

	30 June 2015 RMB'000	31 December 2014 RMB'000
Within 90 days	4,697,036	4,710,953
Over 90 days and within 1 year	390,550	313,834
	5,087,586	5,024,787

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (Unaudited)

19 TRADE AND OTHER PAYABLES (continued)

Notes (continued):

(b) Other payables comprise:

	30 June 2015 RMB'000	31 December 2014 RMB'000
Deposits and advances from constructors	172,712	4,121
Deposits received from tenants and customers	251,058	190,357
Advances from third parties (note (i))	2,415,221	2,059,013
Consideration payable on acquisition of a joint venture	50,000	50,000
Consideration payable on acquisition of subsidiaries	96,382	96,442
Prepayments received in connection with the deemed disposal of partial interest in subsidiaries (note (ii))	759,020	—
Payable to a joint operation partner Baolong	43,859	32,912
Miscellaneous	231,067	265,621
	4,019,319	2,698,466

- (i) As at 30 June 2015, the advances from third parties are non-trade in nature, unsecured, interest-free and have no fixed repayment terms except for advances totalling RMB467,000,000 (31 December 2014: RMB54,000,000) made from third parties which bear interests at 5.4%, 12% or 12.5% per annum. RMB200,000,000 of above balances have been repaid subsequently in July 2015. Included in balances as at 31 December 2014, the amount of HK\$254,000,000 (equivalent to RMB200,373,000) made from Mr. Zeng Huansha which bear interest at 15.5% per annum has been fully repaid in March 2015.
- (ii) The prepayments received were related to the deemed disposal of the Group's 49% equity interest in subsidiaries to a third party, which has not been completed as at 30 June 2015.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

20 AMOUNTS DUE TO RELATED PARTIES

	30 June 2015 RMB'000	31 December 2014 RMB'000
Controlling Shareholders Mr. Wong Wun Ming	28,414	129,671
Former 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)	—	218,108
Associated company Nanjing Software Valley Mingfa Communications Technology Development Co., Ltd. (南京軟件谷明發通信科技發展有限公司) ("Mingfa TongXin")	108,665	8,921
	137,079	356,700

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.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (Unaudited)

21 PROVISION FOR OTHER LIABILITIES AND CHARGES

	Six months ended 30 June		For the year ended 31 December
	2015 RMB'000	2014 RMB'000	2014 RMB'000
Opening balance	9,294	3,714	3,714
Additional provision	1,359	12,288	18,355
Utilised during the period/year	(1,359)	(9,580)	(12,755)
Ending balance	9,294	6,422	9,294
Representing:			
Provided amounts	87,649	80,223	86,290
Utilised amounts	(78,355)	(73,801)	(76,996)
Net book amount	9,294	6,422	9,294

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

	As at 30 June		As at 31 December
	2015 RMB'000	2014 RMB'000	2014 RMB'000
Provision for delivering delay in properties	9,294	6,422	9,294

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 RMB9,294,000 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 2015.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

22 OTHER GAINS

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Government grants	195	398
Net exchange gain	5,933	—
Compensation income (note)	13,538	50,154
Net gain arising from disposal of a subsidiary	7,456	—
Net gain arising from acquisition of additional interests in joint venture which become a wholly owned subsidiary	7,744	—
Net gain from redemption of 2015 and 2016 Bonds	—	23,988
Miscellaneous	3,006	1,007
	37,872	75,547

Note:

During the six months ended 30 June 2014, the Group received total compensation of RMB50,154,000 from the buyers representing overdue interest for late payment of purchase consideration as agreed in the sales and purchase contracts in connection with the Group's disposal in 2012 of its 49% equity interest in a subsidiary and its entire 50% equity interest in a joint venture.

During the six months ended 30 June 2015, the Group received total compensation of RMB13,538,000 from the seller representing overdue interest for late delivery of the project company as agreed in the sales and purchase contract in connection with the Group's acquisition of its 100% equity interest in January 2010.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (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	
	2015 RMB'000	2014 RMB'000
Staff costs — including directors' emoluments	108,754	102,389
Auditor's remuneration	1,500	1,500
Depreciation (Note 6)	32,765	22,499
Amortisation of land use rights (Note 6)	3,322	2,513
Advertising, promotion and commission costs	41,187	59,408
Cost of properties sold	562,016	716,404
Cost of property construction	271,000	—
Business tax and other levies on sales and construction of properties	51,601	74,773
Direct outgoings arising from investment properties that generate rental income	48,979	36,185
Operating lease expenses on land and buildings	29,648	25,671
Hotel operating expenses	55,199	49,540
Charitable donations	9,949	1,056
Office expenses	49,116	43,840
Professional fees	11,665	5,594
Provision for impairment of receivables	1,180	445
Impairment of goodwill (Note 6)	3	1
Provision for delay in delivering properties (Note 21)	1,359	12,288
Net exchange loss	—	43,781
Miscellaneous	41,451	61,600
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses	1,320,694	1,259,487

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

24 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Finance income		
— interest income on bank deposits and loan to a related party	53,524	7,988
Interest expenses on bank borrowings which are		
— wholly repayable within five years	(300,266)	(261,170)
— wholly repayable over five years	(34,772)	(33,124)
Interest expenses on other borrowings and advances from third parties	(129,544)	(94,808)
Interest expenses on convertible bonds and senior notes (Note 16)	(42,385)	(50,007)
Less: Interest capitalised	506,967	395,317
Finance costs	—	(43,792)
Net finance income/(costs)	53,524	(35,804)

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (Unaudited)

25 INCOME TAX EXPENSE

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Current income tax		
— PRC enterprise income tax	50,905	35,875
— PRC land appreciation tax	(4,723)	110,008
	46,182	145,883
Deferred income tax		
— PRC enterprise income tax	(19,816)	145,277
— PRC withholding income tax	11,298	9,443
	(8,518)	154,720
	37,664	300,603

(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 2015 (2014: Nil).

(b) PRC enterprise income tax

PRC enterprise income tax is provided for at 25% (2014: 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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

25 INCOME TAX EXPENSE (continued)

(d) PRC withholding income tax

According to the 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 DIVIDENDS

The Board does not recommend payment of interim dividend for the six months ended 30 June 2015 (2014: Nil).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

27 EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the six months ended 30 June 2015 and 2014 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	
	2015	2014
Profit attributable to equity holders of the Company (RMB'000)	63,296	352,748
Weighted average number of ordinary shares in issue (thousands)	6,093,451	6,093,451
Basic earnings per share (RMB cents)	1.0	5.8

(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. All the remaining convertible bonds have been redeemed by the Group in year 2014. 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 2015 (Unaudited)

27 EARNINGS PER SHARE (continued)

(b) Diluted (continued)

For the six months ended 30 June 2015 and 2014, 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	
	2015 RMB'000	2014 RMB'000
Profit attributable to equity holders of the Company	63,296	352,748
Interest expenses on convertible bonds (net of tax)	—	564
Exchange losses on convertible bonds — liability component	—	890
Changes in fair value of convertible bonds — embedded derivatives	—	(6,619)
Net gain from repurchase and redemption of 2015 and 2016 Bonds	—	(23,988)
Profit used to determine diluted earnings per share	63,296	323,595
Weighted average number of ordinary shares in issue (thousands)	6,093,451	6,093,451
Adjustment for conversion of convertible bonds (thousands)	—	45,946
Weighted average number of ordinary shares for diluted earnings per share (thousands)	6,093,451	6,139,397
Diluted earnings per share (RMB cents)	1.0	5.3

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (Unaudited)

28 FINANCIAL GUARANTEES

	30 June 2015 RMB'000	31 December 2014 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties (note)	4,197,184	4,005,525

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 2015 RMB'000	31 December 2014 RMB'000
Authorised but not contracted for	970,962	965,710
Contracted but not provided for		
— Properties being developed by the Group for sale	997,286	261,997
— Land use rights	5,188,735	5,811,423
	6,186,021	6,073,420

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015 (Unaudited)

29 COMMITMENTS (continued)

(b) Commitments for equity investments

	30 June 2015 RMB'000	31 December 2014 RMB'000
Contracted but not provided for — Acquisition of a subsidiary located in Chengdu (Note 7(b))	—	9,544

(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 2015 RMB'000	31 December 2014 RMB'000
Within one year	46,308	33,679
Between two to five years	117,460	78,293
After five years	43,883	28,045
	207,651	140,017

(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 2015 RMB'000	31 December 2014 RMB'000
Within one year	167,845	187,687
Between two to five years	603,637	624,457
After five years	1,087,221	1,114,417
	1,858,703	1,926,561

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended 30 June 2015 (Unaudited)

30 RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Interest income from loan to Superb Land Limited, a joint venture (Note 12)	4,903	—
Purchase of construction materials from Nanjing Qianquye	—	165

- (b) **Key management compensation**

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Salaries and other short-term employee benefits	3,535	2,309
Retirement scheme contributions	33	32
	3,568	2,341

31 APPROVAL AND AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The condensed consolidated interim financial statements for the six months ended 30 June 2015 were approved and authorised for issue by the board of directors of the Company on 28 August 2015.