



**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 2016**



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## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Huang Qingzhu

Mr. Huang Lianchun

Mr. Huang Li Shui

Mr. Liu Yuwei

*(appointed on 15 July 2019)*

#### Non-Executive Director

Mr. Wong Wun Ming (Chairman)

*(re-designated from Executive Director to Non-Executive Director effective 15 July 2019)*

#### Independent Non-Executive Directors

Mr. Lau Kin Hon

Mr. Chu Kin Wang Peleus *(appointed on 1 November 2016)*

Dr. Lam, Lee G. *(appointed on 1 September 2018)*

Mr. Chan Sing Lai *(appointed on 15 July 2019)*

Mr. Qu Wenzhou *(resigned on 31 August 2018)*

Mr. Dai Yiyi *(resigned on 1 September 2018)*

Dr. Wong Tin Yau Kelvin J.P. *(appointed on 1 September 2018 and retired on 6 March 2019)*

### COMPANY SECRETARY

Mr. Poon Wing Chuen (FCCA)

### AUDIT COMMITTEE

Mr. Chu Kin Wang Peleus *(appointed on 1 November 2016)*

*(chairperson of the committee effective 1 September 2018)*

Mr. Lau Kin Hon

Dr. Lam, Lee G. *(appointed on 1 September 2018)*

Mr. Qu Wenzhou *(chairperson of the committee and resigned on 31 August 2018)*

Mr. Dai Yiyi *(resigned on 1 September 2018)*

Dr. Wong Tin Yau Kelvin J.P. *(appointed on 1 September 2018 and retired on 6 March 2019)*

### NOMINATION COMMITTEE

Mr. Wong Wun Ming *(appointed as chairperson of the committee on 1 September 2018)*

Mr. Lau Kin Hon

Mr. Chu Kin Wang Peleus *(appointed on 1 November 2016)*

Mr. Qu Wenzhou *(resigned on 31 August 2018)*

Mr. Dai Yiyi *(chairperson of the committee and resigned on 1 September 2018)*

### REMUNERATION COMMITTEE

Mr. Lau Kin Hon *(chairperson of the committee effective 1 September 2018)*

Mr. Chu Kin Wang Peleus *(appointed on 1 November 2016)*

Mr. Wong Wun Ming *(appointed as a member of the committee on 1 September 2018)*

Mr. Qu Wenzhou *(chairperson of the committee and resigned on 31 August 2018)*

Mr. Dai Yiyi *(resigned on 1 September 2018)*

#### RISK MANAGEMENT COMMITTEE

Mr. Chan Sing Lai (*appointed on 15 July 2019*) (*chairperson of the committee effective 15 July 2019*)

Mr. Lau Kin Hon

Dr. Lam, Lee G. (*appointed on 1 September 2018*)

#### AUTHORISED REPRESENTATIVES

Mr. Wong Wun Ming

Mr. Poon Wing Chuen (*FCCA*)

#### REGISTERED OFFICE

Vistra (Cayman) Limited  
P.O. Box 31119 Grand Pavilion  
Hibiscus Way, 802 West Bay Road  
Grand Cayman, KY1-1205  
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://www.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

Hang Seng Bank Limited  
Bank of China (Hong Kong) Limited

#### LEGAL ADVISER AS TO HONG KONG LAWS

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

#### AUDITOR

BDO Limited  
25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

## Financial Highlights

	Unaudited For the six months ended 30 June		
	2016	2015	Percentage of increase/ (decrease)
Revenue ( <i>RMB' million</i> )	<b>2,684.4</b>	1,114.1	140.9%
Profit attributable to equity holders of the Company ( <i>RMB' million</i> )	<b>877.1</b>	63.3	1,285.6%
Basic and diluted earnings per share ( <i>RMB cents</i> )	<b>14.4</b>	1.0	1,340.0%

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 2016 together with comparative amounts for the corresponding period in 2015.

### RESULTS

The unaudited consolidated revenue of the Group increased by 140.9% to approximately RMB2,684.4 million (corresponding period in 2015: approximately RMB1,114.1 million) for the six months ended 30 June 2016. During the period under review, the unaudited consolidated profit attributable to equity holders of the Company was approximately RMB877.1 million (corresponding period in 2015: approximately RMB63.3 million), representing an increase of 1,285.6% from the corresponding period in 2015. The unaudited basic and diluted earnings per share were RMB14.4 cents for the six months ended 30 June 2016 (corresponding period in 2015: RMB1.0 cents per share respectively), representing an increase of 1,340.0% compared to the corresponding period in 2015.

The Board does not recommend payment of interim dividend for the six months ended 30 June 2016 (30 June 2015: Nil).

### INDUSTRY REVIEW

Pursuant to the favorable supportive monetary and regulatory policies launched in 2015, the real estate market in PRC had a significant growth of 34.8% and 22.5% in transaction value and gross floor area (“GFA”) respectively in 2016 as compared to 2015. This was mainly resulted from the inventory clearance in the first three quarters in 2016. In order to avoid the overheating of the property market, some austerity measures such as purchase and loan restriction was launched in the fourth quarter of 2016. The real estate market became more stable in terms of average selling price (“ASP”) and transaction volume.

### BUSINESS REVIEW

#### Sales and Earnings

The unaudited consolidated revenue for the six months ended 30 June 2016 was approximately RMB2,684.4 million (corresponding period in 2015: approximately RMB1,114.1 million), representing an increase of 140.9%. The increase was due to increase in delivered GFA to the buyers from 94,112.3 sq.m. for the six months ended 30 June 2015 to 294,148.8 sq.m. for the corresponding period in 2016.

## Management Discussion and Analysis

The unaudited consolidated gross profit for the six months ended 30 June 2016 was approximately RMB716.8 million (corresponding period in 2015: approximately RMB73.5 million), representing an increase of 875.2%. The gross profit increased was mainly due to the increase in property sales from approximately RMB624.0 million for the six months ended 30 June 2015 to approximately RMB2,472.5 million for the corresponding period in 2016.

Fair value gains on investment properties for the six months ended 30 June 2016 decreased by 45.5% to approximately RMB96.5 million (corresponding period in 2015: approximately RMB177.1 million). The decrease was mainly due to less new properties were classified as investment properties in 2016.

Other income and other gains and losses decreased by 65.3% from approximately RMB37.9 million in 2015 to RMB13.1 million for the six months ended 30 June 2016. The decrease was mainly due to decrease in exchange gain arising from currency translation of the offshore loans nominated in USD in 2016.

Selling and marketing costs were approximately RMB87.9 million for the six months ended 30 June 2016, representing an increase of 15.5% over 2015 (corresponding period in 2015: approximately RMB76.1 million). It was mainly due to the increase in sales commission in connection with the recognized sales for 2016.

General and administrative expenses were approximately RMB354.8 million for the six months ended 30 June 2016, representing an increase of 73.9% over 2015 (corresponding period in 2015: approximately RMB204.0 million). The increase was mainly due to the additional professional fee incurred for investigation and increase in salary arising from the increase in number of staff.

Net finance income increased by 32.5% to approximately RMB70.9 million for the six months ended 30 June 2016 (2015: approximately RMB53.5 million).

The unaudited consolidated profit attributable to the equity holders of the Company for the six months ended 30 June 2016 was approximately RMB877.1 million (corresponding period in 2015: approximately RMB63.3 million), representing an increase of 1,285.6% from the corresponding period in 2015. The change was mainly due to the increase in gross profit of approximately RMB643.3 million for the six months ended 30 June 2016 which arose from the increase in the property sales.



## Management Discussion and Analysis

Regarding the recognised sales for the six months ended 30 June 2016, the ASP per square metre (“**sq.m.**”) achieved by the Group was RMB8,405.7 per sq.m., representing an increase of 26.8% from RMB6,630.1 per sq.m. for the corresponding period in 2015. Such increase was mainly due to the delivery of properties in Beijing in 2016 which had higher ASP.

In the first half of 2016, the Group achieved contracted sales of approximately RMB7,323.3 million (corresponding period in 2015: approximately RMB1,412.0 million). The ASP for the contracted sales had increased by 24.3% to RMB8,884.1 per sq.m. during the period under review (corresponding period in 2015: approximately RMB7,146.8 per sq.m.).

### Segment Information

Revenue generated from various segments are analyzed as follows:

For the six months ended	Commercial Properties RMB'million	Residential Properties RMB'million	Properties Investment and	Hotel RMB'million	Property Construction RMB'million	All Other Segments RMB'million	Total RMB'million
			Management Income RMB'million				
30 June 2016	110.3	2,362.2	122.5	89.4	—	—	<b>2,684.4</b>
30 June 2015	153.1	470.9	119.0	73.0	298.1	—	<b>1,114.1</b>

The decrease in revenue generated from commercial properties was mainly due to the decrease in properties delivered in Nanjing Mingfa Riverside New Town and Nanjing Mingfa City Square in the six months ended 30 June 2016.

The increase in revenue generated from residential properties was mainly due to the delivery of properties in Beijing in 2016 which accounted for RMB1,172.2 million.

As the project of Tongda had been completed in 2015 and no new construction businesses had been started in 2016, no income was generated from the property construction sector for the six months ended 30 June 2016.

## Management Discussion and Analysis

### Pre-sold Properties

As at 30 June 2016, the attributable GFA of pre-sold properties not yet delivered to the buyers was 1,274,743 sq.m. (738,366 sq.m. as at 31 December 2015). 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.)
Changsha	Changsha Mingfa Shopping Mall	100%	60,139
Guang'an	Guang'an Mingfa Mall	100%	30,721
Hefei	Hefei Mingfa Shopping Mall	100%	20,861
Honglai	Honglai Mingfa Commercial Centre	100%	571
Huai'an	Huai'an Mingfa Shopping Mall	100%	4,033
Huizhou	Huizhou Mingfa Gaobang New City	80%	7,267
Jinzhai	Jinzhai Mingfa City Square	100%	83,036
Nanjing	Nanjing Dream Garden	51%	34,730
Nanjing	Nanjing Mingfa City Square	100%	6,230
Nanjing	Nanjing Mingfa Cloud Mansion	40%	13,996
Nanjing	Nanjing Mingfa New City Finance Building	100%	213,763
Nanjing	Nanjing Mingfa Pearl River International	100%	6,983
Nanjing	Nanjing Mingfa Pearl Spring Resort	100%	13,123
Nanjing	Nanjing Mingfa Riverside New Town	100%	5,305
Nanjing	Nanjing Mingfa Shopping Mall	100%	6,379
Nanjing	Nanjing Mingfa Xianghill Garden	100%	108,178
Nanjing	Nanjing Rong Li	51%	59,404
Pingliang	Pingliang Mingfa European City	60%	33,775
Quanzhou	Quanzhou Mingfa Hua Chang City	100%	52,343
Shanghai	Shanghai Mingfa Shopping Mall	100%	15,537
Shenyang	Shenyang Mingfa Jinxiuhwa City	100%	52,246
Taizhou	Taizhou Mingfa City Complex	100%	32,944
Tianjin	Tianjin Binhai Mingfa Shopping Mall	100%	4,721
Wujiang	Wujiang Mingfa Jiangwan New City	100%	209,370
Wuxi	Wuxi Mingfa International New Town	100%	92,173
Wuxi	Wuxi Mingfa Shopping Mall	70%	2,361
Xiamen	Xiamen Mingfa Harbour Resort	100%	2,678
Xiamen	Xiamen Mingfa International New Town	100%	221

## Management Discussion and Analysis

City	Property	Group's Interest	Attributable
			Pre-sold GFA (sq.m.)
Xiamen	Xiamen Mingfa Shopping Mall	70%	15,938
Xiamen	Xiamen Mingfa Xiang Wan Peninsula	100%	2,969
Yangzhou	Yangzhou Mingfa Jiangwan City	100%	14,853
Yangzhou	Yangzhou Mingfa Shopping Mall	100%	7,476
Zhangzhou	Zhangzhou Longhai Mingfa Mall	100%	8,712
Zhangzhou	Zhangzhou Mingfa Shopping Mall	100%	6,254
Zhenjiang	Zhenjiang Jinxiu Yishan	100%	22,051
Zibo	Shandong Zibo World Trade Center	100%	23,402
<b>Total</b>			<b>1,274,743</b>

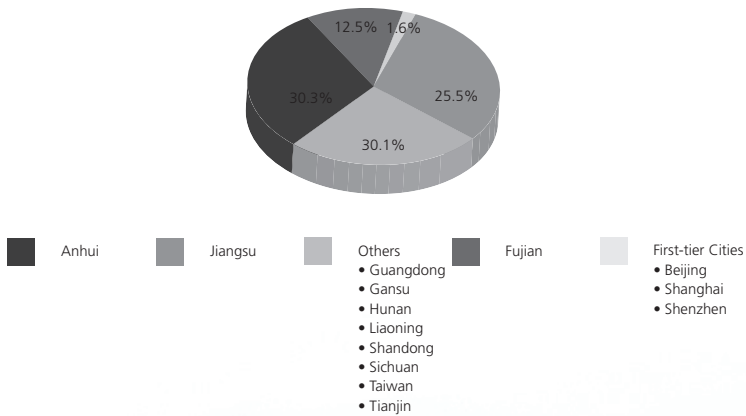
# Management Discussion and Analysis

## Summary of Land Bank

As at 30 June 2016, land bank attributable to the Group increased by 20.9% to approximately 18.5 million sq.m. (approximately 15.3 million sq.m. as at 31 December 2015), consisting of 77 projects (63 projects as at 31 December 2015) in total.

	Number of Projects	Attributable GFA (million sq.m.)
Completed projects	19	1.5
Projects under development	36	11.6
Projects for future development	22	5.4
<b>Total</b>	<b>77</b>	<b>18.5</b>

Total Land Bank by Province as at 30 June 2016



## Management Discussion and Analysis

The following tables summarize the details of the Group's land bank as at 30 June 2016:

Property Name	Location	Actual/ Estimated Completion Date	Type of Property	Status	Site Area (sq.m.) (Notes)	Approximate Leasable and Saleable GFA (sq.m.)	Group's Interest	Attributable GFA (sq.m.)
<b>Completed property (held for sale/leasing) (Note 1)</b>								
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 Jiangtou 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	14,060	100%	14,060
Xiamen Jianqun Elegant Garden	Located at Qianpu Lianqian East Road North, Huli District, Xiamen, Fujian Province	Apr/2005	Residential/Office	Completed	10,257	1,185	100%	1,185
Xiamen Mingfa International New Town	Located at Qianpu Lianqian Road South, Siming District, Xiamen, Fujian Province	Feb/2002	Residential/ Commercial/ Office	Completed	26,016	8,027	100%	8,027
Xiamen Mingfa Shopping Mall	Located to the northwest of Jiahe Road and Lianqian Road, Siming District, Xiamen, Fujian Province	Oct/2007	Commercial/Office/ Hotel	Completed	166,775	28,757	70%	20,130
Xiamen Mingfa Town	Located at Lvling Road, Siming Industrial Park, Siming District, Xiamen, Fujian Province	Jan/2008	Residential/ Commercial	Completed	12,879	14,930	100%	14,930
Nanjing Pearl Spring Resort	Located in Pearl Spring Resort, Pukou District, Nanjing, Jiangsu Province	Dec/2008	Residential/Hotel	Completed	112,973	24,378	100%	24,378
Nanjing Mingfa Riverside New Town	Located in Taishan Village, Pukou District, Nanjing, Jiangsu Province	Nov/2009	Residential/ Commercial	Completed	1,072,182	68,219	100%	68,219

## Management Discussion and Analysis

Property Name	Location	Actual/ Estimated Completion Date	Type of Property	Status	Site Area (sq.m.) (Notes)	Approximate Leasable and Saleable GFA (sq.m.)	Group's Interest	Attributable GFA (sq.m.)
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 Tangtuo Village, Yangqiao Town, Huishan District, Wuxi, Jiangsu Province	Dec/2011	Residential/ Commercial/ Hotel	Completed	216,643	437,297	70%	306,108
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	190,870	100%	190,870
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	225,854	100%	225,854
Nanjing Mingfa City Square	Located on Dingshan Road, Pukou District, Nanjing, Jiangsu Province	Dec/2012	Residential/ Commercial/ Office	Completed	128,683	73,722	100%	73,722
Honglai Mingfa Commercial Center	Located at Longlai District, Nanan, Fujian Province	Jun/2012	Residential/ Commercial	Completed	27,065	11,982	100%	11,982
Xiamen Mingfa Xiang Wan Peninsula	Located at east part of Xiang'an Road, Xiang'an, Fujian Province	Dec/2012	Residential/ Commercial	Completed	104,380	20,645	100%	20,645
Zhangzhou Mingfa Shopping Mall	Located at Longjiang Road East, Shuixian Street North, No.6 Road West, Xinqu Road South, Zhangzhou, Fujian Province	Dec/2013	Residential/ Commercial/ Office/Hotel	Completed	223,589	245,008	100%	245,008

## Management Discussion and Analysis

Property Name	Location	Actual/ Estimated Completion Date	Type of Property	Status	Site Area (sq.m.) <i>(Notes)</i>	Approximate Leasable and Saleable GFA (sq.m.)	Group's Interest	Attributable GFA (sq.m.)
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	138,493	100%	138,493
Huaian Mingfa Shopping Mall (Block C)	Located in Weihai East Road, Huaian, Jiangsu Province	Dec/2014	Residential	Completed	51,345	44,294	100%	44,294
<b>Sub-total</b>					<b>2,758,765</b>	<b>1,662,029</b>		<b>1,522,213</b>

### Property under development *(Note 2)*

Zhenjiang Jinxiu Yinshan	Located in the centre of Zhenjiang City, Jiangsu Province	Dec/2019	Residential/ Commercial/ Hotel	Completion certificate had been granted for GFA of 171, 952 sq.m. in June 2016. The remaining GFA of 232, 726 sq.m. will be completed in December 2019	296,702	284,529	100%	284,529
Huaian Mingfa Shopping Mall (Block A)	Located in Shenzhen South Road, Huaian, Jiangsu Province	Dec/2020	Commercial	Approximately 60% of construction has been completed	133,110	261,444	100%	261,444
Shenyang Mingfa Jinxiu Hua City	Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province	Dec/2019	Residential/ Commercial	Completion certificate had been granted for GFA of 280, 040 sq.m. in June 2016. The remaining GFA of 26, 070 sq.m. will be completed in December 2019	61,222	215,872	100%	215,872
Wuxi Mingfa International New Town	Located south of Yanqiao Town, Huishan District, Wuxi, Jiangsu Province	Dec/2019	Residential/ Commercial	Completion certificate had been granted for GFA of 452, 834 sq.m. in June 2016. The remaining GFA of 96, 727 sq.m. will be completed in December 2019	258,297	243,900	100%	243,900
Yangzhou Mingfa Jiangwan City	Located at east of Xuzhuang Road, north of Kaifa East Road, west of Liaojiagou Road, south of Ming Cheng Road, Yangzhou, Jiangsu Province	Dec/2019	Residential	Completion certificate had been granted for GFA of 158, 578.77 sq.m. in June 2016. The remaining GFA of 62, 954 sq.m. will be completed in December 2019	158,238	94,036	100%	94,036

## Management Discussion and Analysis

Property Name	Location	Actual/ Estimated Completion Date	Type of Property	Status	Site Area (sq.m.) (Notes)	Approximate Leasable and Saleable GFA (sq.m.)	Group's Interest	Attributable GFA (sq.m.)
Taizhou Mingfa International Mall (Phase 1)	Located in Gaogang District, Taizhou, Jiangsu Province	Dec/2020	Residential/ Commercial	Completion certificate had been granted for GFA of 304, 293 sq.m. in June 2016. The remaining GFA of 427, 007 sq.m. will be completed in December 2020	292,487	515,897	100%	515,897
Taizhou Mingfa International Mall (Phase 2)	Located in Gaogang District, Taizhou, Jiangsu Province	Oct/2020	Residential/Industrial	Completion certificate had been granted for GFA of 23, 671 sq.m. in June 2016. The remaining GFA of 284, 183 sq.m. will be completed in October 2020	237,075	322,150	100%	322,150
Zhangzhou Longhai Mingfa Mall (2011G17, 2011G18 Phase 1)	Located in Bangshan Town, Kekeng Village, Longhai, Zhangzhou, Fujian Province	Dec/2019	Residential/ Commercial	Completion certificate had been granted for GFA of 39, 734 sq.m. in June 2016. The remaining GFA of 244, 449 sq.m. will be completed in December 2019	78,622	245,681	100%	245,681
Beijing Mingfa Mall	Located in Beizang Village, Daxing District, Beijing	Dec/2018	Residential/ Commercial	Completion certificate had been granted for GFA of 81, 371 sq.m. in June 2016. The remaining GFA of 112, 502 sq.m. will be completed in December 2018	45,414	112,640	100%	112,640
Shanghai Mingfa Shopping Mall	Located in Hu Yi Highway East, Baiyin Road of South, Boundary of West, Gaotai Road North, Shanghai	Dec/2019	Commercial	Completion certificate had been granted for GFA of 39, 459 sq.m. in June 2016. The remaining GFA of 121, 079 sq.m. will be completed in December 2019	53,779	169,305	100%	169,305
Pingliang Mingfa European City	Located in Water Bridge West, Linjing Road North, Kongdong District, Pingliang, Gansu Province	Dec/2020	Residential	Approximately 60% of construction has been completed	117,594	268,258	60%	160,955



## Management Discussion and Analysis

Property Name	Location	Actual/ Estimated Completion Date	Type of Property	Status	Site Area (sq.m.) <i>(Notes)</i>	Approximate Leasable and Saleable GFA (sq.m.)	Group's Interest	Attributable GFA (sq.m.)
Nanjing Mingfa New City Finance Building	Located in New Town Business Avenue North, Pukou District, Nanjing, Jiangsu Province	Dec/2019	Residential/ Commercial	Completion certificate had been granted for GFA of 120, 510 sq.m. in June 2016. The remaining GFA of 240, 437 sq.m. will be completed in December 2019	59,042	401,297	100%	401,297
Changsha Mingfa Shopping Mall	Located in Star Cheng Town, Wangcheng County, Changsha, Hunan Province	Dec/2020	Residential/ Commercial	Completion certificate had been granted for GFA of 74, 461 sq.m. in June 2016. The remaining GFA of 843, 189 sq.m. will be completed in December 2020	285,594	928,837	100%	928,837
Huizhou Mingfa Gaobang New City	Huizhou City West Train Station, Guangdong Province	Dec/2020	Residential	Approximately 30% of construction has been completed	332,335	708,157	80%	566,526
Nanjing Mingfa Cloud Mansion	Located along the mountain road south, Jiangpu Street, Nanjing, Jiangsu Province	Sep/2017	Residential	Approximately 90% of construction has been completed	32,787	80,437	40%	32,175
Nanjing Mingfa Xiang Hill Garden	Located along the mountain road to the south, Caiba Road East, Pukou District, Nanjing, Jiangsu Province	Dec/2019	Residential	Approximately 90% of construction has been completed	115,876	255,361	100%	255,361
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	Sep/2017	Residential	Approximately 90% of construction has been completed	8,586	30,611	100%	30,611

## Management Discussion and Analysis

Property Name	Location	Actual/ Estimated Completion Date	Type of Property	Status	Site Area (sq.m.) (Notes)	Approximate Leasable and Saleable GFA (sq.m.)	Group's Interest	Attributable GFA (sq.m.)
Jinzhai Mingfa City Square (Plot G)	Located at New Town District, Meishan Town, Jinzhai County, Hefei, Anhui Province	Sep/2017	Residential/ Commercial	Completion certificate had been granted for GFA of 99, 145 sq.m. in June 2016. The remaining GFA of 255, 744 sq.m. will be completed in September 2017	105,504	354,889	100%	354,889
Tianjin Binhai Mingfa Shopping Mall	Located in Tanggu Marine Hi-Tech Development Zone, Tianjin	Dec/2021	Commercial	Approximately 30% of construction has been completed	209,048	418,096	100%	418,096
Nanjing Mingfa Wealth Center	Located in NewCity Headquarters Avenue on the north side of 05 plots, Pukou District, Nanjing, Jiangsu Province	Dec/2019	Commercial/Office	Approximately 30% of construction has been completed	56,694	283,470	100%	283,470
Nanjing Rong Li	Located at Jiangpu Street, Puzhu Road North, Directional River Road East, Pukou District, Nanjing, Jiangsu Province	Dec/2019	Residential	Approximately 40% of construction has been completed	132,937	255,551	51%	130,331
Nanjing Dream Garden	Located at Yuhuatai Economic Development Zone, Nanjing, Jiangsu Province	Jul/2018	Residential	Approximately 40% of construction has been completed	58,914	154,394	51%	78,741
Wujiang Mingfa Jiangwan New City (Phase 1)	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Dec/2019	Residential/ Commercial	Approximately 40% of construction has been completed	298,289	709,903	100%	709,903
Wujiang Mingfa Jiangwan New City (Phase 2)	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Dec/2021	Residential/ Commercial	Approximately 30% of construction has been completed	489,567	1,395,484	100%	1,395,484
Quanzhou Mingfa International Huachang City	Located at Neicuo Village, Guanqiao Town, Nanan, Fujian Province	Dec/2021	Residential/ Commercial	Approximately 50% of construction has been completed	276,120	826,500	100%	826,500
Guang'an Mingfa Mall (GC2013-45 Block)	Located in Bridge Group, Guan'an, Sichuan Province	Dec/2020	Residential/ Commercial	Approximately 40% of construction has been completed	76,153	382,692	100%	382,692
Zhenjiang Mingfa Xinjin Yuancheng	Located at east of the new road, Danbei Town, Danyang City	Jan/2018	Residential/ Commercial	Approximately 80% of construction has been completed	14,287	27,347	100%	27,347

## Management Discussion and Analysis

Property Name	Location	Actual/ Estimated Completion Date	Type of Property	Status	Site Area (sq.m.) <i>(Notes)</i>	Approximate Leasable and Saleable GFA (sq.m.)	Group's Interest	Attributable GFA (sq.m.)
Shenzhen Mingfa Guangming Xuan	Located at Tianliao Yulu Area, Guangming New District, Shenzhen	Dec/2018	Commercial	Approximately 50% of construction has been completed	4,109	12,320	100%	12,320
Nanjing Mingfa Yuejingyuan	Located at Pukou south along the mountain road, east side Nanjing University of Technology	Oct/2018	Commercial	Approximately 80% of construction has been completed	31,455	89,947	100%	89,947
Jinzhai Mingfa City Square (Plot D)	Located at New City, Meishan Town, Jinzhai County, Anhui Province	Dec/2017	Residential/ Commercial	Approximately 80% of construction has been completed	62,885	128,253	100%	128,253
Jinzhai Mingfa City Square (Plot E, F)	Located at New City, Meishan Town, Jinzhai County, Anhui Province	Jun/2018	Residential/ Commercial	Approximately 70% of construction has been completed	203,406	464,274	100%	464,274
Shandong Zibo World Trade Center	Located in People's Road to the north, Shanghai Road to the east, Zhangdian District, Zibo, Shandong Province	Dec/2021	Residential/ Commercial	Approximately 40% of construction has been completed	147,371	618,958	100%	618,958
Zhonggao Town Building	Located at south of Xiang'an District, Xiamen, Fujian Province	Dec/2019	Commercial	Approximately 35% of construction has been completed	11,870	98,104	51%	50,033
Xiamen Mingfeng Town	Located at Lingdou Siming District, Xiamen, Fujian Province	Jul/2018	Commercial	Approximately 60% of construction has been completed	19,190	122,737	100%	122,373
Shenyang Creative Industrial Estate	Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province	Dec/2021	Residential/ Commercial	Approximately 60% of construction has been completed	154,024	462,072	100%	462,072
Zhangzhou Longhai Mingfa Mall (2011G15 · 2012G15 Phase 2)	Located in Bangshan Town, Kekeng Village, Longhai, Zhangzhou, Fujian Province	Jun/2021	Residential	Approximately 30% of construction has been completed	63,127	189,381	100%	189,381
<b>Sub-total</b>					<b>4,981,710</b>	<b>12,132,784</b>		<b>11,586,280</b>

## Management Discussion and Analysis

Property Name	Location	Actual/ Estimated Completion Date	Type of Property	Status	Site Area (sq.m.) <i>(Notes)</i>	Approximate Leasable and Saleable GFA (sq.m.)	Group's Interest	Attributable GFA (sq.m.)
<b>Property with land use rights certificate for future development (Note 3)</b>								
Nanjing Mingfa Furniture City	Located in Huangyao Village, Taishan Street, Pukou District, Nanjing, Jiangsu Province	Dec/2020	Industrial	Vacant	41,434	103,585	100%	103,585
Lanzhou Mingfa Zhongke Ecological Park	Located in Weijia Village of Southwest, Gansu Province	Dec/2020	Residential	Vacant	1,371,786	1,371,786	51%	699,611
Taiwan Taoyuan 54 Block	Located in Air Passenger Park, Taoyuan, Taiwan.	Jun/2020	Commercial	Vacant	13,710	32,905	100%	32,905
Taiwan Taoyuan 169 Block	Located in Air Passenger Park, Taoyuan, Taiwan.	Jun/2020	Commercial	Vacant	16,110	38,663	100%	38,663
Shenyang Mingfa Wealth Center	Located at Young Street, Heping District, Shenyang, Liaoning Province	Dec/2020	Commercial	Vacant	5,468	54,677	100%	54,677
Jinzhai Mingfa City Square (Plot AC)	Located at Jinzhai County Meishan Town New Town, Hefei, Anhui Province	Dec/2019	Residential/ Commercial	Vacant	111,142	162,164	100%	162,164
Wujiang Mingfa Jiangwan New City (Phase 2)	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Dec/2020	Residential/ Commercial	Vacant	613,287	1,665,440	100%	1,665,440
Shenyang Mingfa Square	Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province	Jun/2020	Residential/ Commercial	Vacant	119,154	238,308	100%	238,308
Mingfa Mingjue Town	Located at Bowang Town Bowang District, Maanshan, Anhui Province	Dec/2019	Residential/ Commercial	Vacant	101,504	171,950	100%	171,950
New project in Nanjing Pukou G22	Located in Puzhu Road, Jiangpu street, Pukou District, Nanjing, Jiangsu Province	Dec/2020	Commercial	Vacant	26,530	66,325	100%	66,325
<b>Sub-total</b>					<b>2,420,125</b>	<b>3,905,803</b>		<b>3,233,628</b>

## Management Discussion and Analysis

Property Name	Location	Actual/ Estimated Completion Date	Type of Property	Status	Site Area (sq.m.) <i>(Notes)</i>	Approximate Leasable and Saleable GFA (sq.m.)	Group's Interest	Attributable GFA (sq.m.)
<b>Property with signed land use rights contract for future development <i>(Note 4)</i></b>								
Hong Six Highway Rebuilding Project	Located at Xixia Village, Honglai Town, Nanan, Fujian Province	Dec/2022	Residential/ Commercial	Vacant	22,784	92,298	100%	92,298
Guang'an Mingfa City complex Project (ChaMa Road B1-1 Block)	Located in Binjiang Road, Guang'an District, Guan'an, Sichuan Province	Dec/2019	Residential/ Commercial	Vacant	76,363	305,452	100%	305,452
Zhangzhou Longhai Mingfa Mall (2011G16, 2012G13, 2012G14 Phase 3)	Located in Bangshan Town, Kekeng Village, Longhai, Zhangzhou, Fujian Province	Dec/2022	Residential	Vacant	105,188	315,564	100%	315,564
New project in Nanjing Pukou G86	Pukou Jiangpu Street angle at University Avenue and Flower Industry	Dec/2019	Residential	Vacant	72,280	79,508	100%	79,508
Shenyang Mingfa Comprehensive Technology Park	Located at Zaohua Street, Yuhong District, Shenyang, Liaoning Province	Dec/2020	Residential	Vacant	235,526	423,948	100%	423,948
Taoyuan New Town	Located at Xianghe Town, Quanjiao, Anhui Province	Mar/2020	Residential	Vacant	109,452	240,794	100%	240,794
New project in Nanjing Pukou G30	Located at Pukou north of Nanjing University of Technology, south along the mountain road	Jun/2020	Commercial	Vacant	32,843	59,117	100%	59,117
New project in Nanjing Pukou 2014GY04, 2016GY020	Located in the channel of Science and Technology Industrial Park, Pukou District, Nanjing, Jiangsu Province	Feb/2020	Industrial	Vacant	119,564	95,652	100%	95,652

## Management Discussion and Analysis

Property Name	Location	Actual/ Estimated Completion Date	Type of Property	Status	Site Area (sq.m.) <i>(Notes)</i>	Approximate Leasable and Saleable GFA (sq.m.)	Group's Interest	Attributable GFA (sq.m.)
New project in Nanjing Pukou G20	Located in Software Service Center High Tech Development Zone, Nanjing, Jiangsu Province	Jun/2020	Commercial	Vacant	62,015	446,246	80%	356,997
New project in Nanjing Pukou G42	Located along the street High and New Technology Industrial Development Zone, Nanjing, Jiangsu Province	Nov/2022	Commercial	Vacant	27,428	82,283	40%	32,913
Nanjing Mingfa Longwei Construction	Located in High Tech Development Zone, Nanjing, Jiangsu Province	Dec/2020	Industrial	Vacant	88,780	32,965	55%	18,131
Mingfa North Station New Town	Located in west side of Changjiang Road, Chahe Town, Laian County	Jan/2020	Residential/ Commercial	Vacant	65,335	163,337	70%	114,336
<b>Sub-total</b>					<b>1,017,558</b>	<b>2,337,164</b>		<b>2,134,710</b>
<b>Total</b>					<b>11,178,158</b>	<b>20,037,780</b>		<b>18,476,831</b>

### 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 2016.
- 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 2016.
- The site area is in respect of the whole property (regardless of GFA that had been sold).
- The approximate leasable and saleable GFA and attributable 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 as at 30 June 2016:

Property Name	Location	Existing Usage	Attributable GFA (sq.m.)	Term of Leases with Tenants	Percentage of Interest in the Properties Attributable to the Group
Xiamen Mingfa Shopping Mall	Located to the northwest of Jiahe Road and Lianqian Road, Siming District, Xiamen, Fujian Province	Commercial	111,496	8–20 years	70% –100%
Xiamen Mingfa Group Mansion	Located at 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	35,619	3–9 years	100%
Xiamen Mingfa Hotel	Located at No. 413 Lianqian East Road, Xiamen, Fujian Province	Hotel	10,925	10 years	100%
Xiamen Mingfa Industrial Park	Located at No. 2 Honglian Road West, Siming District, Xiamen, Fujian Province	Industrial	11,588	8 –15 years	100%
Xiamen Lianfeng Furniture Park	Located on Honglian Road, Siming District, Xiamen, Fujian Province	Industrial	26,120	20 years	100%

## Management Discussion and Analysis

Property Name	Location	Existing Usage	Attributable GFA (sq.m.)	Term of Leases with Tenants	Percentage of Interest in the Properties Attributable to the Group
Zhangzhou Mingfa Shopping Mall	Located at Longjiang Road East, Shuixian Street North, No.6 Road West, Xinpu Road South, Zhangzhou, Fujian Province	Commercial	112,416	12–19 years	100%
Wuxi Mingfa Shopping Mall	Located in Sitou Village and Tangtou Village, Yanqiao town, Huishan District, Wuxi, Jiangsu Province	Commercial	4,687	15–20 years	70%
Hefei Mingfa Shopping Mall	Located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang District, Hefei, Anhui Province	Commercial	140,809	15–20 years	100%
Quanzhou Mingfa Hotel	Located in Licheng District, Jiangnan Torch Village, Quanzhou, Fujian Province	Hotel	2,355	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	55,884	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%
Xiamen Mingfa Harbour Resort	Located at south of Wu Yuan Wan Bridge, west of Huan Wan Road, and along the seaview strip of Huli District, Xiamen, Fujian Province	Commercial	4,907	3 years	100%
Wuxi Mingfa International New Town	Located at south of Yanqiao Town, Huishan District, Wuxi, Jiangsu Province	Commercial	2,511	3 years	100%



## Management Discussion and Analysis

Property Name	Location	Existing Usage	Attributable GFA (sq.m.)	Term of Leases with Tenants	Percentage of Interest in the Properties Attributable to the Group
Beijing Mingfa Mall	Located at Bizang Village, Daxing District, Beijing	Residential/ Commercial	9,520	3–10 years	100%
<b>Total</b>			<b>860,900</b>		

### ACQUISITION FRAMEWORK AGREEMENTS

As at 30 June 2016, 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.)	(Notes)
Huai’an Mingfa International Industrial Material Park and Mingfa International Town	Huai’an City, Jiangsu Province	28-Nov-07	666,670	1,180,219	(1)
Shenyang Creative Park	Shenyang City, Liaoning Province	28-Jan-10	912,005	2,000,000	(2)
Shenyang Residential and Commercial Complex Project	Shenyang City, Liaoning Province	28-Jan-10	142,800	714,000	(3)
Panjin Mingfa City Square	Panjin City, Liaoning Province	20-Oct-10	427,332	1,281,996	

## Management Discussion and Analysis

Project Name	Location	Date of MOU	Site Area (sq.m.)	GFA (sq.m.)	(Notes)
Jiangsu Taizhou Mingfa City Complex Project	Taizhou City, Jiangsu Province	22-Dec-10	1,466,674	3,666,685	(4)
Shenyang Mingfa Integrated Science and Technology Park	Shenyang City, Liaoning Province	23-Sep-11	1,344,007	1,830,000	
Nanjing Software Park Starting Area Project	Nanjing City, Jiangsu Province	14-Jan-12	220,001	800,000	
Nanjing Zijin (Pukou) Technology Entrepreneurship Special Community 2# Block Project	Nanjing City, Jiangsu Province	9-Oct-12	200,001	800,000	
Nanjing Software Valley Technology City Project	Nanjing City, Jiangsu Province	6-Dec-12	106,667	373,335	(5)
Anhui Hexian Wujiang New Town	Maanshan City, Anhui Province	28-Apr-13	2,000,010	7,000,035	(6)
Jinzhai Mingfa City Square	Jinzhai City, Anhui Province	17-Jun-14	666,670	1,333,340	(7)
<b>Total</b>			<b>8,152,837</b>	<b>20,979,610</b>	

### 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.

## Management Discussion and Analysis

- (4) The Group had acquired 4 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 432,468 sq.m. and approximately 200,777 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.
- (6) The Group had acquired 45 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 1,349,047 sq.m. and approximately 3,692,682.5 sq.m. respectively.
- (7) The Group had acquired 10 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 482,936.7 sq.m. and approximately 1,063,578.6 sq.m. respectively.

### PROSPECTS

Looking ahead to 2017, the real estate market in China is expected to be less heated than 2016 due to the tightening policies in purchasing and mortgage borrowing. Steadfastly adhering to prudent and diversified growth, the Group will continue its strategy of balanced property mix and optimized geographical locations.

The Group intends to continue to implement a coherent and prudent land acquisition strategy for further replenishment of selected quality land parcels in 2017. The land reserves of the Group had increased by 20.9% to a GFA of 18.5 million sq.m. from 2015 to 2016, which is expected to be sufficient for projected growth over six to seven years. The Group's performance has been highlighted in Nanjing and Wujiang where the property market in 2016 enjoyed its most prosperous year ever resulting from the 'Great Jiangbei' strategy. Looking ahead, the Group remains focused on capturing the opportunities presented by market trends and government policies to optimize the regional layout of property projects.

## Management Discussion and Analysis

### CAPITAL STRUCTURE

As at 30 June 2016, the Group had aggregate cash and cash equivalents (excluding restricted cash) of approximately RMB3,222.3 million (31 December 2015: approximately RMB1,915.1 million). Restricted cash of the Group was RMB2,275.0 million (31 December 2015: approximately RMB3,076.3 million). Bank loans and other borrowings of the Group repayable within one year and after one year were approximately RMB7,625.4 million and RMB7,375.9 million respectively (31 December 2015: approximately RMB9,659.4 million and RMB5,488.5 million respectively). The cash and cash equivalents of the Group were mainly denominated in Renminbi as at 30 June 2016.

Total interest expenses including the capitalized finance costs for the six months ended 30 June 2016 was RMB334.2 million (corresponding period in 2015: approximately RMB507.0 million) which were fully capitalised for six months ended 30 June 2016 and 2015.

Set out below are the major ratios of the Group:

	<b>As at 30 June 2016</b>	As at 30 June 2015
Gross profit margin	<b>26.7%</b>	6.6%
Operating profit margin	<b>14.3%</b>	1.0%
Net profit margin	<b>32.2%</b>	4.8%

	<b>As at 30 June 2016</b>	As at 31 December 2015 (Restated)
Current ratio	<b>1.22</b>	1.17
Total liabilities to total assets	<b>77.3%</b>	75.8%
Bank loans and other borrowings to shareholders' funds	<b>123.5%</b>	132.0%
Non-current bank loans and other borrowings to total assets	<b>12.9%</b>	10.6%
Gearing ratio*	<b>42.3%</b>	44.7%

\* 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.

### PLEDGE OF ASSETS

As at 30 June 2016, investment properties of the Group with net book value of approximately RMB2,088.4 million (31 December 2015: approximately RMB5,176.6 million), buildings of approximately RMB344.7 million (31 December 2015: approximately RMB544.2 million), land use rights of approximately RMB3,426.0 million (31 December 2015: approximately RMB4,711.0 million), completed properties held for sale of approximately RMB1,095.4 million (31 December 2015: approximately RMB2,611.9 million), properties under development of approximately RMB2,259.9 million (31 December 2015: approximately RMB1,836.3 million), there is no prepayments or deposits for land use rights (31 December 2015: approximately RMB268.7 million) and restricted cash of approximately RMB2,275.0 million (31 December 2015: approximately RMB3,076.3 million) were pledged to secure the banking facilities of the Group. As at 30 June 2016, there was no available-for-sale financial assets (31 December 2015: approximately RMB100.0 million) pledged to secure the banking facilities of the Group.

### CAPITAL COMMITMENTS

As at 30 June 2016, the contracted capital commitments of the Group were approximately RMB4,288.6 million (31 December 2015: approximately RMB5,598.7 million), which were mainly the capital commitments for property development. It is expected that the Group will finance such commitments from internally generated funds and resources.

### CONTINGENT LIABILITIES

As at 30 June 2016, the contingent liabilities of the Group was approximately RMB4,975.5 million (31 December 2015: approximately RMB5,045.7 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 2016, 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 84.6%, 0.3% and 15.1% (As at 31 December 2015: Renminbi, Hong Kong dollars and US dollars accounted for 91.3%, 0.4% and 8.3% 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 65.3%, 9.5%, 24.6% and 0.6% (As at 31 December 2015: Renminbi, Hong Kong dollars, US dollars and New Taiwan dollars accounted for 61.6%, 9.4%, 28.5% and 0.5% respectively of the total bank loans and other borrowings of the Group).

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As the sales, purchases, bank borrowings and other borrowings of the Group for the six months ended 30 June 2016 were made mainly in Renminbi, Hong Kong dollars and US 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, Hong Kong dollars or US 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 2016, as the hedging cost was comparable to the corresponding risk.

### INTEREST RATE RISK

As at 30 June 2016, 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.

### GUARANTEED TERM NOTES DUE 2017

Reference is made to the Company's announcement dated 28 December 2015 (capitalized terms in this paragraph have the same meanings as those defined therein). On 28 December 2015, the Company, together with the Guarantors, entered into the Facility Agreement with the Lender whereby the Lender agreed to provide to the Company a US

## Management Discussion and Analysis

dollar term loan facility in an aggregate amount of up to US\$100,000,000 subject to the terms of the Facility Agreement. On 24 December 2015, the Chargor entered into the Share Charge in favour of the Lender to secure the performance of, amongst other things, the obligations of the Company and other obligors under the Facility Agreement and the other Finance Documents, pursuant to which the Chargor shall deposit 1,602,948,000 Shares held by it into the Custodian Securities Account and charge as beneficial owner by way of first fixed charge in favour of the Lender all the Chargor's right, title and interest from time to time in and to such Shares and all related rights in relation thereto.

With effect from the Amendment Effective Date, the loan facility shall bear interest at the rate of 8% per annum, payable on a quarterly basis on each calendar year. The final maturity date of the loan facility shall be 24 months after the Amendment Effective Date. It is agreed that with effect from the Amendment Effective Date, the Existing Notes have been converted into a loan under the Facility Agreement in an aggregate principal amount of US\$60,000,000.

Upon occurrence of an event of default, the Lender may by notice to the Company declare that all or part of the principal amount of loan outstanding under the Facility Agreement (together with accrued interest and other amounts accrued or outstanding under the Finance Documents) be immediately due and repayable in accordance with the terms and conditions of the Facility Agreement. An event of default under the conditions of the Facility Agreement if, among others things:

- (a) the Chargor does not or ceases to hold and beneficially own at least 55% of the issued share capital (of each class) of the Company (on an actual basis and on a fully diluted basis);
- (b) any person or persons acting in concert (other than the Chargor) hold or beneficially own or acquire (directly or indirectly) shares of any class in the Company (either on an actual basis or fully diluted basis) which (in aggregate, and either on an actual basis or a fully diluted basis) is not less than the aggregate percentage of shares (of such class) in the Company that are beneficially owned by the Chargor;
- (c) Growing Group, Gainday Holdings, Better Luck and Tin Sun do not or cease to (in the aggregate) hold and beneficially own 100% of the equity interests in the Chargor;

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- (d) (i) Growing Group does not or ceases to hold and beneficially own at least 55% of the equity interests in the Chargor, (ii) Gainday Holdings does not or ceases to hold and beneficially own at least 15% of the equity interests in the Chargor, (iii) Better Luck does not or ceases to hold and beneficially own at least 15% of the equity interests in the Chargor or (iv) Tin Sun does not or ceases to hold and beneficially own at least 15% of the equity interests in the Chargor;
- (e) Wong Wun Ming does not or ceases to hold and beneficially own 100% of the equity interests in Growing Group;
- (f) Huang Qingzhu does not or ceases to hold and beneficially own 100% of the equity interests in Gainday Holdings;
- (g) Huang Li Shui does not or ceases to hold and beneficially own 100% of the equity interests in Better Luck;
- (h) Huang Lianchun does not or ceases to hold and beneficially own 100% of the equity interests in Tin Sun; or
- (i) among Wong Wun Ming, Huang Qingzhu, Huang Lianchun and Huang Li Shui, any two or more of them are not or cease to be executive directors of the Company.

### SUBSEQUENT EVENTS

#### (a) Senior notes and bonds

**(i) Bonds with principal amount of US\$220,000,000, interest rate at 11 per cent and due date in 2020 ("2020 Bonds A")**

On 18 May 2017, the 2020 Bonds A were issued.

**(ii) Bonds with principal amount of US\$60,000,000, interest rate at 9 per cent and due date in 2019 ("2019 Bonds A")**

In May 2017, principal amount of US\$10,000,000 of the 2019 Bonds A which were issued on 15 December 2016 was redeemed.

**(iii) Senior notes with principal amount of US\$100,000,000, interest rate at 13.25 per cent and due date in 2018 ("2018 Notes")**

On 1 February 2018, the 2018 Notes which were issued on 1 February 2013 were redeemed.



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**(iv) Bonds with principal amount of US\$200,000,000, interest rate at 15 per cent and due date in 2020 (“2020 Bonds B”)**

On 16 January 2019, the 2020 Bonds B were issued.

**(v) Bonds with principal amount of US\$200,000,000, interest rate at 11 per cent and due date in 2019 (“2019 Bonds B”)**

The 2019 Bonds B were issued on 17 January 2018 and redeemed on 16 January 2019.

**(b) Acquisition of subsidiaries**

(i) On 6 April 2017, the Group completed an acquisition of 100% equity interest in a PRC entity Ma An Shan TianMu Property Co.,Ltd. and liabilities at a cash consideration of approximate RMB112,500,000.

(ii) On 2 August 2017, the Group completed an acquisition of 100% equity interest in a PRC entity Ma An Shan TianMu Spa Travel Investments Co.,Ltd. and liabilities at a cash consideration of approximate RMB67,500,000.

(iii) On 7 August 2018, the Group completed an acquisition of 50% equity interest in a PRC entity Nanjing Zhaofu International Golf Club Co., Ltd at a cash consideration of approximate RMB210,000,000.

**(c) Disposal of subsidiaries**

(i) Pursuant to the equity transfer agreement entered into between the Group and a third party on 11 December 2017, the Group agreed to sell entire 55% equity interest in Nanjing Mingfa Long Wei Construction Technology Co., Ltd, a subsidiary of the Group to the third party at a consideration of RMB55,000,000, which was fully received by the Group in December 2017 and the disposal was completed by the end of 2017.

(ii) On 4 April 2019, the Group and an independent third party buyer entered into an equity transfer and cooperation agreement pursuant to which, the Group agreed to sell and the buyer agreed to buy the Group's 51% equity interests in subsidiaries, which have obtained the land use rights in relation to the project sites located in Silianpian District, Wujiang Town, He County, Maanshan City, Anhui Province of a total gross floor area of 1,888,000 square metres, for the consideration of RMB2,792,000,000. Upon completion of the equity transfer, the Group will hold 49% equity interests in these subsidiaries and the Group and the buyer shall cooperate to develop the project. Details are disclosed in the Company's announcement dated 4 April 2019.

## Corporate Governance and Other Information

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

As at 30 June 2016, the total number of issued shares of the Company was 6,093,451,026 ordinary shares.

As at 30 June 2016, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company or The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix 10 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 <sup>(Note 1)</sup>	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 <sup>(Note 2)</sup>	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 these 5,086,500,000 shares of the Company pursuant to the SFO.

### 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 2016, 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.

## Corporate Governance and Other Information

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, the total issued share capital of the Company was 6,093,451,026 ordinary shares.

As at 30 June 2016, the interests or short position of those persons, other than the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company which has been disclosed to the Company pursuant to Part XV of the SFO, or which have been recorded in the register of interests required to be kept by the Company under section 336 of the SFO, are listed as follows:

Name	Nature of Interest	Total Number of Ordinary Shares <sup>(Note 1)</sup>	Approximate Percentage of Interest in the Company
Galaxy Earnest Limited	Beneficial owner	5,086,500,000 shares	83.47%
Ms. Chen Bihua	Interest of spouse <sup>(Note 2, 3, 4)</sup>	5,100,000,000 shares (L)	83.70%
China Huarong International Holdings Limited (formerly known as Huarong (HK) International Holdings Limited)	Interest of a controlled corporation <sup>(Note 5)</sup>	1,602,948,000 shares (L)	26.31%
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 <sup>(Note 5)</sup>	1,602,948,000 shares (L)	26.31%

Notes:

- (1) The letter "L" denotes a long position in the shares or underlying shares.
- (2) Mr. Wong Wun Ming held long interest in 5,100,000,000 shares in the Company, comprising:
  - (a) 13,500,000 shares beneficially owned by him; and
  - (b) 5,086,500,000 shares held by Galaxy Earnest Limited. Galaxy Earnest Limited is owned as to 55% by Growing Group Limited, a company wholly-owned by Mr. Wong Wun Ming. Mr. Wong Wun Ming is therefore deemed to be interested in such 5,086,500,000 shares of the Company pursuant to the Securities and Futures Ordinance.
- (3) Ms. Chen Bihua is the spouse of Mr. Wong Wun Ming and is deemed to be interested in these shares of the Company in which Mr. Wong Wun Ming is interested in pursuant to the Securities and Futures Ordinance.
- (4) Mr. Wong Wun Ming and Ms. Chen Bihua, being controlling shareholders of the Company, have pledged (i) an aggregate of 1,602,948,000 shares registered in the name of Galaxy Earnest Limited, which represents approximately 26.31% of the total issued share capital of the Company, to note holders pursuant to a share charge executed in December 2014 and (ii) an

## Corporate Governance and Other Information

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.

- (5) China Huarong International Holdings Limited (formerly known as 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 deemed to be interested in these 1,602,948,000 shares in which China Huarong International Holdings Limited (formerly known as Huarong (HK) International Holdings Limited) held as lender pursuant to a deed of amendment and restatement and a share charge executed in December 2015 by Galaxy Earnest Limited in favour of China Huarong International Holdings Limited (formerly known as Huarong (HK) International Holdings Limited).

Save as disclosed above, as at 30 June 2016, 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 Board adopted a share option scheme (“**Share Option Scheme**”) on 9 October 2009 pursuant to the written resolutions of all shareholders of the Company in order to provide motivation and long-term incentive to the employees of the Group and to retain and attract talents for continual operation and also for further development of the Group’s business. Up to 30 June 2016, no option had been granted under the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out below:

#### **Purpose of the Share Option Scheme**

To recognize and acknowledge eligible participants who have contributed to the Group and to motivate the eligible participants to optimize their performance efficiency for the benefit of the Group and to attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

#### **Participants of the Share Option Scheme**

Any Directors (including Non-Executive Directors and Independent Non-Executive Directors) and any full-time or part-time employees, executives or officers of the Group and any advisors, consultants, suppliers, customers and agents to the Group and such other persons who in the sole opinion of the Board will contribute or have contributed to the Group.

## Corporate Governance and Other Information

### **Total Number of Shares Available for Issue Under the Share Option Scheme and Percentage of Issued Share Capital as at 30 June 2016**

600,000,000 shares (approximately 9.84% of total issued share capital).

### **Maximum Entitlement of Each Participant Under the Share Option Scheme**

In any 12-month period, in aggregate not exceeding 1% of the issued share capital and any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company containing details of such issue such as the identity of the eligible participant and the numbers and terms of the options to be granted and the approval of shareholders of the Company in general meeting and/or other requirements prescribed under the Listing Rules, with such eligible participant and his associates abstaining from voting.

### **Period Within Which the Shares Must Be Taken Up Under an Option**

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

### **Amount Payable on Application or Acceptance of the Option**

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

### **Basis of Determining the Exercise Price**

The exercise price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

- (a) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day of the Stock Exchange;
- (b) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (c) the nominal value of the Shares.

### Remaining Life of the Share Option Scheme

Up to 9 October 2019.

### HUMAN RESOURCES

As at 30 June 2016, the Group employed 2,412 (31 December 2015: 2,361 staff). The increase in staff was mainly due to recruitment of new staff for new projects. For the six months ended 30 June 2016, the unaudited total staff costs of the Group including directors' emoluments were approximately RMB164.9 million (corresponding period in 2015: approximately RMB108.8 million), representing an increase of 51.6%. The increase was due to the annual salary adjustment for 2016 and the salary for the new staff recruitment in new project companies. 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 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

In general, the Company will declare or propose dividends semi-annually when the Board approves the interim results and the annual results. Any declaration of dividends will depend upon a number of factors including our earnings and financial conditions, operation requirements, capital requirements, capital efficiency and any other conditions that our Directors may deem relevant and will be subject to the approval of our shareholders of the Company. There is no assurance that dividends of any amount will be declared or distributed in any given year.

### 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 2016.

## Corporate Governance and Other Information

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### **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 2013 annual report.

Details of the dispute have been set out in the Company's annual reports of 2009 to 2013 and in the Company's interim reports of 2010, 2012 to 2013.

### **MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES**

On 27 April 2016, the Group acquired addition 36% equity interest in Nanjing Mingfa New Town Real Estate Company Limited (南京明發新城置業有限公司) ("**Mingfa New Town**") at a cash consideration of RMB568,845,000. After the acquisition, Mingfa New Town became the Group's wholly owned subsidiary.

Save for the abovementioned, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures during the six months end 30 June 2016.

### **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 2016, the Company had complied with all code provisions in the Corporate Governance Code set out in Appendix 14 to 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 with all Directors, all Directors have confirmed that they had complied with the required standards 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 2016.



### AUDIT COMMITTEE

The audit committee of the Company (“**Audit Committee**”) consists of three independent non-executive directors, namely Mr. Chu Kin Wang Peleus (the chairperson of the Audit Committee), Mr. Lau Kin Hon and Dr. Lam, Lee G. 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 2016.

On behalf of the Board

### WONG WUN MING

*Chairman*

25 July 2019

## Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2016

	Note	30 June 2016 RMB'000 (Unaudited)	30 June 2015 RMB'000 (Unaudited)
<b>Revenues</b>	5	<b>2,684,448</b>	1,114,062
Cost of sales		<b>(1,967,680)</b>	(1,040,575)
<b>Gross profit</b>		<b>716,768</b>	73,487
Fair value gains on investment properties		<b>96,500</b>	177,135
Fair value gains on derivative financial instruments		—	2,419
Other income and other gains and losses	14	<b>13,135</b>	37,872
Selling and marketing costs		<b>(87,898)</b>	(76,129)
General and administrative expenses		<b>(354,818)</b>	(203,990)
<b>Operating profit</b>		<b>383,687</b>	10,794
Finance income	16	<b>70,906</b>	53,524
Finance costs	16	—	—
Finance income — net	16	<b>70,906</b>	53,524
Share of results of			
— Associated companies		<b>17,420</b>	27,733
— Joint ventures		<b>499,482</b>	(1,141)
		<b>516,902</b>	26,592
<b>Profit before income tax</b>	15	<b>971,495</b>	90,910
Income tax expense	17	<b>(107,380)</b>	(37,664)
<b>Profit for the period</b>		<b>864,115</b>	53,246
<b>Attributable to:</b>			
Equity holders of the Company		<b>877,101</b>	63,296
Non-controlling interests		<b>(12,986)</b>	(10,050)
		<b>864,115</b>	53,246
<b>Earnings per share for profit attributable to equity holders of the Company (RMB cents)</b>			
— Basic	19	<b>14.4</b>	1.0
— Diluted	19	<b>14.4</b>	1.0

## Condensed Consolidated Statement of Other Comprehensive Income

For the six months ended 30 June 2016

	<b>30 June 2016 RMB'000 (Unaudited)</b>	30 June 2015 RMB'000 (Unaudited)
<b>Profit for the period</b>	<b>864,115</b>	53,246
<b>Other comprehensive loss:</b> <i>Item that may be reclassified subsequently to profit or loss</i>		
— Currency translation differences	<b>(21)</b>	(1,080)
<b>Total comprehensive income for the period</b>	<b>864,094</b>	52,166
<b>Attributable to:</b>		
Equity holders of the Company	<b>877,080</b>	62,216
Non-controlling interests	<b>(12,986)</b>	(10,050)
	<b>864,094</b>	52,166

# Condensed Consolidated Statement of Financial Position

As at 30 June 2016

	Note	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited and restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,581,154	1,381,426
Investment properties		8,095,500	8,406,161
Land use rights		177,881	155,927
Goodwill		7,169	7,169
Investments in associated companies		1,289,184	1,271,763
Investments in joint ventures		1,950,583	1,451,101
Deferred income tax assets		485,781	418,335
Available-for-sale financial assets	7	20,000	20,000
Amount due from a joint venture		251,303	246,275
Other receivables	8	14,967	14,851
Prepayments or deposits for land use rights	6	2,719,207	2,828,957
		<b>16,592,729</b>	16,201,965
<b>Current assets</b>			
Land use rights		11,659,440	10,385,150
Properties under development		13,704,337	10,310,041
Completed properties held for sale		6,089,208	6,470,029
Inventories		14,621	15,069
Trade and other receivables and prepayments	8	2,080,193	2,464,587
Prepaid income taxes		316,251	194,219
Amounts due from related parties, joint ventures and associated companies		312,500	322,793
Amounts due from non-controlling interests		863,955	274,838
Available-for-sale financial assets	7	—	256,720
Restricted cash	9	2,275,010	3,076,314
Cash and cash equivalents		3,222,289	1,915,148
		<b>40,537,804</b>	35,684,908
<b>Total assets</b>		<b>57,130,533</b>	51,886,873

# Condensed Consolidated Statement of Financial Position

As at 30 June 2016

	Note	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited and restated)
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	8,711,914	8,796,429
Advance proceeds received from customers		10,687,323	6,719,306
Amounts due to related parties, joint ventures and associated companies		3,531,112	2,278,611
Amounts due to non-controlling interests		433,293	554,479
Income tax payable		2,140,702	2,416,943
Borrowings	11	7,625,449	9,659,442
Provision for other liabilities and charges		50,438	65,797
		<b>33,180,231</b>	30,491,007
<b>Net current assets</b>		<b>7,357,573</b>	5,193,901
<b>Total assets less current liabilities</b>		<b>23,950,302</b>	21,395,866
<b>Non-current liabilities</b>			
Deferred government grants		1,668,365	1,450,553
Borrowings	11	7,375,856	5,488,507
Deferred income tax liabilities		1,760,527	1,729,230
Other payables	13	200,000	150,000
		<b>11,004,748</b>	8,818,290
<b>Total liabilities</b>		<b>44,184,979</b>	39,309,297
<b>Net assets</b>		<b>12,945,554</b>	12,577,576
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	10	536,281	536,281
Reserves		11,606,749	10,938,053
		<b>12,143,030</b>	11,474,334
<b>Non-controlling interests</b>		<b>802,524</b>	1,103,242
<b>Total equity</b>		<b>12,945,554</b>	12,577,576

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Unaudited				
	Capital and reserves attributable to equity holders of the Company			Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Reserves RMB'000			
Balance at 1 January 2015	536,281	10,547,089	625,822	11,709,192	
<b>Comprehensive income/(loss)</b>					
Profit/(loss) 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	
<b>Transactions with owners</b>					
Capital injection to subsidiaries by non-controlling interests	—	—	98,000	98,000	
Disposal of a subsidiary	—	—	(27,069)	(27,069)	
<b>Balance at 30 June 2015</b>	<b>536,281</b>	<b>10,609,305</b>	<b>686,703</b>	<b>11,832,289</b>	
<b>Balance at 1 January 2016</b>					
As previously reported	536,281	10,585,105	1,103,242	12,224,628	
Prior year adjustments (Note 3)	—	352,948	—	352,948	
<b>As restated</b>	<b>536,281</b>	<b>10,938,053</b>	<b>1,103,242</b>	<b>12,577,576</b>	
<b>Comprehensive income/(loss)</b>					
Profit/(loss) for the period	—	877,101	(12,986)	864,115	
<b>Other comprehensive loss</b>					
— Currency translation differences	—	(21)	—	(21)	
Total comprehensive income for the period	—	877,080	(12,986)	864,094	
<b>Transactions with owners</b>					
Capital injection to subsidiaries by non-controlling interests	—	—	72,729	72,729	
Change in ownership interest in a subsidiary	—	(208,384)	(360,461)	(568,845)	
<b>Balance at 30 June 2016</b>	<b>536,281</b>	<b>11,606,749</b>	<b>802,524</b>	<b>12,945,554</b>	

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	<b>30 June 2016 RMB'000 (Unaudited)</b>	30 June 2015 RMB'000 (Unaudited)
Net cash generated from/(used in) operating activities	<b>524,607</b>	(1,739,054)
Net cash (used in)/generated from investing activities	<b>(440,431)</b>	875,934
Net cash generated from financing activities	<b>1,222,294</b>	1,676,588
Effect of foreign exchange rate changes on cash	<b>671</b>	14,751
Net increase in cash and cash equivalents	<b>1,307,141</b>	828,219
Cash and cash equivalents at beginning of the period	<b>1,915,148</b>	732,142
Cash and cash equivalents at end of the period	<b>3,222,289</b>	1,560,361

# Notes to the Condensed Consolidated Interim Financial Statements

*For the six months ended 30 June 2016*

## 1 GENERAL INFORMATION

Mingfa Group (International) Company Limited (the “Company”) was incorporated in the Cayman Islands on 27 November 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, 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. Its immediate and ultimate holding company is Galaxy Earnest Limited (incorporated in the British Virgin Islands).

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Basis of preparation**

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 are prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets 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 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

These condensed consolidated interim financial statements have not been audited.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards*

In the current period, the Group has adopted all the new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning of 1 January 2016. The adoption of the new HKFRSs had no material changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. Except for the possible impacts of adoption of HKFRS 9, 15 and 16 upon initial application as discussed below, the Group does not expect the adoption of the pronouncement will result in significant impact on the Group's results and financial position.

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

#### *HKFRS 9 — Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCL. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards (continued)*

##### *HKFRS 9 — Financial Instruments (continued)*

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

##### *Impact on adoption*

#### (i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards (continued)*

##### *HKFRS 9 — Financial Instruments (continued)*

##### *Impact on adoption (continued)*

##### (i) Classification and measurement of financial instruments (continued)

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at FVTOCI; or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of preparation (continued)**

***Adoption of new and revised standards (continued)***

*HKFRS 9 — Financial Instruments (continued)*

*Impact on adoption (continued)*

(i) **Classification and measurement of financial instruments (continued)**

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVTOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieve by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards (continued)*

##### *HKFRS 9 — Financial Instruments (continued)*

##### *Impact on adoption (continued)*

#### (i) Classification and measurement of financial instruments (continued)

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVTOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVTOCI (equity instruments)	Equity investments at FVTOCI are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards (continued)*

#### *HKFRS 9 — Financial Instruments (continued)*

#### *Impact on adoption (continued)*

#### (i) Classification and measurement of financial instruments (continued)

As of 1 January 2018, certain unquoted equity investments will be reclassified from available-for-sale financial assets at fair value to FVTOCI. These unquoted equity instrument has no quoted price in an active market. The Group intends to hold these unquoted equity investment for long term strategic purposes. In addition, the Group will designate such unquoted equity instrument at the date of initial application as measured at FVTOCI. The directors consider that there will be no opening adjustment is required because these investments will be stated at fair value as at 31 December 2017.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

<b>Financial assets</b>	<b>Original classification under HKAS 39</b>	<b>New classification under HKFRS 9</b>
Available-for-sale financial assets	Available-for-sale (at fair value)	FVTOCI (equity instrument)
Amounts due from related parties, joint ventures and associated companies	Loans and receivables	Amortised cost
Amounts due from non-controlling interests	Loans and receivables	Amortised cost
Trade and other receivables	Loans and receivables	Amortised cost
Restricted cash	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards (continued)*

##### *HKFRS 9 — Financial Instruments (continued)*

##### *Impact on adoption (continued)*

#### (ii) Impairment of financial assets

The adoption of HKFRS 9 will change the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECLs for financial assets at amortised costs, earlier than HKAS 39. Cash and cash equivalents will be subject to ECLs model but the impairment is assessed to be immaterial.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

#### Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group will elect to measure loss allowances for trade receivables using HKFRS 9 simplified approach and will calculate ECLs based on lifetime ECLs. The Group will establish a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards (continued)*

*HKFRS 9 — Financial Instruments (continued)*

*Impact on adoption (continued)*

#### (ii) Impairment of financial assets (continued)

##### Measurement of ECLs (continued)

For other debt financial assets, the ECLs will be based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group's debt investment at FVTOCI are considered to have low credit risk since the issuers' credit rating are high.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards (continued)*

##### *HKFRS 9 — Financial Instruments (continued)*

##### *Impact on adoption (continued)*

#### (ii) Impairment of financial assets (continued)

##### Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

##### Impact of the ECLs model

#### (i) Impairment of trade receivables

As mentioned above, the Group will apply the HKFRS 9 simplified approach to measure ECLs which recognises lifetime ECLs for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

#### (ii) Impairment of other receivables, amounts due from related parties, joint ventures, associated companies and non-controlling interests

For other financial assets carried at amortised cost, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management will closely monitor the credit qualities and the collectability of other financial asset at amortised cost.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards (continued)*

##### *HKFRS 9 — Financial Instruments (continued)*

##### *Impact on adoption (continued)*

##### (iii) Hedge accounting

Hedge accounting under HKFRS 9 will have no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

##### (iv) Transition

The Group will apply the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules will therefore not be reflected in the statement of financial position as at 31 December 2017, but will be recognised in the statement of financial position on 1 January 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 will be recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 will not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments will be made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held; and
- The designation of certain investments in equity investments not held for trading as at FVTOCI.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards (continued)*

##### *HKFRS 15 — Revenue from Contracts with Customers*

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards (continued)*

##### *HKFRS 15 — Revenue from Contracts with Customers (continued)*

##### *Impact on adoption*

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group will elect to use a modified retrospective approach for transition which allows the Group to recognise the cumulative effects of initially applying HKFRS 15, if any, as an adjustment to the opening balance of equity as at 1 January 2018. Therefore, comparative information will not be restated and will continue to be reported under HKAS 11 and HKAS 18. As allowed by practical expedient in HKFRS 15, the Group will apply the new requirements only to contracts that were not completed before 1 January 2018.

Management of the Company reviewed the business model of the Group and contracts with customers and assessed that except for the reclassification of receipt in advances from customer under other payables and deposits received in respect of pre-sale of properties as contract liabilities as at 1 January 2018 due to new terminology used under HKFRS 15, and cost to obtain contracts will be capitalised as contract assets and recognised as expense in the periods in which the related revenue is recognised whereas previously such costs were recognised as prepaid expenses, the initial application of HKFRS 15 will not have significant impact on the Group. Management of the Company also consider that the application of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised for contracts with customers from:

- (i) property development;
- (ii) hotel operation; and
- (iii) property management.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards (continued)*

##### *HKFRS 15 — Revenue from Contracts with Customers (continued)*

##### *Impact on adoption (continued)*

The Group assessed that there will be no significant effect from adoption of HKFRS 15 on the consolidated statement of profit or loss and other comprehensive income, and consolidated statement of cash flows for the year ended 31 December 2018.

Further details of the nature and effect of the changes on accounting policies are set out below:

#### (i) Timing of revenue recognition

Before adoption of the new standard, revenue arising from sales of properties is generally recognised as revenue when the significant risks and rewards of ownership of the properties are transferred to the buyers, whereas revenue from provision of services is recognised when the relevant services are provided to the customers.

Under HKFRS 15, revenue will be recognised when the customer obtains control of the promised goods or service in the contract. This may be at a point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised goods or service is regarded as being transferred over time:

- (a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- (b) When the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards (continued)*

#### *HKFRS 15 — Revenue from Contracts with Customers (continued)*

#### *Impact on adoption (continued)*

#### (i) Timing of revenue recognition (continued)

- (c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these three conditions, then under HKFRS 15 the entity recognises revenue from sales of that goods or service at a point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 will not have significant impact on when the Group recognises revenue from provision of services, including services in relation to hotel operation and other ancillary services, property investment and management and security services.

The Group has assessed that under the sale and purchase agreement of properties with customer, there will be only one performance obligation.

In current and prior reporting periods, the Group recognised sales of properties when the respective properties have been completed and delivered to buyers.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards (continued)*

##### *HKFRS 15 — Revenue from Contracts with Customers (continued)*

##### *Impact on adoption (continued)*

##### (i) Timing of revenue recognition (continued)

Under HKFRS 15, revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of contract and laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- Provides all the benefits received and consumed simultaneously by the customer; or
- Creates and enhances an asset that the customer controls as the Group performs; or
- Do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group assesses that there will be no enforceable right to payment from the customers for performance completed to date and the adoption of HKFRS 15 will not have an impact on the timing of revenue recognition.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards (continued)*

##### *HKFRS 15 — Revenue from Contracts with Customers (continued)*

##### *Impact on adoption (continued)*

(ii) **Costs incurred to obtain a contract**

The Group has incurred the sales commission to sales agent associated with obtaining contract. These selling and marketing costs are charged to profit or loss when the revenue from the property sale is recognised. The Group will apply the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year. The Group assesses that the adoption of HKFRS 15 will have no significant impact on the opening retained earnings as at 1 January 2018.

(iii) **Significant financing component**

For contracts where the period between the payment by the customer and transfer of the promised property or service exceeds one year, the transaction price should be adjusted for the effects of a financing component, if significant. Receipts in advance that are classified under “Advance proceeds received from customers” before adopting the new standard will be reclassified to contract liabilities as at 1 January 2018. The Group assesses that the adoption application of HKFRS 15 will have no significant impact on the opening retained earnings as at 1 January 2018.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards (continued)*

##### *HKFRS 16 — Leases*

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### *Adoption of new and revised standards (continued)*

##### *HKFRS 16 — Leases (continued)*

##### *Impact on adoption*

Currently the Group classifies leases into operating leases, and accounts for the lease arrangement according to the nature of the lease. The Group enters into leases as the lessee and lessor.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of comprehensive income over the period of the lease. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual period beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt the standard retrospectively or follow a modified retrospective method of recognising a cumulative-effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.

The Group has not yet decided whether it will choose to take advantage of this practical expedient, and which transition approach to be taken.

**3 PRIOR YEAR ADJUSTMENTS****Sales of use rights of 8 properties to the ultimate controlling shareholders and their close family members**

The Group entered into certain agreements to sell the use rights (i.e. right to use without transfer of ownership title) of 8 units of properties developed by a subsidiary to the Company's ultimate controlling shareholders and their close family members at an aggregate consideration of RMB189,000,000, value-added tax inclusive. The carrying amounts of these units of properties at the total amount of RMB46,000,000, among which RMB42,500,000 were included in "completed properties held for sale" and RMB3,500,000 were included in "land use rights" in current assets as at 31 December 2015. Deposits of RMB96,880,000 were received in advance in 2014 from these buyers, while the remaining consideration of RMB92,120,000 were received on 31 December 2015. As at 31 December 2015, these cash receipts at the total amount of RMB189,000,000 including related value-added tax payable of RMB9,000,000 were recorded in "trade and other payables".

Despite the use right of these units of properties have been delivered to the buyers on 27 December 2015 and the respective buyers have taken possession of the subject 8 units of properties, the Group did not recognise these sales in the consolidated financial statements for the year ended 31 December 2015.

Subsequent to the date of annual report for the year ended 31 December 2015, the Group has obtained the legal advice from qualified PRC lawyers confirming the relevant contracts were duly signed and executed and as such, the Group considered that the transactions have completed in 2015. To rectify the situation, the Group has taken up the following prior year adjustments:

	<b>Increase/(decrease)</b>
	RMB'000
Revenue	180,000
Cost of sales	46,000
Income tax expense	53,492
Land use rights — current	(3,500)
Completed properties held for sale	(42,500)
Trade and other payables	(180,000)
Income tax payable	53,492

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 3 PRIOR YEAR ADJUSTMENTS (continued)

### Sales of use rights of 42 properties to a subcontractor

On 18 November 2015, the Group entered into certain agreements (the “November 2015 Agreements”) with a subcontractor (the “Subcontractor”) in which the Subcontractor agrees to settle, on behalf of the Group, certain of the Group’s outstanding payables to two main contractors (the “Main Contractors”) amounted to RMB644,000,000, value-added tax inclusive in total. In return, the Group agreed to deliver to the Subcontractor the use rights of 42 units of properties developed by one of the Group’s subsidiaries. Tripartite payable settlement agreements were entered among the Group, main contractors and sub-contractors.

Pursuant to the November 2015 Agreements, the Subcontractor designated two individuals to take over these 42 units of properties.

The carrying amounts of these 42 units of properties at the total amount of RMB137,305,000, among which RMB126,581,000 were included in “completed properties held for sale” and RMB10,724,000 were included in “land use rights” in current assets as at 31 December 2015. Despite the use right of these 42 units of properties have been delivered at the end of December 2015, the Group did not recognise these sales in the consolidated financial statements for the year ended 31 December 2015.

Subsequent to the date of annual report for the year ended 31 December 2015, the Group has obtained the legal advice from qualified PRC lawyers confirming the relevant contracts were duly signed and executed. As such, the Group considered that the transactions have completed and had duly performed its obligations under the agreements with the main contractors and the sub-contractor. To rectify the situation, the Group has taken up the following prior year adjustments:

	<b>Increase/(decrease)</b>
	RMB'000
Revenue	613,333
Cost of sales	137,305
Income tax expense	203,588
Land use rights — current	(10,724)
Completed properties held for sale	(126,581)
Trade and other payables	(613,333)
Income tax payable	203,588

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

### 3 PRIOR YEAR ADJUSTMENTS (continued)

Based on the above, the revenue, cost of sales, current PRC enterprise income tax, current land appreciation tax, land use rights, completed properties held for sale, trade and other payables and income tax payable as at 31 December 2015 have been restated accordingly. Details of the restatement are disclosed below.

Consolidated statement of profit or loss for the year ended 31 December 2015:

	<b>As previously reported</b>	<b>Adjustments</b>	<b>As restated</b>
	RMB'000	RMB'000	RMB'000
Revenues	2,246,332	793,333	3,039,665
Cost of sales	(1,970,069)	(183,305)	(2,153,374)
Gross profit	276,263	610,028	886,291
Operating profit	21,996	610,028	632,024
Profit before income tax	132,855	610,028	742,883
Income tax expense	(126,237)	(257,080)	(383,317)
Profit for the year — attributable to equity holders of the Company	26,094	352,948	379,042
Total comprehensive income for the year — attributable to equity holders of the Company	36,781	352,948	389,729

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 3 PRIOR YEAR ADJUSTMENTS (continued)

Consolidated statement of financial position as at 31 December 2015:

	<b>As previously reported</b>	<b>Adjustments</b>	<b>As restated</b>
	RMB'000	RMB'000	RMB'000
Land use rights — current	10,399,374	(14,224)	10,385,150
Completed properties held for sale	6,639,110	(169,081)	6,470,029
Total assets	52,070,178	(183,305)	51,886,873
Trade and other payables	(9,589,762)	793,333	(8,796,429)
Income tax payable	(2,159,863)	(257,080)	(2,416,943)
Total current liabilities	(31,027,260)	536,253	(30,491,007)
Total assets less current liabilities	21,042,918	352,948	21,395,866
Total liabilities	(39,845,550)	536,253	(39,309,297)
Net assets	12,224,628	352,948	12,577,576
Retained earnings	(9,228,537)	(352,948)	(9,581,485)

Impact on basic and diluted earnings per share:

	<b>Year ended 31 December 2015</b>
	RMB cents
Basic and diluted earnings per share, as previously reported	0.4
Adjustments	5.8
Basic and diluted earnings per share, as restated	6.2

# Notes to the Condensed Consolidated Interim Financial Statements

*For the six months ended 30 June 2016*

## **4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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 2015.

## **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 consolidated financial statements.

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended 30 June 2016

5 REVENUES AND SEGMENT INFORMATION (continued)

(a) Segment information

The unaudited segment results for the six months ended 30 June 2016 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	110,296	2,362,248	91,434	122,504	—	—	—	2,686,482
Inter-segment revenues	—	—	(2,034)	—	—	—	—	(2,034)
Revenues	110,296	2,362,248	89,400	122,504	—	—	—	2,684,448
Operating profit	21,561	330,611	13,959	17,556	—	—	—	383,687
Finance income — net								70,906
Share of results of associated companies	(41)	195	—	17,491	—	(225)	—	17,420
Share of results of joint ventures	499,482	—	—	—	—	—	—	499,482
Profit before income tax								971,495
Income tax expense								(107,380)
Profit for the period								864,115
<b>Other segment information</b>								
Capital and property development expenditure	282,897	2,689,582	209,382	50,160	—	7,885	—	3,239,906
Depreciation	3,538	17,669	17,545	1,001	—	61	—	39,814
Amortisation of land use rights as expenses	—	2,943	—	—	—	—	—	2,943
Fair value gains on investment properties	—	—	—	96,500	—	—	—	96,500



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 5 REVENUES AND SEGMENT INFORMATION (continued)

### (a) Segment information (continued)

The unaudited segment assets and liabilities as at 30 June 2016 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	9,330,359	35,370,093	2,105,809	9,824,556	—	9,013,287	(12,575,370)	53,068,734
Associated companies	144,318	44,857	—	945,995	—	154,014	—	1,289,184
Joint ventures	1,950,583	—	—	—	—	—	—	1,950,583
	11,425,260	35,414,950	2,105,809	10,770,551	—	9,167,301	(12,575,370)	56,308,501
Unallocated:								
Deferred income tax assets								485,781
Prepaid income taxes								316,251
Available-for-sale financial assets								20,000
Total assets								57,130,533
Segment liabilities	6,277,714	19,463,118	1,157,297	5,920,518	—	5,039,168	(12,575,370)	25,282,445
Unallocated:								
Deferred income tax liabilities								1,760,527
Borrowings								15,001,305
Income tax payable								2,140,702
Total liabilities								44,184,979

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 5 REVENUES AND SEGMENT INFORMATION (continued)

### (a) Segment information (continued)

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
<b>Other segment information</b>								
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 2016

## 5 REVENUES AND SEGMENT INFORMATION (continued)

### (a) Segment information (continued)

The audited segment assets and liabilities as at 31 December 2015 are as follows:

	Property development — commercial RMB'000	Property development — residential RMB'000 (Restated)	Hotel RMB'000	Property investment and management RMB'000	Property construction RMB'000	All other segments RMB'000	Elimination RMB'000	Total RMB'000 (Restated)
Segment assets	16,350,782	43,615,765	2,206,109	9,569,589	874,132	9,733,522	(34,075,164)	48,274,735
Associated companies	262,485	49,901	—	959,377	—	—	—	1,271,763
Joint ventures	1,451,101	—	—	—	—	—	—	1,451,101
	18,064,368	43,665,666	2,206,109	10,528,966	874,132	9,733,522	(34,075,164)	50,997,599
Unallocated:								
Deferred income tax assets								418,335
Prepaid income taxes								194,219
Available-for-sale financial assets								276,720
Total assets								51,886,873
Segment liabilities	10,136,261	30,335,083	271,112	603,958	843,618	11,900,307	(34,075,164)	20,015,175
Unallocated:								
Deferred income tax liabilities								1,729,230
Borrowings								15,147,949
Income tax payable								2,416,943
Total liabilities								39,309,297

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

### 5 REVENUES AND SEGMENT INFORMATION (continued)

#### (b) Revenues

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

	<b>30 June 2016 RMB'000 (Unaudited)</b>	30 June 2015 RMB'000 (Unaudited)
Sale of properties		
— commercial	<b>110,296</b>	153,106
— residential	<b>2,362,248</b>	470,866
	<b>2,472,544</b>	623,972
Hotel operating income	<b>89,400</b>	73,037
Rental income		
— from investment properties	<b>98,432</b>	95,527
— others	<b>4,403</b>	4,285
Property management fee income	<b>19,669</b>	19,141
Property construction income	—	298,100
	<b>2,684,448</b>	1,114,062

### 6 PREPAYMENTS OR DEPOSITS FOR LAND USE RIGHTS

The Group had made prepayments or deposits for acquisition of certain land use rights, the ownership certificates of which have not been obtained.

As at 30 June 2016, no prepayment or deposits (2015: RMB268,690,000) were pledged as collateral for the Group's borrowings (Note 11).

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 7 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>30 June 2016 RMB'000 (Unaudited)</b>	30 June 2015 RMB'000 (Unaudited)
Opening balance	<b>276,720</b>	137,000
Addition	<b>—</b>	220,000
Disposal	<b>(256,720)</b>	(237,000)
Ending balance	<b>20,000</b>	120,000
Less: Non-current portion	<b>(20,000)</b>	(20,000)
Current portion	<b>—</b>	100,000
	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Unlisted equity shares ( <i>Note (a)</i> )	<b>20,000</b>	20,000
Wealth-management products ( <i>Note (b)</i> )	<b>—</b>	256,720
	<b>20,000</b>	276,720

*Notes:*

- (a) Unlisted equity shares of available-for-sale financial assets represented unlisted 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 2016 and the year ended 31 December 2015 from the investment costs.
- (b) The interest rate of these wealth-management products as at 31 December 2015 approximates from 1.54% to 2.07% and the maturity dates were 5 January 2016 and 17 February 2016. There is no significant change in fair value of these financial assets as at 31 December 2015 from the purchase cost.

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended 30 June 2016

8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Trade receivables	<b>648,755</b>	653,114
Less: Provision for impairment of trade receivables	<b>(50,684)</b>	(50,684)
Trade receivables — net ( <i>Note (a)</i> )	<b>598,071</b>	602,430
Other receivables and prepayments	<b>1,497,089</b>	1,877,008
	<b>2,095,160</b>	2,479,438
Less: Non-current portion of other receivables ( <i>Note (b)</i> )	<b>(14,967)</b>	(14,851)
Current portion	<b>2,080,193</b>	2,464,587

As at 30 June 2016 and 31 December 2015, the fair values of trade receivables and other receivables and prepayments approximate their carrying amounts.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

Notes:

- (a) Trade receivables mainly arose 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 (net of impairment losses) of the Group, based on invoice dates, as of the end of the period is as follows:

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Within 90 days	<b>332,435</b>	363,030
Over 90 days and within 1 year	<b>79,665</b>	86,997
Over 1 year and within 2 years	<b>113,753</b>	124,227
Over 2 years	<b>72,218</b>	28,176
	<b>598,071</b>	602,430

The ageing analysis of trade receivables (net of impairment losses) of the Group, based on due dates, as of the end of the period is as follows:

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Neither past due nor impaired	—	587,297
Within 90 days	<b>332,435</b>	4,874
Over 90 days and within 1 year	<b>79,665</b>	10,259
Over 1 year and within 2 years	<b>113,753</b>	—
Over 2 years	<b>72,218</b>	—
	<b>598,071</b>	602,430

As at 30 June 2016, trade receivables of RMB50,684,000 (2015: RMB50,684,000) are considered impaired. The ageing of these receivables are over 1 year.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

Notes: (continued)

- (b) The non-current portion of other receivables comprised the below items:
- (i) Pursuant to the agreement entered into between the Group and other parties in October 2015, the Group agreed to purchase 9% equity interest of an insurance company at a cash consideration of RMB90,000,000, which was fully paid in February 2017. Up to the date of this interim report, the transaction has not yet completed and is pending for approval by the government authority.
  - (ii) The remaining balance represents 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%.

## 9 RESTRICTED CASH

As at 30 June 2016, the Group's cash of approximately RMB2,275,010,000 (31 December 2015: RMB3,076,314,000) was restricted and deposited in certain banks as security for certain borrowings.

## 10 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 2015, 31 December 2015 and 30 June 2016	0.1	12,000,000,000	1,200,000,000	
Issued and fully paid:				
At 1 January 2015, 31 December 2015 and 30 June 2016	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 2016

## 11 BORROWINGS

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Borrowings included in non-current liabilities		
Bank borrowings — secured	<b>10,272,928</b>	8,509,368
Other borrowings — secured	<b>1,775,001</b>	2,805,360
Senior notes	<b>1,338,253</b>	674,539
	<b>13,386,182</b>	11,989,267
Less: Amounts due within one year	<b>(6,010,326)</b>	(6,500,760)
	<b>7,375,856</b>	5,488,507
Borrowings included in current liabilities		
Bank borrowings — secured	<b>1,415,123</b>	2,858,682
Other borrowings — guaranteed and secured	<b>200,000</b>	200,000
Other borrowings — unsecured	<b>—</b>	100,000
Current portion of long-term borrowings	<b>6,010,326</b>	6,500,760
	<b>7,625,449</b>	9,659,442

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

### 12 PLEDGED ASSETS

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Completed properties held for sale	<b>1,095,375</b>	2,611,888
Property, plant and equipment	<b>344,720</b>	544,225
Properties under development	<b>2,259,920</b>	1,836,283
Land use rights	<b>3,426,000</b>	4,711,037
Investment properties	<b>2,088,400</b>	5,176,627
Prepayments or deposits for land use rights	—	268,690
Available-for-sale financial assets	—	100,000
Restricted cash	<b>2,275,010</b>	3,076,314
	<b>11,489,425</b>	18,325,064

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 13 TRADE AND OTHER PAYABLES

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited and restated)
Trade payables (Note)	<b>6,832,349</b>	5,941,225
Other payables	<b>1,747,365</b>	2,665,335
Other taxes payable	<b>332,200</b>	339,869
	<b>8,911,914</b>	8,946,429
Less: Non-current portion of other payables	<b>(200,000)</b>	(150,000)
	<b>8,711,914</b>	8,796,429

Note:

The ageing analysis of trade payables, based on invoice dates, as of the end of the period is as follows:

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited and restated)
Within 90 days	<b>6,368,766</b>	5,494,410
Over 90 days and within 1 year	<b>463,583</b>	446,815
	<b>6,832,349</b>	5,941,225

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 14 OTHER INCOME AND OTHER GAINS AND LOSSES

	30 June 2016 RMB'000 (Unaudited)	30 June 2015 RMB'000 (Unaudited)
Government grants	3,103	195
Compensation income ( <i>Note</i> )	—	13,538
Net exchange gain	99,472	5,933
Provision for loss on financial guarantee in respect of guarantee agreements	(89,136)	—
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
Miscellaneous	(304)	3,006
	<b>13,135</b>	<b>37,872</b>

*Note:*

In 2015, the Group received total compensation of RMB13,538,000 from the seller representing overdue interest for late transfer of the project company as agreed in the sales and purchase agreement 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 2016

## 15 PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging the following:

	<b>30 June 2016 RMB'000 (Unaudited)</b>	30 June 2015 RMB'000 (Unaudited)
Staff costs — including directors' emoluments	<b>164,908</b>	108,754
Auditor's remuneration	<b>2,400</b>	1,500
Charitable donations	<b>32</b>	9,949
Depreciation	<b>39,814</b>	32,765
Amortisation of land use rights	<b>2,943</b>	3,322
Cost of properties sold	<b>1,983,802</b>	562,016
Cost of property construction	<b>—</b>	271,000
Business tax and other levies on sales and construction of properties	<b>75,897</b>	51,601
Direct outgoings arising from investment properties that generate rental income	<b>41,030</b>	48,979
Operating lease expenses on land and buildings	<b>17,569</b>	29,648
Hotel operating expenses	<b>49,182</b>	55,199
Impairment of goodwill	<b>—</b>	3
Provision for delay in delivering properties	<b>12,899</b>	1,359

Notes to the Condensed Consolidated Interim Financial Statements  
 For the six months ended 30 June 2016

16 FINANCE INCOME AND COSTS

	<b>30 June 2016 RMB'000 (Unaudited)</b>	30 June 2015 RMB'000 (Unaudited)
Finance income		
— interest income on bank deposits and loan to a related party	<b>70,906</b>	53,524
Interest expenses on borrowings	<b>334,176</b>	506,967
Less: Interest capitalised	<b>(334,176)</b>	(506,967)
Finance costs	—	—
Net finance income	<b>70,906</b>	53,524

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 17 INCOME TAX EXPENSE

	<b>30 June 2016 RMB'000 (Unaudited)</b>	30 June 2015 RMB'000 (Unaudited)
Current income tax		
— PRC enterprise income tax	<b>49,807</b>	50,905
— PRC land appreciation tax	<b>(4,380)</b>	(4,723)
	<b>45,427</b>	46,182
Deferred income tax		
— PRC enterprise income tax	<b>46,741</b>	(19,816)
— PRC withholding income tax	<b>15,212</b>	11,298
	<b>61,953</b>	(8,518)
	<b>107,380</b>	37,664

### (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 2016 (2015: Nil).

### (b) PRC enterprise income tax

PRC enterprise income tax is provided for at 25% (2015: 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.

## Notes to the Condensed Consolidated Interim Financial Statements

*For the six months ended 30 June 2016*

### **17 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.

### **18 DIVIDENDS**

The Board does not recommend payment of interim dividend for the six months ended 30 June 2016 (2015: Nil).



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 19 EARNINGS PER SHARE

### Basic and diluted

Basic earnings per share for the six months ended 30 June 2016 and 2015 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.

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. For the six months ended 30 June 2015, the Company has one category of dilutive potential ordinary shares: 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. On 3 December 2015, the subscription period of the warrants has expired and no warrant has been exercised during the subscription period.

For the six months ended 30 June 2015, as the average market share price of the ordinary shares during the year was lower than the subscription price, the impact of exercise of warrants on earnings per share is anti-dilutive.

As there were no dilutive options and other dilutive potential shares in issue during the six months ended 30 June 2016, and the Company's shares were suspended for trading on Stock Exchange, diluted earnings per share is the same as basic earnings per share.

	<b>30 June 2016 (Unaudited)</b>	30 June 2015 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	<b>877,101</b>	63,296
Weighted average number of ordinary shares in issue (thousands)	<b>6,093,451</b>	6,093,451
Basic and diluted earnings per share (RMB cents)	<b>14.4</b>	1.0

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 20 CONTINGENT LIABILITIES

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties ( <i>Note (a)</i> )	<b>3,554,793</b>	4,245,057
Guarantees in respect of banking facilities granted to associated companies ( <i>Note (b)</i> )	<b>1,200,000</b>	571,911
Guarantees in respect of banking facilities granted to joint ventures ( <i>Note (c)</i> )	<b>220,704</b>	228,714
	<b>4,975,497</b>	5,045,682

Notes:

- (a) 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 consolidated financial statements for the guarantees.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 20 CONTINGENT LIABILITIES (continued)

Notes: (continued)

- (b) As at 30 June 2016 and 31 December 2015, the Group provided guarantees of the following amounts in respect of bank borrowings to its associated companies:

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Nanjing Software Valley Mingfa Communication Technology Development Co., Ltd.	<b>400,000</b>	400,000
Nanjing Software Valley Information Development Co., Ltd.	<b>800,000</b>	—
Speedy Gains Limited	—	171,911
<b>Total</b>	<b>1,200,000</b>	571,911

- (c) As at 30 June 2016 and 31 December 2015, the Group provided guarantee of the following amount in respect of bank borrowing to a joint venture:

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Superb Land Limited ("Superb Land")	<b>220,704</b>	228,714

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 21 COMMITMENTS

### (a) Commitments for capital and property development expenditure

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Contracted but not provided for		
— Properties being developed by the Group for sale	<b>3,279,651</b>	2,236,645
— Land use rights	<b>1,008,952</b>	3,362,041
	<b>4,288,603</b>	5,598,686

### (b) Operating lease commitments

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

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Within one year	<b>10,500</b>	31,095
In the second to fifth year, inclusive	<b>65,184</b>	70,177
Over five years	<b>152,970</b>	15,125
	<b>228,654</b>	116,397

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 21 COMMITMENTS (continued)

### (c) 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:

	<b>30 June 2016 RMB'000 (Unaudited)</b>	31 December 2015 RMB'000 (Audited)
Within one year	<b>74,079</b>	154,737
In the second to fifth year, inclusive	<b>405,979</b>	529,026
Over five years	<b>835,632</b>	1,055,099
	<b>1,315,690</b>	1,738,862

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

### 22 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:

	30 June 2016 RMB'000 (Unaudited)	30 June 2015 RMB'000 (Unaudited)
Interest income from loan to Superb Land, a joint venture	3,585	4,903
Sale of a property (recorded as completed properties held for sale) to a close family member of controlling shareholders	894	—

- (b) Key management compensation

	30 June 2016 RMB'000 (Unaudited)	30 June 2015 RMB'000 (Unaudited)
Salaries and other short-term employee benefits	4,153	3,535
Retirement scheme contributions	72	33
	4,225	3,568

### 23 APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements for the six months ended 30 June 2016 were approved and authorised for issue by the board of directors of the Company on 25 July 2019.