



**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

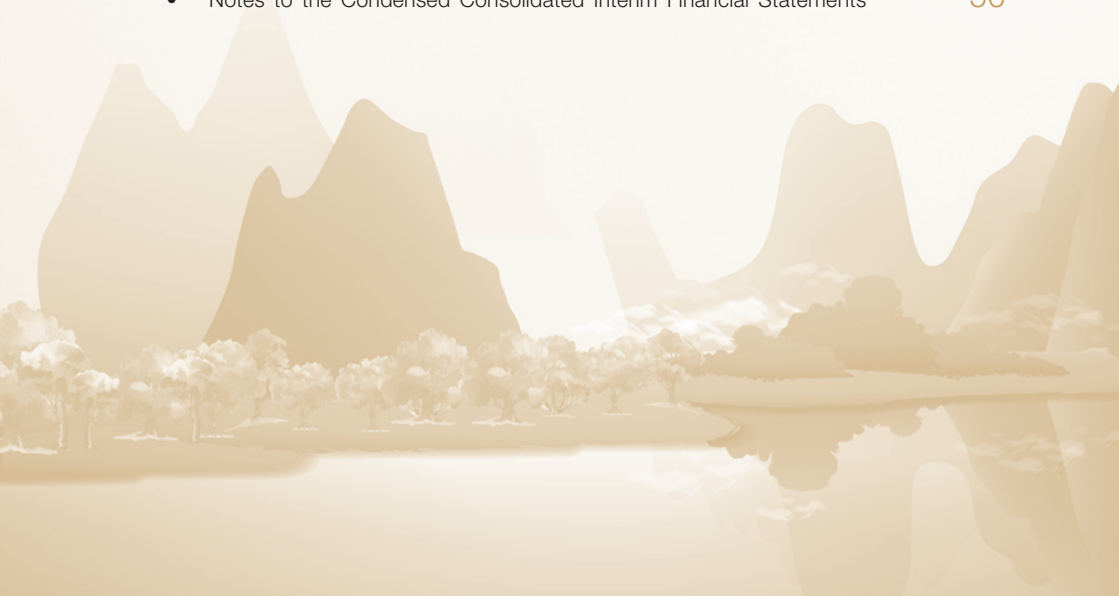
# INTERIM REPORT 2018





# CONTENTS

Corporate Information	02
Financial Highlights	04
Management Discussion and Analysis	05
Corporate Governance and Other Information	36
Condensed Consolidated Interim Financial Statements	
• Condensed Consolidated Statement of Profit or Loss	44
• Condensed Consolidated Statement of Other Comprehensive Income	45
• Condensed Consolidated Statement of Financial Position	46
• Condensed Consolidated Statement of Changes in Equity	48
• Condensed Consolidated Statement of Cash Flows	49
• Notes to the Condensed Consolidated Interim Financial Statements	50



## 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		
	2018	2017	Percentage of increase/ (decrease)
Revenue ( <i>RMB' million</i> )	6,518.0	6,829.4	(4.6%)
Profit attributable to equity holders of the Company ( <i>RMB' million</i> )	698.5	694.9	0.5%
Basic and diluted earnings per share ( <i>RMB cents</i> )	11.5	11.4	0.9%

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 2018 together with comparative amounts for the corresponding period in 2017.

### RESULTS

The unaudited consolidated revenue of the Group decreased by 4.6% to approximately RMB6,518.0 million (corresponding period in 2017: approximately RMB6,829.4 million) for the six months ended 30 June 2018. During the period under review, the unaudited consolidated profit attributable to equity holders of the Company was approximately RMB698.5 million (corresponding period in 2017: approximately RMB694.9 million), representing an increase of 0.5% compared to the corresponding period in 2017. The unaudited basic and diluted earnings per share were RMB11.5 cents for the six months ended 30 June 2018 (corresponding period in 2017: RMB11.4 cents per share respectively), representing an increase of 0.9% compared to the corresponding period in 2017.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2018 (30 June 2017: Nil).

### INDUSTRY REVIEW

Stringent regulations imposed in 2017 on the real estate market continued to curb the speculative investments. On the other hand, the national strategic plans launched in Yangtze Economic Belt, the real estate market in the cities located in the Belt Area is expected to have higher growth as compared to the first tier cities.

### BUSINESS REVIEW

#### Sales and Earnings

The unaudited consolidated revenue for the six months ended 30 June 2018 was approximately RMB6,518.0 million (corresponding period in 2017: approximately RMB6,829.4 million), representing a decrease of 4.6%. The decrease was due to the decrease in ASP for the properties delivered to the buyers for the six months ended 30 June 2018 as compared to the corresponding period in 2017.

The unaudited consolidated gross profit for the six months ended 30 June 2018 was approximately RMB1,618.6 million (corresponding period in 2017: approximately RMB1,599.2 million), representing an increase of 1.2%. The gross profit had no material changes.

Fair value gains on investment properties increased by 852.9% to approximately RMB715.6 million (corresponding period on 2017: approximately RMB75.1 million). The gain was mainly due to the additional investment properties in Beijing for the six months ended 30 June 2018.

Other losses of approximately RMB98.2 million was incurred for the six months ended 30 June 2018 (corresponding period in 2017: other gain of approximately RMB109.7 million). Such changes was mainly due to exchange losses arisen from currency translation of the offshore loans nominated in USD in 2018.

## Management Discussion and Analysis

Selling and marketing costs were approximately RMB269.6 million for the six months ended 30 June 2018, representing an immaterial decrease of 1.4% over 2017 (corresponding period in 2017: approximately RMB273.5 million).

General and administrative expenses were approximately RMB288.5 million for the six months ended 30 June 2018, representing a decrease of 16.3% over 2017 (corresponding period in 2017: approximately RMB344.5 million).

Net finance income increased by 44.5% to approximately RMB53.8 million for the six months ended 30 June 2018 (corresponding period on 2017: approximately RMB37.3 million). The increase was mainly due to the increase in cash balance in 2018 as compared to 2017.

The unaudited consolidated profit attributable to the equity holders of the Company for the six months ended 30 June 2018 was approximately RMB698.5 million (corresponding period in 2017: approximately RMB694.9 million), representing an increase of 0.5% from the corresponding period in 2017.

Regarding the recognised sales for the six months ended 30 June 2018, the average selling price (“ASP”) per square metre (“sq.m.”) achieved by the Group was RMB8,550.4 per sq.m., representing a decrease of 11.5% from RMB9,663.6 per sq.m. for the corresponding period in 2017. The drop in ASP in 2018 was mainly due to the delivery of the properties in Wujiang which had lower ASP.

In the first half of 2018, the Group achieved contracted sales of approximately RMB9,605.0 million (corresponding period in 2017: approximately RMB6,114.3 million). The ASP for the contracted sales had increased by 26.0% to RMB9,558.0 per sq.m. during the period under review (corresponding period in 2017: approximately RMB7,585.8 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 Management	Hotel RMB'million	Others RMB'million	Total RMB'million
			Income RMB'million			
30 June 2018	87.6	6,191.4	125.4	108.6	5.0	<b>6,518.0</b>
30 June 2017	382.8	6,230.4	108.6	107.1	0.5	<b>6,829.4</b>



## Management Discussion and Analysis

The decrease in revenue generated from commercial and residential properties was mainly due to more GFA having been delivered to the buyers from 684,344.3 sq.m. for the six months ended 30 June 2017 to 734,342.4 sq.m. for the six months ended 30 June 2018 and offset by the drop in the ASP from RMB9,663.6 per sq.m. in 2017 to RMB8,550.4 per sq.m. in 2018.

### Pre-sold Properties

As at 30 June 2018, the attributable GFA of pre-sold properties not yet delivered to the buyers was 2,520,320 sq.m. (2,400,123 sq.m. as at 31 December 2017). 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%	85,917
Chizhou	Taoyuan Mingzhu	100%	29,710
Dangtu	Taoyuan Xian	100%	27,609
Guang'an	Guang'an Wealth Centre	100%	34,553
Guang'an	Guang'an Mingfa Mall	100%	99,577
Hefei	Hefei Mingfa Shopping Mall	100%	19,729
Honglai	Honglai Mingfa Commercial Centre	100%	571
Huai'an	Huai'an Mingfa Shopping Mall	100%	9,454
Huizhou	Huizhou Mingfa Gaobang New City	80%	21,942
Jinzhai	Jinzhai Mingfa City Square	100%	352,694
Laian	Mingfa North Station New Town	70%	79,685
Ma'anshan	Mingfa Mingbao Town	100%	95,139
Nanjing	Nanjing Dream Garden	51%	314
Nanjing	Nanjing Mingfa Pearl River International	100%	1,305
Nanjing	Nanjing Mingfa Cloud Mansion	40%	1,865
Nanjing	Nanjing Mingfa Pearl Spring Resort	100%	2,608
Nanjing	Nanjing Mingfa New City Finance Building	100%	3,691
Nanjing	Nanjing Mingfa Riverside New Town	100%	4,436
Nanjing	Nanjing Mingfa City Square	100%	6,223
Nanjing	Nanjing Mingfa Xianghill Garden	100%	6,559
Nanjing	Nanjing Mingfa Yuejingyuan	100%	6,880
Nanjing	Nanjing Mingfa Yueshanyuefu	100%	22,873
Nanjing	Nanjing Ming Hong Xin Yue City	40%	28,498

## Management Discussion and Analysis

City	Property	Group's Interest	Attributable
			Pre-Sold GFA (sq.m.)
Nanjing	Nanjing Mingfa Shopping Mall	100%	30,547
Nanjing	Nanjing Rong Li	51%	47,456
Nanjing	Nanjing Mingfa Wealth Centre	100%	96,639
Pingliang	Pingliang Mingfa European City	60%	23,791
Quanjiao	Taoyuan Mansion	100%	6,433
Quanjiao	Taoyuan New Town	100%	97,198
Quanzhou	Quanzhou Mingfa Hua Chang City	100%	29,316
Shenyang	Shenyang Mingfa Mall	100%	10,763
Shenyang	Shenyang Mingfa Jinxiuhwa City	100%	88,441
Shenzhen	Shenzhen Mingfa Guangming Xuan	100%	3,274
Sihong	Sihong 2017-A04	100%	42,920
Taizhou	Taizhou Mingfa City Complex	100%	110,558
Tianjin	Tianjin Binhai Mingfa Shopping Mall	100%	54,513
Wujiang	Wujiang Mingfa Jiangwan New City	100%	495,157
Wuxi	Wuxi Mingfa Shopping Mall	70%	3,122
Wuxi	Wuxi Mingfa International New Town	100%	12,544
Xiamen	Xiamen Mingfa Xiang Wan Peninsula	100%	2,079
Xiamen	Xiamen Mingfa Harbour Resort	100%	3,454
Xiamen	Xiamen Mingfa Shopping Mall	70%	15,857
Xiamen	Xiamen Mingfeng Town	100%	21,403
Yangzhou	Yangzhou Mingfa Shopping Mall	100%	7,163
Yangzhou	Yangzhou Mingfa Jiangwan City	100%	23,518
Zhangzhou	Zhangzhou Mingfa Shopping Mall	100%	2,822
Zhangzhou	Zhangzhou Longhai Mingfa Mall	100%	123,777
Zhenjiang	Zhenjiang Mingfa Xinjin Yuancheng	100%	1,942
Zhenjiang	Zhenjiang Jinxiu Yishan	100%	27,158
Zibo	Shandong Zibo World Trade Center	100%	196,643
<b>Total</b>			<b>2,520,320</b>

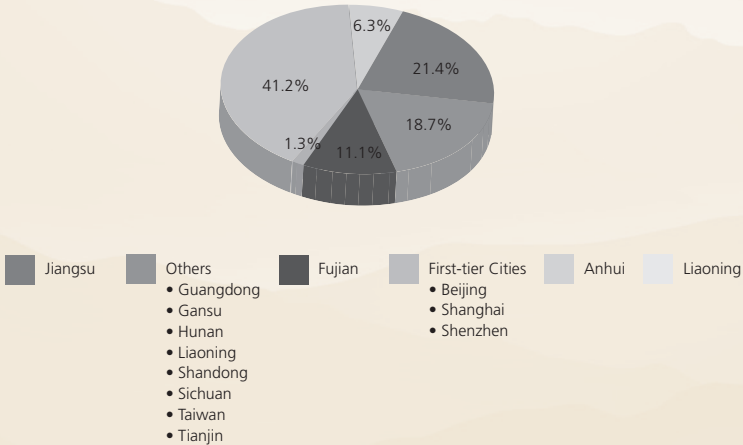
## Management Discussion and Analysis

### Summary of Land Bank

As at 30 June 2018, land bank attributable to the Group increased by 1.9% to approximately 21.8 million sq.m. (approximately 21.4 million sq.m. as at 31 December 2017), consisting of 108 projects (99 projects as at 31 December 2017) in total.

	Number of Projects	Attributable GFA (million sq.m.)
Completed projects	32	2.7
Projects under development	54	14.4
Projects for future development	22	4.7
<b>Total</b>	<b>108</b>	<b>21.8</b>

Total Land Bank by Province as at 30 June 2018



## Management Discussion and Analysis

The following tables summarize the details of the Group's land bank as at 30 June 2018:

Property Name	Location	Actual/ Estimated Completion Date	Type of Property	Status	Site Area (sq.m.) <i>(Notes)</i>	Approximate Leasable and Group's Saleable GFA Interest (sq.m.)	Attributable GFA (sq.m.)
<b>Completed property (held for sale/leasing) (Note 1)</b>							
Xiamen Mingfa Seascaple Garden	Located at Qianpu South 2 Road, Siming District, Xiamen, Fujian Province	Dec/2004	Residential/ Commercial/ Office	Completed	18,247	450 100%	450
Xiamen Mingfa Noble Place	Located at Jiangtuo Residential, Huli District, Xiamen, Fujian Province	Dec/2004	Residential/ Commercial/ Office	Completed	5,529	1,287 100%	1,287
Xiamen Mingfa Garden	Located at Huanhuli South, Lvling Road, Siming District, Xiamen, Fujian Province	Apr/2005	Residential/ Commercial	Completed	18,697	13,809 100%	13,809
Xiamen Jianqun Elegant Garden	Located at Qianpu Lianqian East Road North, Huli District, Xiamen, Fujian Province	Apr/2005	Residential/Office	Completed	10,257	1,418 100%	1,418
Xiamen Mingfa International New Town	Located at Qianpu Lianqian Road South, Siming District, Xiamen, Fujian Province	Feb/2002	Residential/ Commercial/ Office	Completed	26,016	5,527 100%	5,527
Xiamen Mingfa Shopping Mall	Located to the northwest of Jiaye Road and Lianqian Road, Siming District, Xiamen, Fujian Province	Oct/2007	Commercial/Office/ Hotel	Completed	166,775	25,933 70%	18,153
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	9,826 100%	9,826
Nanjing Mingfa Riverside New Town	Located in Taishan Village, Pukou District, Nanjing, Jiangsu Province	Nov/2009	Residential/ Commercial	Completed	1,072,182	65,500 100%	65,500

## 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 Tangtou Village, Yanqiao 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	183,106	100%	183,106
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	225,919	100%	225,919
Nanjing Mingfa City Square	Located on Dingshan Road, Pukou District, Nanjing, Jiangsu Province	Dec/2012	Residential/ Commercial/ Office	Completed	128,683	70,447	100%	70,447
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	13,416	100%	13,416
Zhangzhou Mingfa Shopping Mall	Located at Longjiang Road East, Shuixian Street North, No.6 Road West, Ximpu Road South, Zhangzhou, Fujian Province	Dec/2013	Residential/ Commercial/ Office/Hotel	Completed	223,589	238,023	100%	238,023

## 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.)
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	138,083	100%	138,083
Huaian Mingfa Shopping Mall (Block C)	Located in Weihai East Road, Huaian, Jiangsu Province	Dec/2014	Residential	Completed	51,345	11,091	100%	11,091
Nanjing Mingfa Pearl River International (G11)	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	Completed	8,586	8,099	100%	8,099
Nanjing Mingfa New City Finance Building	Located in New Town Business Avenue North, Pukou District, Nanjing, Jiangsu Province	Dec/2017	Residential/ Commercial	Completed	59,042	172,154	100%	172,154
Nanjing Mingfa Cloud Mansion	Located along the mountain road south, Jiangpu Street, Nanjing, Jiangsu Province	Sep/2017	Residential	Completed	32,787	76,768	40%	30,707
Jinzhai Mingfa City Square (Plot G)	Located at New Town District, Meishan Town, Jinzhai County, Hefei, Anhui Province	Sep/2017	Residential/ Commercial	Completed	105,504	215,027	100%	215,027
Jinzhai Mingfa City Square (Plot D)	Located at New City, Meishan Town, Jinzhai County, Anhui Province	Dec/2017	Residential/ Commercial	Completed	62,885	70,790	100%	70,790



## 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.)
Wuxi Mingfa International New Town	Located south of Yanqiao Town, Huishan District, Wuxi, Jiangsu Province	Jun/2017	Residential/ Commercial	Completed	258,297	120,652	100%	120,652
Jinzhai Mingfa City Square (Plot E, F)	Located at New City, Meishan Town, Jinzhai County, Anhui Province	Jun/2018	Residential/ Commercial	Completed	203,406	303,421	100%	303,421
Beijing Mingfa Mall	Located in Beizang Village, Daxing District, Beijing	Dec/2018	Residential/ Commercial	Completed	45,414	111,311	100%	111,311
Nanjing Dream Garden	Located at Yuhuatai Economic Development Zone, Nanjing, Jiangsu Province	Jul/2018	Residential	Completed	58,914	43,116	51%	21,989
Xiamen Mingfeng Town	Located at Lingdou Siming District, Xiamen, Fujian Province	Jul/2018	Commercial	Completed	19,190	122,373	100%	122,373
Zhenjiang Mingfa Xinjin Yuancheng	Located at east of the new Road, Danbei Town, Danyang City	Jan/2018	Residential/ Commercial	Completed	14,287	14,363	100%	14,363
Shenzhen Mingfa Guangming Xuan	Located at Tianliao Yulv Area, Guangming New District, Shenzhen	Dec/2018	Commercial	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	Completed	31,455	46,820	100%	46,820
<b>Sub-total</b>					<b>3,662,641</b>	<b>2,897,444</b>		<b>2,691,287</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 under development (Note 2)</b>								
Zhenjiang Jinxu Yinshan	Located in the centre of Zhenjiang City, Jiangsu Province	Dec/2019	Residential/ Commercial/ Hotel	Completion certificate had been granted for GFA of 246,245 sq.m. in June 2018. The remaining GFA of 158,433 sq.m. will be completed in December 2019	296,702	199,712	100%	199,712
Huaian Mingfa Shopping Mall (Block A)	Located in Shenzhen South Road, Huaian, Jiangsu Province	Dec/2020	Commercial	Approximately 90% of construction has been completed	133,110	266,335	100%	266,335
Shenyang Mingfa Jinxu 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 2018. The remaining GFA of 26,070 sq.m. will be completed in December 2019	61,222	185,553	100%	185,553
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 196,412 sq.m. in June 2018. The remaining GFA of 25,120 sq.m. will be completed in December 2019	158,238	34,659	100%	34,659
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 417,064 sq.m. in June 2018. The remaining GFA of 361,737 sq.m. will be completed in December 2020	292,487	404,067	100%	404,067
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 143,995 sq.m. in June 2018. The remaining GFA of 163,859 sq.m. will be completed in October 2020	237,075	281,834	100%	281,834

## 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.)
Zhangzhou Longhai Mingfa Mall (2011G17, 2011G18 Phase 1)	Located in Bangshan Town, Kekeng Village, Longhai, Zhangzhou, Fujian Province	Dec/2020	Residential/ Commercial	Completion certificate had been granted for GFA of 39,734 sq.m. in June 2018. The remaining GFA of 244,449 sq.m. will be completed in December 2020	78,622	239,221	100%	239,221
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 2018. The remaining GFA of 121,079 sq.m. will be completed in December 2019	53,779	152,555	100%	152,555
Pingliang Mingfa European City	Located in Water Bridge West, Linjing Road North, Kongdong District, Pingliang, Gansu Province	Dec/2021	Residential	Approximately 75% of construction has been completed	117,594	122,163	60%	73,298
Changsha Mingfa Shopping Mall	Located in Star Cheng Town, Wangcheng County, Changsha, Hunan Province	Dec/2021	Residential/ Commercial	Completion certificate had been granted for GFA of 74,461 sq.m. in June 2018. The remaining GFA of 843,189 sq.m. will be completed in December 2021	285,594	799,428	100%	799,428
Huizhou Mingfa Gaobang New City	Huizhou City West Train Station, Guangdong Province	Dec/2020	Residential	Approximately 70% of construction has been completed	332,335	708,157	80%	566,526
Nanjing Mingfa Xiang Hill Garden	Located along the mountain road to the south, Caiba Road East, Pukou District, Nanjing, Jiangsu Province	Dec/2019	Residential	Completion certificate had been granted for GFA of 244,877 sq.m. in June 2018. The remaining GFA of 10,484 sq.m. will be completed in December 2019	115,876	126,803	100%	126,803

## 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.)
Tianjin Binhai Mingfa Shopping Mall	Located in Tanggu Marine Hi-Tech Development Zone, Tianjin	Dec/2021	Commercial	Completion certificate had been granted for GFA of 68,620 sq.m. in June 2018. The remaining GFA of 349,476 sq.m. will be completed in December 2021	209,048	418,096	100%	418,096
Nanjing Mingfa Wealth Center	Located in New City Headquarters Avenue on the north side of 05 plots, Pukou District, Nanjing, Jiangsu Province	Dec/2019	Commercial/Office	Approximately 40% 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	Completion certificate had been granted for GFA of 200,563 sq.m. in June 2018. The remaining GFA of 642,626 sq.m. will be completed in December 2019	132,937	56,062	51%	28,592
Wujiang Mingfa Jiangwan New City (Phase 1)	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Dec/2019	Residential/ Commercial	Completion certificate had been granted for GFA of 269,628 sq.m. in June 2018. The remaining GFA of 440,275 sq.m. will be completed in December 2019	298,289	508,950	100%	508,950
Wujiang Mingfa Jiangwan New City (Phase 2)	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Dec/2021	Residential/ Commercial	Approximately 55% 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	752,127	100%	752,127
Guang'an Mingfa Mall (GC2013-45 Block)	Located in Bridge Group, Guan'an, Sichuan Province	Dec/2020	Residential/ Commercial	Approximately 50% of construction has been completed	76,153	382,692	100%	382,692

## 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.)
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	Completion certificate had been granted for GFA of 173,743 sq.m. in June 2018. The remaining GFA of 445,215 sq.m. will be completed in December 2021	147,371	618,958	100%	618,958
Shenyang Creative Industrial Estate	Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province	Dec/2021	Residential/ Commercial	Approximately 70% 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 50% of construction has been completed	63,127	189,381	100%	189,381
Zhongao Town Building	Located at south of Xiang'an District, Xiamen, Fujian Province	Dec/2019	Commercial	Approximately 50% of construction has been completed	11,870	98,104	51%	50,033
Jinzhai Mingfa City Square (Plot AC)	Located at Jinzhai County Meishan Town New Town, Hefei, Anhui Province	Dec/2019	Residential/ Commercial	Completion certificate had been granted for GFA of 67,864 sq.m. in June 2018. The remaining GFA of 372,411 sq.m. will be completed in December 2019	111,142	162,164	100%	162,164
Mingfa MingBo Town	Located at Bowang Town Bowang District, Maanshan, Anhui Province	Dec/2019	Residential/ Commercial	Approximately 50% of construction has been completed	101,504	171,950	100%	171,950
New project in Nanjing Pukou G86	Pukou Jiangpu Street angle at University Avenue and Flower Industry	Dec/2019	Residential	Approximately 70% of construction has been completed	72,280	79,508	100%	79,508
Taoyuan New Town	Located at Xianghe Town, Quanjiao, Anhui Province	Mar/2020	Residential	Approximately 50% of construction has been completed	109,452	240,794	100%	240,794

## 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.)
New project in Nanjing Pukou G42	Located along the street High and New Technology Industrial Development Zone, Nanjing, Jiangsu Province	Nov/2022	Commercial	Approximately 50% of construction has been completed	27,428	82,283	40%	32,913
Taoyuan Mansion	Located at Xianghe Town, Quanjiao, Anhui Province	Mar/2020	Residential	Approximately 50% of construction has been completed	18,099	30,768	100%	30,768
Taoyuan Mingzhu	Located in Shengzhouhu Road, Chizhou, Anhui Province	Jun/2021	Residential	Approximately 50% of construction has been completed	99,943	159,909	100%	159,909
New project in Sihong 2017-A04	Located in Radish Li Road East, North of Sizhou Street, Sihong County, Suqian, Jiangsu Province	Mar/2020	Residential/ Commercial	Approximately 40% of construction has been completed	84,200	193,660	100%	193,660
Jinse Shuiian	Located in north side of Huaihe Road, Jinhu County, Huanan, Jiangsu Province	Dec/2022	Residential/ Commercial	Approximately 40% of construction has been completed	289,236	336,769	100%	336,769
Taoyuan Xi'an	Located in Gushi Town, Dangtu County, Anhui Province	Dec/2020	Residential/ Commercial	Approximately 45% of construction has been completed	24,439	39,103	100%	39,103
Taoyuan Guandi	Located in south side of Taochang Road, Hanshan County, Anhui Province	Dec/2020	Residential	Approximately 45% of construction has been completed	43,868	74,576	100%	74,576
Wujiang Mingfa Jiangwan New City (Phase 3)	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Dec/2021	Residential/ Commercial	Approximately 30% of construction has been completed	613,287	1,665,440	100%	1,665,440
New project in Nanjing Pukou G20	Located in Software Service Center High Tech Development Zone, Nanjing, Jiangsu Province	Dec/2021	Commercial	Approximately 30% of construction has been completed	62,015	446,246	80%	356,997
Taoyuan Xiangsong	Located in North New District, Dongzhi County, Chizhou, Anhui Province	Jun/2020	Residential/ Commercial	Approximately 30% of construction has been completed	36,590	62,202	100%	62,202



## 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.)
Taoyuan Fudi	Located at Xianghe Town, Quanjiao, Anhui Province	Apr/2020	Residential	Approximately 30% of construction has been completed	66,262	189,320	70%	132,524
Taoyuan Guanlan	Located at Xianghe Town, Quanjiao, Anhui Province	Apr/2020	Residential	Approximately 30% of construction has been completed	55,481	118,889	70%	83,222
Mingfa North Station New Town	Located in west side of Changjiang Road, Chahe Town, Laian County	Jan/2020	Residential/ Commercial	Approximately 30% of construction has been completed	65,335	163,337	70%	114,336
Guang'an Mingfa City complex Project (ChaMa Road B1-1 Block)	Located in Binjiang Road, Guang'an District, Guan'an, Sichuan Province	Dec/2021	Residential/ Commercial	Approximately 30% of construction has been completed	76,363	305,452	100%	305,452
New project in Zhangpu 2017SG15	Located in Houcai Village, Qianting Town, Zhangpu County, Zhangzhou, Fujian Province	May/2022	Residential/ Commercial	Approximately 30% of construction has been completed	46,885	204,457	100%	204,457
New project in Wuhu FT1714	Located in New City east of Chengdong, Fanchang County, Wuhu City, Anhui Province	May/2022	Residential	Approximately 30% of construction has been completed	64,607	129,214	100%	129,214
New project in Nanjing Pukou 2014GY04 - 2016GY020	Located in the channel of Science and Technology Industrial Park, Pukou District, Nanjing, Jiangsu Province	Feb/2021	Industrial	Approximately 30% of construction has been completed	119,564	95,652	100%	95,652
Mingfa North Station Center	Located at Chahe Town, Laian, Anhui Province	Jun/2021	Residential/ Commercial	Approximately 50% of construction has been completed	69,757	132,699	100%	132,699
Mingfa North Station Villas	Located at Chahe Town, Laian, Anhui Province	Jun/2021	Residential	Approximately 50% of construction has been completed	66,350	383,664	100%	383,664
Hecheng Shoufu	Located at Liyang Town, Maanshan, Anhui Province	Jan/2021	Residential	Approximately 50% of construction has been completed	26,918	53,835	100%	53,835

## 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.)
Mingfa Huguangshanse (Phase 1)	Located at Xiangquan Town Maanshan, Anhui Province	May/2020	Residential/ Commercial	Approximately 30% of construction has been completed	68,688	82,426	100%	82,426
Mingfa Huguang Shanse (Phase 1)	Located at Xiangquan Town Maanshan, Anhui Province	May/2020	Residential/ Commercial	Approximately 30% of construction has been completed	63,674	76,409	100%	76,409
New project in Nanjing Liuhe 2017G68	Located in Jinniu Lake Street, Liuhe District, Nanjing, Jiangsu Province	Oct/2020	Residential	Approximately 30% of construction has been completed	34,330	68,661	51%	35,017
New project in Jinzhai (Plot 40, 41)	Located at Jinzhai County Meishan Town New Town, Hefei, Anhui Province	Jun/2021	Residential/ Commercial	Approximately 30% of construction has been completed	133,332	252,883	100%	252,883
New project in Nanjing Pukou G01	Located in Xinghuo Road Bus Station, Jiangbei New District, Nanjing, Jiangsu Province	Nov/2022	Commercial/Office	Approximately 20% of construction has been completed	7,025	21,145	40%	8,458
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
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
Taohua Yuanzhu (Phase 1)	Located at Xingyuan Road Zibo, Shandong Province	Oct/2022	Residential	Vacant	75,474	135,853	100%	135,853
<b>Sub-total</b>					<b>6,870,735</b>	<b>14,970,593</b>		<b>14,378,142</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 <i>(Note 3)</i></b>								
Nanjing Mingfa Furniture City	Located in Huangyao Village, Taishan Street, Pukou District, Nanjing, Jiangsu Province	Jun/2021	Industrial	Vacant	41,434	103,585	100%	103,585
Lanzhou Mingfa Zhongke Ecological Park	Located in Weijia Village of Southwest, Gansu Province	Dec/2021	Residential	Vacant	1,371,786	1,371,786	51%	699,611
Taiwan Taoyuan 54 Block	Located in Air Passenger Park, Taoyuan, Taiwan	Jun/2021	Commercial	Vacant	13,710	32,905	100%	32,905
Taiwan Taoyuan 169 Block	Located in Air Passenger Park, Taoyuan, Taiwan	Jun/2021	Commercial	Vacant	16,110	38,663	100%	38,663
Shenyang Mingfa Wealth Center	Located at Young Street, Heping District, Shenyang, Liaoning Province	Dec/2021	Commercial	Vacant	5,468	54,677	100%	54,677
Shenyang Mingfa Square	Located in Shenbei Xinqu Daoyi Development Zone, Liaoning Province	Jun/2021	Residential/ Commercial	Vacant	119,154	238,308	100%	238,308
Shenyang Mingfa Comprehensive Technology Park	Located at Zaohua Street, Yuhong District, Shenyang, Liaoning Province	Dec/2021	Residential	Vacant	235,526	423,948	100%	423,948
New project in Lianyungang 2017G04	Located in east side of Silver Beach Road, Qingkou Town, Lianyungang, Jiangsu Province	Apr/2021	Residential	Vacant	50,458	75,687	100%	75,687
New project in Maanshan Mingkun	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Apr/2021	Residential	Vacant	222,285	603,154	100%	603,154
New project in Maanshan MingPu	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Apr/2021	Industrial	Vacant	31,258	46,888	100%	46,888

## 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 Maanshan Mingshu	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Apr/2021	Residential	Vacant	179,980	539,941	100%	539,941
New project in Maanshan Mingnan	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Apr/2021	Residential/ Commercial	Vacant	114,945	336,206	100%	336,206
New project in Maanshan Mingzhao	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Apr/2021	Residential	Vacant	71,080	213,241	100%	213,241
New project in Maanshan MingLin	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Apr/2021	Residential/ Commercial/ Industrial	Vacant	169,934	328,534	100%	328,534
New project in Maanshan Mingzhang	Located at Wujiang Town Four Lian, Hexian, Anhui Province	Apr/2021	Residential	Vacant	22,491	78,719	100%	78,719
Siyang Mingfa Shoufu2013E1 Plot	Located at Zhongxing Town Siyang, Suqian, Jiangsu Province	Dec/2021	Residential/ Commercial	Vacant	64,173	320,865	70%	224,606
Siyang Mingfa Shoufu2013E2 Plot	Located at Zhongxing Town Siyang, Suqian, Jiangsu Province	Dec/2021	Residential/ Commercial	Vacant	39,799	198,995	70%	139,297
New project in Jurong2017-2-1-08	Located in Huanhu Road, Jurong, Jiangsu Province	Apr/2021	Commercial	Vacant	9,265	13,898	49%	6,810
New project in Jurong2017-2-1-15	Located in Baohua Town, Jurong, Jiangsu Province	Apr/2021	Residential	Vacant	8,378	20,945	51%	10,682
<b>Sub-total</b>					<b>2,787,234</b>	<b>5,040,945</b>		<b>4,195,462</b>

## 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.)
<b>Property with signed land use rights contract for future development (Note 4)</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
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
Kangyang Town	Located in Jiangjun Road, Jinzhai, Anhui Province	Sep/2021	Residential/ Commercial	Vacant	64,539	103,263	100%	103,263
<b>Sub-total</b>					<b>192,511</b>	<b>511,125</b>		<b>511,125</b>
<b>Total</b>					<b>13,513,121</b>	<b>23,420,107</b>		<b>21,776,016</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 2018.
- 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 2018.
- 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 2018:

Property	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	15,969	3–10 years	100%
Changsha Mingfa Shopping Mall	Located in Star Cheng Town, Wangcheng County, Changsha, Hunan Province	Commercial	70,742	Under construction	100%
Hefei Mingfa Shopping Mall	Located along the northeast side of the junction of Silihe Road and Dangshan Road, Luyang District, Hefei, Anhui Province	Commercial	152,791	15–20 years	100%
Jinzhai Mingfa City Square (Plot G)	Located at New Town District, Meishan Town, Jinzhai County, Hefei, Anhui Province	Commercial	53,281	2–15 years	100%
Nanjing Mingfa Riverside New Town	Located in Taishan Village, Pukou District, Nanjing, Jiangsu Province	Commercial	39,033	3–9 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%
Quanzhou Mingfa Hotel	Located in Licheng District, Jiangnan Torch Village, Quanzhou, Fujian Province	Hotel	4,755	5 years	100%



## Management Discussion and Analysis

Property	Location	Existing Usage	Attributable GFA (sq.m.)	Term of Leases with Tenants	Percentage of Interest in the Properties Attributable to the Group
Tianjin Mingfa City Complex	Located in Tanggu Marine Hi-Tech Development Zone, Tianjin	Commercial	62,631	Under construction	100%
Wuxi Mingfa International New Town	Located at south of Yanqiao Town, Huishan District, Wuxi, Jiangsu Province	Commercial	1,386	3 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%
Xiamen Lianfeng Furniture Park	Located on Honglian Road, Siming District, Xiamen, Fujian Province	Industrial	26,120	20 years	100%
Xiamen Mingfa Group Mansion	Located at Qianpu Industrial Park, Xiamen, Fujian Province	Commercial	1,123	5–6 years	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	46,782	3 years	100%
Xiamen Mingfa Hotel	Located at No. 413 Lianqian East Road, Xiamen, Fujian Province	Hotel	10,925	10 years	100%
Xiamen Mingfa Industrial Park	Located at No.2 Honglian Road West, Siming District, Xiamen, Fujian Province	Industrial	11,588	8–15 years	100%

## Management Discussion and Analysis

Property	Location	Existing Usage	Attributable GFA (sq.m.)	Term of Leases with Tenants	Percentage of Interest in the Properties Attributable to the Group
Xiamen Mingfa Shopping Mall	Located to the northwest of Jiahe Road and Lianqian Road, Siming District, Xiamen, Fujian Province	Commercial	112,816	8–20 years	70%–100%
Xiamen Mingfa Technology Park	Located in Kaiyuan Xing'an Industrial Park, Tong'an District, Xiamen, Fujian Province	Industrial	62,131	18 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	58,338	15 years	100%
Zhangzhou Mingfa Shopping Mall	Located at Longjiang Road East, Shuixian Street North, No.6 Road West, Xipu Road South, Zhangzhou, Fujian Province	Commercial	112,416	12–19 years	100%
Zhenjiang Jinxiu Yinshan	Located in the centre of Zhenjiang City, Jiangsu Province	Commercial	2,859	15.5 years	100%
<b>Total</b>			<b>985,809</b>		

## Management Discussion and Analysis

### ACQUISITION FRAMEWORK AGREEMENTS

As at 30 June 2018, the Group entered into 10 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 2014. 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:

<b>Project Name</b>	<b>Location</b>	<b>Date of MOU</b>	<b>Site Area (sq.m.)</b>	<b>GFA (sq.m.)</b>	<b>(Notes)</b>
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	
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	(5)
Nanjing Software Park Starting Area Project	Nanjing City, Jiangsu Province	14-Jan-12	220,001	800,000	

## Management Discussion and Analysis

Project Name	Location	Date of MOU	Site Area (sq.m.)	GFA (sq.m.)	(Notes)
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	(6)
Anhui Hexian Wujiang New Town	Maanshan City, Anhui Province	28-Apr-13	2,000,010	7,000,035	(7)
<b>Total</b>			<b>7,486,167</b>	<b>19,646,270</b>	

### Notes:

- (1) The Group had acquired 3 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 1 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 2 plots of land in 2010 under the MOU signed on 28 January 2010. The land is located in Shenbei Xinqu Daoyi Development Zone, Shenyang. Total land area and GFA is approximately 61,222 sq.m. and approximately 306,110 sq.m. respectively.
- (4) The Group had acquired 5 plots of land 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 529,526 sq.m. and approximately 832,637 sq.m. respectively.
- (5) The Group had acquired 2 plots of land under the MOU signed on 23 September 2011. The land is located at Zaohua Street, Guan Jia Village, Yuhong District, Liaoning Province. Total land area and GFA is approximately 235,526.47 sq.m. and approximately 423,947.63 sq.m. respectively.

## Management Discussion and Analysis

- (6) The Group had acquired 1 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.
- (7) The Group had acquired 47 plots of land under the MOU signed on 28 April 2013. The land is located at New City, Mei Shan Town, Jinzhai Country, Hefei, Anhui Province. Total land area and GFA is approximately 1,401,143 sq.m. and approximately 3,770,826 sq.m. respectively.

### PROSPECTS AND OUTLOOK

Being a long established entity in Jiangsu and Anhui Province, the Group is expected to be benefited from the Belt Strategies. As at 30 June 2018, the Group had 21.4% and 41.2% of land bank located at Jiangsu and Anhui Province respectively. It is expected such portfolio will continue to make contribution to the Group's turnover and profit.

### CAPITAL STRUCTURE

As at 30 June 2018, the Group had aggregate cash and cash equivalents (excluding restricted cash) of approximately RMB6,345.1 million (31 December 2017: approximately RMB2,849.2 million). Restricted cash of the Group was RMB256.6 million (31 December 2017: approximately RMB366.4 million). Bank loans and other borrowings of the Group repayable within one year and after one year were approximately RMB5,258.6 million and RMB7,311.2 million respectively (31 December 2017: approximately RMB10,254.1 million and RMB2,611.1 million respectively). The cash and cash equivalents of the Group were mainly denominated in Renminbi as at 30 June 2018.

Total interest expenses including the capitalised interest costs amounted to approximately RMB225.7 million (corresponding period in 2017: RMB213.8 million) which were fully capitalised for six months ended 30 June 2018 and 2017.

## Management Discussion and Analysis

Set out below are the major ratios of the Group:

	As at 30 June 2018	As at 30 June 2017
Gross profit margin	24.8%	23.4%
Operating profit margin	24.7%	17.1%
Net profit margin	14.6%	12.5%

	As at 30 June 2018	As at 31 December 2017
Current ratio	1.21	1.08
Total liabilities to total assets	78.7%	78.5%
Bank loans and other borrowings to shareholders' funds	88.7%	95.5%
Non-current bank loans and other borrowings to total assets	10.1%	3.9%
Gearing ratio*	27.9%	40.1%

\* Defined as net debt (total borrowings 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 2018, investment properties of the Group with net book value of approximately RMB2,323.6 million (31 December 2017: approximately RMB2,630.5 million), buildings of approximately RMB305.3 million (31 December 2017: approximately RMB405.4 million), land use rights of approximately RMB2,869.7 million (31 December 2017: approximately RMB4,586.1 million), completed properties held for sale of approximately RMB2,098.4 million (31 December 2017: approximately RMB2,178.2 million), properties under development of approximately RMB2,300.8 million (31 December 2017: approximately RMB1,794.9 million). As at 30 June 2018, deposits of approximately RMB256.6 million (31 December 2017: RMB366.4 million) was restricted and deposited in certain banks as security for project construction.

## Management Discussion and Analysis

### CAPITAL COMMITMENTS

As at 30 June 2018, the contracted capital commitments of the Group were approximately RMB8,341.2 million (31 December 2017: approximately RMB7,397.5 million), which were mainly the capital commitments for property development and acquisition of the project companies. It is expected that the Group will finance such commitments from internally generated funds and resources.

### CONTINGENT LIABILITIES

As at 30 June 2018, the contingent liabilities of the Group was approximately RMB7,003.1 million (31 December 2017: approximately RMB6,968.4 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 2018, 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 86.7%, 0.1% and 13.2% (31 December 2017: Renminbi, Hong Kong dollars and US dollars accounted for 93.4%, 0.1% and 6.5% respectively of the total bank balances of the Group). The bank loans and other borrowings maintained by the Group were denominated in Renminbi, US dollars and New Taiwan dollars in respective proportions of 72.1%, 27.2% and 0.7% (31 December 2017: Renminbi, Hong Kong dollars and, US dollars and New Taiwan dollars accounted for 73.0%, 5.8%, 20.4% and 0.8% respectively of the total bank loans and other borrowings of the Group).

As the sales, purchases, bank borrowings and other borrowings of the Group in 2018 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 in 2018 as the hedging cost was comparable to the corresponding risk.

## Management Discussion and Analysis

### INTEREST RATE RISK

As at 30 June 2018, 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 BONDS DUE 2019

Reference is made to the Company's announcement dated 15 December 2016 (capitalized terms in this paragraph have the same meanings as those defined therein). On 15 December 2016, the Company, together with the Guarantors, entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to act as the exclusive placing agent for the Company in relation to the issue by the Company and the placing on a private placement basis by the Placing Agent of the Bonds upon the terms and subject to the conditions set forth in the Placing Agreement. The Placing Agent shall use its best efforts to place and procure the subscribers to subscribe and pay for the Bonds with an aggregate principal amount of US\$60,000,000. Unless previously redeemed or purchased and cancelled by the Company, the Bonds will be redeemed at their principal amount on an Interest Payment Date in 2019. The net proceeds from the issue of the Bonds is approximately US\$58 million for general corporate purposes of the Group.



## Management Discussion and Analysis

On first Closing Date, the Chargor entered into the Share Charge in favour of the Security Agent as agent of the Bondholders, whereby the Chargor, being the controlling shareholder of the Company, undertake with the Security Agent that it shall ensure that at all times the 1,000,000,000 Shares represent no less than 16.41% of the total issued capital of the Company.

Pursuant to the terms of the Bonds, a change of control event occurs if (a) the Chargor ceases to be the controlling shareholder of the Company; or (b) the Personal Guarantors jointly cease to legally or beneficially own 100% of the total issued share capital of the Chargor from time to time; any Bondholder will have the right, at such Bondholder's option, to require the Company to redeem all, but not some only, of their Bonds at 100% of their principal amount together with accrued interest to (but excluding) the date of such early redemption.

### BONDS DUE 2019

Reference is made to the Company's announcements dated 11 January 2018 and 17 January 2018 (capitalized terms in this paragraph have the same meanings as those defined therein). On 11 January 2018, the Company entered into a placing agreement with Head & Shoulders Securities Limited as placing agent pursuant to which the Company issued 11% Bonds due 2019 in an aggregate principal amount of US\$200 million ("**2019 Bonds**"). The 2019 Bonds was issued and listed on SGX-ST on 17 January 2018. The net proceeds from the issue of the Bonds was approximately US\$198.7 million for refinancing certain existing indebtedness of the Group and for general corporate purposes of the Group.

The 2019 Bonds bear an interest rate of 11% per annum payable semi-annually in arrears on 17 July 2018 and 16 January 2019. Subject to certain conditions and exceptions, the terms and conditions of the Bonds in the 2018 Placing Agreement contained certain covenants pursuant to which the Company agreed, among other things:

The 2018 Placing Agreement contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2019 Bonds, when such payments become due, breaches of covenants, breaches of other obligations, insolvency of the Company, cessation of all or a material part of our business, cross default and other events of default specified in the 2018 Placing Agreement. If an event of default occurs, any bondholder may, by written notice to the Company, declare any 2019 Bonds held by such bondholder to be immediately due and payable at principal amount plus any accrued interest to the date of repayment.

## Management Discussion and Analysis

Upon the occurrence of a Change of Control Event, any Bondholder will have the right, at such Bondholder's option, to require the Company to redeem all, but not some only, of their Bonds at 101% of their principal amount together with accrued interest to (but excluding) the date of such early redemption.

### BONDS DUE 2020

Reference is made to the Company's announcements dated 12 May 2017 and 18 May 2017 (capitalized terms in this paragraph have the same meanings as those defined therein). On 12 May 2017, the Company entered into a placing agreement (as amended and supplemented from time to time, the "**2017 Placing Agreement**") with Head & Shoulders Securities Limited as placing agent pursuant to which the Company issued 11% Bonds due 2020 in an aggregate principal amount of US\$220 million ("**2020 Bonds**"). The 2020 Bonds was issued and listed on SGX-ST on 18 May 2017. The net proceeds from the issue of the Bonds was approximately US\$216.7 million for refinancing certain existing indebtedness of the Group and for general corporate purposes of the Group.

The 2020 Bonds bear an interest rate of 11.0% per annum payable semi-annually in arrears. Subject to certain conditions and exceptions, the terms and conditions of the Bonds in the 2017 Placing Agreement contained certain covenants pursuant to which the Company agreed, among other things:

- to ensure that the ratio of consolidated net debt to book equity shall, at any time, be equal to or less than 110%;
- to supply bondholders under the 2020 Bonds with certain compliance certificate within 7 business days of publishing our annual and semi-annual financial statements;
- to use best endeavours to maintain our listing on the HKSE; and
- to use best endeavours to maintain the listing of the Bonds on SGX-ST.

The 2017 Placing Agreement contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2020 Bonds, when such payments become due, breaches of covenants, breaches of other obligations, insolvency of the Company, cessation of all or a material part of our business, cross default and other events of default specified in the 2017 Placing Agreement. If an event of default occurs, any bondholder may, by written notice to the Company, declare any 2020 Bonds held by such bondholder to be immediately due and payable at principal amount plus any accrued interest to the date of repayment.

## Management Discussion and Analysis

Upon the occurrence of a certain event of change of control, the bondholder will have the right, at the option of such bondholder, to require the Company to redeem all, but not some only, of their bonds at 101% of their principal amount together with accrued interest (but excluding) the date of such early redemption.

### SUBSEQUENT EVENTS

#### (a) Senior notes and bonds

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

On 16 January 2019, the 2020 Bonds were issued.

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

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

#### (b) Acquisition of a subsidiary

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 a subsidiary

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 Country, Maanshan City, Anhui Province of a total gross floor area of 1,888,000 square metres, for the consideration of RMB2,792,000,000 (equivalent to HKD3,262,000,000). 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 date 4 April 2019.

## Corporate Governance and Other Information

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

As at 30 June 2018, the total number of issued shares of the Company was 6,093,451,026 ordinary shares.

As at 30 June 2018, 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.

## Corporate Governance and Other Information

### 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 <sup>(Note 1)</sup>	6,050 shares	55.00%
Mr. Huang Qingzhu	Interest of a controlled corporation <sup>(Note 2)</sup>	1,650 shares	15.00%
Mr. Huang Lianchun	Interest of a controlled corporation <sup>(Note 3)</sup>	1,650 shares	15.00%
Mr. Huang Li Shui	Interest of a controlled corporation <sup>(Note 4)</sup>	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 2018, 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 2018, the total issued share capital of the Company was 6,093,451,026 ordinary shares.

As at 30 June 2018, the interests or short position of those persons, other than the Directors or chief executives of the Company which had the interest or short position in the shares, underlying shares and debentures of the Company which has been disclosed to the Company pursuant to Part XV of the SFO, or which have been recorded in the register of interests required to be kept by the Company under section 336 of the SFO, are listed as follows:

Name	Nature of Interest	Total Number of Ordinary Shares <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%
Haitong Securities Co., Ltd.	Interest of a controlled corporation <sup>(Note 5)</sup>	1,000,000,000 shares (L)	16.41%

#### 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.

## Corporate Governance and Other Information

- (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 aggregate of 1,000,000,000 shares registered in the name of Galaxy Earnest Limited, which represents approximately 16.4% of the total issued share capital of the Company, to Haitong International Finance Company Limited pursuant to a facility agreement signed in December 2016.
- (5) Haitong Securities Co., Ltd. is deemed to be interested in the 1,000,000,000 shares in which Haitong International Securities Company Limited held as security agent for bondholders pursuant to a share charge executed by Galaxy Earnest Limited in favor of Haitong International Securities Company Limited, details of which are disclosed in the announcement of the Company dated 15 December 2016. Haitong International Securities Company Limited is wholly owned by Haitong International Finance Company Limited, a company wholly-owned by Haitong International (BVI) Limited, which is in turn wholly-owned by Haitong International Securities Group Limited. Haitong International Securities Group Limited is owned as to approximately 61.00% by Haitong International Holdings Limited, which is wholly-owned by Haitong Securities Co., Limited.

Save as disclosed above, as at 30 June 2018, 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 2018, 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.

## Corporate Governance and Other Information

### **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.

### **Total Number of Shares Available for Issue Under the Share Option Scheme and Percentage of Issued Share Capital as at 30 June 2018**

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 2018, the Group employed 3,367 (31 December 2017: 3,097 staff). The increase in staff was mainly due to more staff was recruited for new project companies. For the six months ended 30 June 2018, the unaudited total staff costs of the Group including directors' emoluments were approximately RMB234.7 million (corresponding period in 2017: approximately RMB194.5 million), representing an increase of 20.7%. The increase was due to the annual salary adjustment for 2018 and increase in staff number. 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.

## Corporate Governance and Other Information

### 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 2018.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2018, the Company redeemed all of the senior notes with the principal amount of US\$10,000,000 which were issued in February 2013.

### 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

The Group had no material acquisition or disposal of subsidiaries during the six months ended 30 June 2018.

### 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 2018, 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 of with 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 2018.

### 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 2018.

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 2018

	Note	30 June 2018 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Unaudited)
<b>Revenues</b>	4	6,518,021	6,829,394
Cost of sales		(4,899,422)	(5,230,214)
<b>Gross profit</b>		1,618,599	1,599,180
Fair value gains on investment properties		715,610	75,101
Other income and other gains and losses	13	(98,190)	109,693
Net impairment loss on financial assets		(65,402)	(2)
Selling and marketing costs		(269,558)	(273,450)
General and administrative expenses		(288,511)	(344,519)
<b>Operating profit</b>		1,612,548	1,166,003
Finance income	15	53,863	37,276
Finance costs	15	—	—
Finance income — net	15	53,863	37,276
Share of results of			
— Associated companies		10,770	1,351
— Joint ventures		(25,142)	(2,165)
		(14,372)	(814)
<b>Profit before income tax</b>	14	1,652,039	1,202,465
Income tax expense	16	(698,006)	(346,477)
<b>Profit for the period</b>		954,033	855,988
<b>Attributable to:</b>			
Equity holders of the Company		698,481	694,943
Non-controlling interests		255,552	161,045
		954,033	855,988
<b>Earnings per share for profit attributable to equity holders of the Company</b> (RMB cents)			
— Basic	18	11.5	11.4
— Diluted	18	11.5	11.4

## Condensed Consolidated Statement of Other Comprehensive Income

For the six months ended 30 June 2018

	30 June 2018 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Unaudited)
<b>Profit for the period</b>	<b>954,033</b>	<b>855,988</b>
<b>Other comprehensive income</b> <i>Item that may be reclassified subsequently to profit or loss</i>		
— Currency translation differences	452	1,085
<b>Total comprehensive income for the period</b>	<b>954,485</b>	<b>857,073</b>
<b>Attributable to</b>		
Equity holders of the Company	698,933	696,028
Non-controlling interests	255,552	161,045
	<b>954,485</b>	<b>857,073</b>

# Condensed Consolidated Statement of Financial Position

As at 30 June 2018

	Note	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,574,264	1,638,606
Investment properties		9,533,900	8,567,027
Land use rights		167,611	164,699
Goodwill		7,169	7,169
Investments in associated companies		1,454,328	1,417,372
Investments in joint ventures		1,940,654	1,965,796
Deferred income tax assets		557,483	529,045
Other financial assets	6	30,150	30,150
Amount due from a joint venture		244,759	274,455
Other receivables	7	185,086	185,086
Prepayments or deposits for land use rights	5	1,026,717	2,526,790
		16,722,121	17,306,195
<b>Current assets</b>			
Land use rights		17,063,969	16,592,338
Properties under development		14,807,868	14,285,914
Completed properties held for sale		10,396,753	9,622,216
Inventories		35,989	41,578
Trade and other receivables and prepayments	7	4,343,210	4,841,047
Contract costs	7	201,228	—
Prepaid income taxes		416,323	459,744
Amounts due from related parties, joint ventures and associated companies		819,686	571,350
Amounts due from non-controlling interests		266,768	256,860
Restricted cash	8	256,600	366,363
Cash and cash equivalents		6,345,060	2,849,226
		54,953,454	49,886,636
<b>Total assets</b>		<b>71,675,575</b>	<b>67,192,831</b>

# Condensed Consolidated Statement of Financial Position

As at 30 June 2018

	Note	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	14,224,116	12,466,560
Advance proceeds received from customers		—	15,720,183
Contract liabilities		18,103,420	—
Amounts due to related parties, joint ventures and associated companies		5,371,352	5,327,292
Amounts due to non-controlling interests		770,944	697,451
Income tax payable		1,850,597	1,619,197
Borrowings	10	5,258,558	10,254,139
Provision for other liabilities and charges		62,551	65,064
		<b>45,641,538</b>	<b>46,149,886</b>
<b>Net current assets</b>		<b>9,311,916</b>	<b>3,736,750</b>
<b>Total assets less current liabilities</b>		<b>26,034,037</b>	<b>21,042,945</b>
<b>Non-current liabilities</b>			
Deferred government grants		1,592,899	1,641,326
Borrowings	10	7,311,208	2,611,106
Deferred income tax liabilities		2,072,501	1,974,243
Other payables	12	92,085	400,000
		<b>11,068,693</b>	<b>6,626,675</b>
<b>Total liabilities</b>		<b>56,710,231</b>	<b>52,776,561</b>
<b>Net assets</b>		<b>14,965,344</b>	<b>14,416,270</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	9	536,281	536,281
Reserves		13,265,989	12,932,948
		<b>13,802,270</b>	<b>13,469,229</b>
<b>Non-controlling interests</b>		<b>1,163,074</b>	<b>947,041</b>
<b>Total equity</b>		<b>14,965,344</b>	<b>14,416,270</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

	Unaudited			
	Capital and reserves attributable to equity holders of the Company			Non- controlling interests
	Share capital	Reserves	Total	
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2017	536,281	11,906,236	820,232	13,262,749
<b>Comprehensive income</b>				
Profit for the period	—	694,943	161,045	855,988
Other comprehensive income				
— Currency translation differences	—	1,085	—	1,085
<b>Balance at 30 June 2017</b>	536,281	12,602,264	981,277	14,119,822
Balance at 31 December 2017 as originally presented	536,281	12,932,948	947,041	14,416,270
Initial application of HKFRS 9 (Note 2A(i))	—	(365,892)	(55,519)	(421,411)
<b>Restated balance as at 1 January 2018</b>	536,281	12,567,056	891,522	13,994,859
<b>Comprehensive income</b>				
Profit for the period	—	698,481	255,552	954,033
Other comprehensive income				
— Currency translation differences	—	452	—	452
Total comprehensive income for the period	—	698,933	255,552	954,485
<b>Transactions with owners</b>				
Capital injection to subsidiaries by non-controlling interests	—	—	16,000	16,000
<b>Balance at 30 June 2018</b>	536,281	13,265,989	1,163,074	14,965,344



## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	30 June 2018 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Unaudited)
Net cash generated from/(used in) operating activities	3,352,147	(836,200)
Net cash used in investing activities	(292,154)	(324,476)
Net cash generated from financing activities	427,364	2,377,324
Effect of foreign exchange rate changes on cash	8,477	(1,080)
Net increase in cash and cash equivalents	3,495,834	1,215,568
Cash and equivalents at beginning of the period	2,849,226	2,290,138
Cash and cash equivalents at end of the period	6,345,060	3,505,706

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

## 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 2018 are prepared under the historical cost convention, as modified by the revaluation of investment properties and other 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 2017, 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 2018. Except for impacts on adoption of HKFRS 9 and 15 as discussed below, the adoption of the other 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 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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### Adoption of new and revised standards (Continued)

##### A HKFRS 9 — Financial Instruments

##### (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 condensed consolidated interim financial statements.

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of reserves and non-controlling interests as of 1 January 2018 as follows (increase/(decrease)):

	RMB'000
<b>Reserves</b>	
Reserves as at 31 December 2017	12,932,948
Increase in expected credit losses ("ECLs") in trade receivables	(118,708)
Increase in ECLs in other receivables	(247,184)
<hr/>	
Restated reserves as at 1 January 2018	12,567,056
<b>Non-controlling interests</b>	
Non-controlling interests as at 31 December 2017	947,041
Increase in ECLs in other receivables	(55,519)
<hr/>	
Restated non-controlling interests as at 1 January 2018	891,522

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

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

##### A HKFRS 9 — Financial Instruments (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 fair value through profit or loss (“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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### Adoption of new and revised standards (Continued)

##### A HKFRS 9 — Financial Instruments (Continued)

- (i) Classification and measurement of financial instruments (Continued)
- 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 fair value through other comprehensive income (“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.

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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

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

A *HKFRS 9 — Financial Instruments (Continued)*

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

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 achieved 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)

##### A HKFRS 9 — Financial Instruments (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)

##### A HKFRS 9 — Financial Instruments (Continued)

- (i) Classification and measurement of financial instruments (Continued)
- (I) As of 1 January 2018, certain unquoted equity investments were 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 has designated such unquoted equity instrument at the date of initial application as measured at FVTOCI. The directors consider that there is no opening adjustment is required because these investments were 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:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at	Carrying amount as at
			1 January 2018 under HKAS 39	1 January 2018 under HKFRS 9
			RMB'000	RMB'000
Other financial assets	Available-for-sale (at fair value) (Note 2A(i)(ii))	FVTOCI (equity instrument)	30,150	30,150
Amounts due from related parties, joint ventures and associated companies	Loans and receivables (Note 2A(i)(ii))	Amortised cost	845,805	845,805
Amounts due from non-controlling interests	Loans and receivables (Note 2A(i)(ii))	Amortised cost	256,860	256,860
Trade and other receivables (excluding non-financial assets of RMB1,999,106,000)	Loans and receivables (Notes 2A(i)(ii))	Amortised cost	3,027,027	2,605,616
Restricted cash	Loans and receivables	Amortised cost	366,363	366,363
Cash and cash equivalents	Loans and receivables	Amortised cost	2,849,226	2,849,226

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### Adoption of new and revised standards (Continued)

##### A HKFRS 9 — Financial Instruments (Continued)

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

The adoption of HKFRS 9 has changed 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 are subject to ECLs model but the impairment is immaterial for the current period.

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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

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

A *HKFRS 9 — Financial Instruments (Continued)*

(ii) Impairment of financial assets (Continued)

Measurement of ECLs (continued)

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established 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.

For other debt financial assets, the ECLs are 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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

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

A *HKFRS 9 — Financial Instruments (Continued)*

- (ii) Impairment of financial assets (Continued)  
Measurement of ECLs (continued)

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.

#### Presentation of ECLs

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### Adoption of new and revised standards (Continued)

##### A HKFRS 9 — Financial Instruments (Continued)

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

##### Impact of the ECLs model

##### (i) Impairment of trade receivables

As mentioned above, the Group applies 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. The loss allowance for trade receivables as at 1 January 2018 was determined as follows:

1 January 2018	Within 90 days past due	Over 90 days and within 1 year past due	Over 1 year and within 2 years past due	Over 2 years past due	Total
Expected credit loss rate (%)	2.1%	14.5%	26.4%	85.2%	—
Gross carrying amount (RMB)	86,386,000	105,087,000	111,892,000	144,012,000	447,377,000
Loss allowance (RMB)	1,854,000	15,284,000	29,580,000	122,676,000	169,394,000

The increase in loss allowance for trade receivables upon the transition to HKFRS 9 as of 1 January 2018 were RMB118,708,000. The loss allowance for trade receivables during the six months ended 30 June 2018 is immaterial.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### Adoption of new and revised standards (Continued)

A HKFRS 9 — Financial Instruments (Continued)

(ii) Impairment of financial assets (Continued)

Impact of the ECLs model (Continued)

- (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 has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost. Applying the ECLs model on other receivable result in the recognition of ECLs of RMB302,703,000 on 1 January 2018 and a further ECLs of RMB67,837,000 for the period ended 30 June 2018. The loss allowance on amounts due from related parties, joint ventures, associated companies and non-controlling interests by applying ECLs model on 1 January 2018 and for the period ended 30 June 2018 is immaterial.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

#### Adoption of new and revised standards (Continued)

##### A HKFRS 9 — Financial Instruments (Continued)

###### (iii) Hedge accounting

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

###### (iv) Transition

The Group has applied 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 are therefore not reflected in the statement of financial position as at 31 December 2017, but are 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 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been 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)***

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

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 elected 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 has not been restated and continues to be reported under HKAS 11 and HKAS 18. As allowed by practical expedient in HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Basis of preparation (continued)**

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

*B HKFRS 15 Revenue from Contracts with Customers (Continued)*

Management of the Company reviewed the business model of the Group and contracts with customers and concluded 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 are capitalised as contract costs 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 does not have significant impact on the Group. Management of the Company also consider that the application of HKFRS 15 does 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)

##### B HKFRS 15 Revenue from Contracts with Customers (Continued)

Impact (increase/(decrease)) on the consolidated statement of financial position by the application of HKFRS 15 as of 1 January 2018 are summarised as below. Line items that were not affected by the changes have not been included. There is no impact on revenue of transition to HKFRS 15 as at 1 January 2018.

	RMB'000
<b>Current assets</b>	
Trade and other receivables and prepayments	(162,312)
Contract costs	162,312
	—
<b>Current liabilities</b>	
Advance proceeds received from customers	(15,720,183)
Contract liabilities	15,720,183
	—

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## Basis of preparation (continued)

## Adoption of new and revised standards (Continued)

## B HKFRS 15 Revenue from Contracts with Customers (Continued)

The following table summarises the impacts for each line items affected when applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018. Line items that were not affected by the changes have not been included.

	Notes	As reported under HKFRS 15 RMB'000	Adjustments RMB'000	Amount without application of HKFRS 15 RMB'000
<b>Current assets</b>				
Trade and other receivables and prepayments	(a)	—	(201,228)	201,228
Contract costs	(a)	201,228	201,228	—
		201,228	—	201,228

	Notes	As reported under HKFRS 15 RMB'000	Adjustments RMB'000	Amount without application of HKFRS 15 RMB'000
<b>Current liabilities</b>				
Advance proceeds received from customers	(b)	—	(18,103,420)	18,103,420
Contract liabilities	(b)	18,103,420	18,103,420	—
		18,103,420	—	18,103,420

## Notes:

- (a) Previously, the Group includes prepaid sales commission and other incremental costs of obtaining a contract in "Trade and other receivables and prepayment". Upon application of HKFRS 15, the Group considered that the amount should be classified as "Contract costs" since these costs would not have been incurred if the relevant contracts with customers had not been obtained.
- (b) Previously, the Group includes advance consideration received from customers in "Advance proceeds received from customers". Upon application of HKFRS 15, the Group considered the amount should be classified as "Contract liabilities" because the Group has an obligation to transfer the assets to the buyers in accordance with the sale and purchase agreements.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

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

*B HKFRS 15 Revenue from Contracts with Customers (Continued)*

There was no significant effect from adoption of HKFRS 15 on the condensed consolidated statement of profit or loss and other comprehensive income, and condensed consolidated statement of cash flows for the six months ended 30 June 2018.

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

(i) Timing of revenue recognition

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

In 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)

##### B HKFRS 15 Revenue from Contracts with Customers (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.

For the six months ended 30 June 2018, the Group has assessed that there is no enforceable right to payment from the customers for performance completed to date. As such, the Group has concluded that the adoption of HKFRS 15 did 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)

*B HKFRS 15 Revenue from Contracts with Customers (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 applies 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. Prepaid sales commission of RMB162,312,000 that were previously classified under "Trade and other receivables and prepayments" has been reclassified to contract costs as at 1 January 2018. The adoption of HKFRS 15 has had no significant impact on the opening revenue 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 of RMB15,720,183,000 that were previously classified under "Advance proceeds received from customers" has been reclassified to contract liabilities as at 1 January 2018. The adoption application of HKFRS 15 had no significant impact on the opening revenue as at 1 January 2018 as there was no significant financing component arising from the receipts in advance.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of preparation (continued)

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

##### *C 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)

##### C 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.



## Notes to the Condensed Consolidated Interim Financial Statements

*For the six months ended 30 June 2018*

### **3 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 2017.

### **4 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 2018

4 REVENUES AND SEGMENT INFORMATION (continued)

(a) Segment information

The unaudited segment results for the six months ended 30 June 2018 are as follows:

	Property development — commercial RMB'000	Property development — residential RMB'000	Hotel RMB'000	Property investment and management RMB'000	All other segments RMB'000	Elimination RMB'000	Total RMB'000
Total segment revenues	87,602	6,191,412	110,420	125,403	4,995	—	6,519,832
Inter-segment revenues	—	—	(1,811)	—	—	—	(1,811)
Revenues	87,602	6,191,412	108,609	125,403	4,995	—	6,518,021
Operating profit/(loss)	77,783	1,173,310	(17,107)	609,351	(230,789)	—	1,612,548
Finance income — net							53,863
Share of results of associated companies	(176)	(8,106)	—	34,370	(15,318)	—	10,770
Share of results of joint ventures	—	(9,714)	—	(15,428)	—	—	(25,142)
Profit before income tax							1,652,039
Income tax expense							(698,006)
Profit for the period							954,033
<b>Other segment information</b>							
Capital and property development expenditure	110,922	3,780,290	10,250	994,574	116		4,896,152
Depreciation	8,540	21,628	25,168	872	53		56,261
Amortisation of land use rights as expenses	—	31,428	—	—	—		31,428
Fair value gains on investment properties	—	—	—	415,610	—		715,610

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

## 4 REVENUES AND SEGMENT INFORMATION (continued)

### (a) Segment information (continued)

The unaudited segment assets and liabilities as at 30 June 2018 are as follows:

	Property development — commercial RMB'000	Property development — residential RMB'000	Hotel RMB'000	Property investment and management RMB'000	All other segments RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	2,191,583	86,800,095	2,187,422	13,011,280	14,267,043	(50,759,375)	67,698,048
Associated companies	196,752	73,121	—	1,078,069	106,386	—	1,454,328
Joint ventures	1,913,232	27,422	—	—	—	—	1,940,654
	4,301,567	86,900,638	2,187,422	14,089,349	14,373,429	(50,759,375)	71,093,030
Unallocated:							
Deferred income tax assets							557,483
Prepaid income taxes							416,323
Other financial assets							30,150
Total assets							72,096,986
Segment liabilities	2,978,429	66,384,430	401,519	7,379,525	13,832,839	(50,759,375)	40,217,367
Unallocated:							
Deferred income tax liabilities							2,072,501
Borrowings							12,569,766
Income tax payable							1,850,597
Total liabilities							56,710,231

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended 30 June 2018

4 REVENUES AND SEGMENT INFORMATION (continued)

(a) Segment information (continued)

The unaudited segment results for the six months ended 30 June 2017 are as follows:

	Property development — commercial RMB'000	Property development — residential RMB'000	Hotel RMB'000	Property investment and management RMB'000	All other segments RMB'000	Elimination RMB'000	Total RMB'000
Total segment revenues	382,804	6,230,407	109,030	108,609	459	—	6,831,309
Inter-segment revenues	—	—	(1,915)	—	—	—	(1,915)
Revenues	382,804	6,230,407	107,115	108,609	459	—	6,829,394
Operating (loss)/profit	(93,484)	884,446	(141)	320,377	54,805	—	1,166,003
Finance income — net							37,276
Share of results of associated companies	(736)	—	—	2,351	(264)	—	1,351
Share of results of joint ventures	(2,165)	—	—	—	—	—	(2,165)
Profit before income tax							1,202,465
Income tax expense							(346,477)
Profit for the period							855,988
<b>Other segment information</b>							
Capital and property development expenditure	66,479	2,265,658	1,511	156,784	79	—	2,490,511
Depreciation	5,301	17,062	17,436	1,009	51	—	40,859
Amortisation of land use rights as expenses	—	5,393	—	—	60	—	5,453
Fair value gains on investment properties	—	—	—	75,101	—	—	75,101

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended 30 June 2018

4 REVENUES AND SEGMENT INFORMATION (continued)

(a) Segment information (continued)

The audited segment assets and liabilities as at 31 December 2017 are as follows:

	Property development — commercial RMB'000	Property development — residential RMB'000	Hotel RMB'000	Property investment and management RMB'000	All other segments RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	11,088,372	56,297,486	2,396,113	12,545,576	11,329,954	(30,866,777)	62,790,724
Associated companies	196,752	73,121	—	1,041,113	106,386	—	1,417,372
Joint ventures	1,938,374	27,422	—	—	—	—	1,965,796
	13,223,498	56,398,029	2,396,113	13,586,689	11,436,340	(30,866,777)	66,173,892
Unallocated:							
Deferred income tax assets							529,045
Prepaid income taxes							459,744
Available-for-sale financial assets							30,150
Total assets							67,192,831
Segment liabilities	9,035,960	34,109,112	206,896	7,807,315	16,025,370	(30,866,777)	36,317,876
Unallocated:							
Deferred income tax liabilities							1,974,243
Borrowings							12,865,245
Income tax payable							1,619,197
Total liabilities							52,776,561

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended 30 June 2018

4 REVENUES AND SEGMENT INFORMATION (continued)

(b) Revenues

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

	30 June 2018 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Unaudited)
Sale of properties		
— commercial	87,602	382,804
— residential	6,191,412	6,230,407
	6,279,014	6,613,211
Hotel operating income	108,609	107,115
Rental income		
— from investment properties	70,675	72,124
— others	18,952	12,635
Property management fee income	35,776	23,850
Miscellaneous income	4,995	459
	6,518,021	6,829,394

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

### 5 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.

### 6 OTHER FINANCIAL ASSETS

	30 June 2018 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Unaudited)
Opening and ending balance	30,150	26,150
Less: Non-current portion	(30,150)	(26,150)
Current portion	—	—

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Available-for-sale financial assets — Non-current Unlisted equity shares ( <i>Note</i> )	—	30,150
Equity investments measured at FVTOCI — Non-current Unlisted equity shares ( <i>Note</i> )	30,150	—
	30,150	30,150

*Note:* Other 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 2018 and the year ended 31 December 2017 from the investment cost.

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended 30 June 2018

7 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS/CONTRACT COSTS

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade receivables	656,999	447,377
Less: Provision for impairment of trade receivables (Note (a))	(169,394)	(50,686)
Trade receivables — net (Note (b))	487,605	396,691
Other receivables and prepayment	4,040,691	4,629,442
Less: Non-current portion of other receivables (Note (c))	4,528,296 (185,086)	5,026,133 (185,086)
Current portion	4,343,210	4,841,047
Contract costs	201,228	—

As at 30 June 2018 and 31 December 2017, the fair values of trade receivables and other receivables and prepayments approximate their carrying amounts.

Notes:

- (a) Movement in provision for impairment of trade receivables is as follows:

	30 June 2018 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Unaudited)
Opening balance	50,686	50,684
Effect of adoption of HKFRS 9	118,708	—
Net impairment loss recognised during the period	—	2
	169,394	50,686



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

## 7 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS/CONTRACT COSTS (Continued)

Notes: (Continued)

- (b) 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 invoices dates, as of the end of the period is as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within 90 days	107,274	86,386
Over 90 days and within 1 year	126,777	105,087
Over 1 year and within 2 years	136,529	111,892
Over 2 years	117,025	93,326
	<b>487,605</b>	<b>396,691</b>

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:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Neither past due nor impaired	—	—
Within 90 days	107,274	86,386
Over 90 days and within 1 year	126,777	105,087
Over 1 year and within 2 years	136,529	111,892
Over 2 years	117,025	93,326
	<b>487,605</b>	<b>396,691</b>

As at 30 June 2018, trade receivables of RMB169,394,000 (2017: RMB50,686,000) are considered impaired. The ageing of these receivables are over 3 years.

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended 30 June 2018

**7 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS/CONTRACT COSTS (Continued)**

Notes: (Continued)

- (c) 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 the approval by the government authority.
  - (ii) According to the co-operation agreement dated October 2017, the Group agreed to purchase 50% equity interest of a subsidiary at a cash consideration of RMB210,000,000 in which RMB80,000,000 has been paid by the Group. The transaction was completed in August 2018.
  - (iii) 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%.

**8 RESTRICTED CASH**

As at 30 June 2018, the Group's cash of approximately RMB256,600,000 (31 December 2017: RMB366,363,000) was restricted and deposited in certain banks as security for certain borrowings.

**9 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 2017, 31 December 2017 and 30 June 2018	0.1	12,000,000,000	1,200,000,000	
Issued and fully paid:				
At 1 January 2017, 31 December 2017 and 30 June 2018	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 2018

## 10 BORROWINGS

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Borrowings included in non-current liabilities		
Bank borrowings — secured	8,669,964	7,054,638
Other borrowings — secured	2,103,320	746,000
Bonds	1,786,482	1,753,969
	12,559,766	9,554,607
Less: Amounts due within one year	(5,248,558)	(6,943,501)
	7,311,208	2,611,106
Borrowings included in current liabilities		
Bank borrowings — secured	10,000	1,746,012
Other borrowings — guaranteed and secured	—	886,026
Current portion of long-term borrowings	3,925,238	6,943,501
Senior notes and bonds	1,323,320	678,600
	5,258,558	10,254,139

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended 30 June 2018

11 PLEDGED ASSETS

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Completed properties held for sale	2,098,423	2,178,175
Property, plant and equipment	305,298	405,405
Properties under development	2,300,817	1,794,915
Land use rights	2,869,681	4,586,121
Investment properties	2,323,600	2,630,500
Restricted cash	256,600	366,363
	<b>10,154,419</b>	<b>11,961,479</b>

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

## 12 TRADE AND OTHER PAYABLES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade payables (Note)	9,337,658	7,814,630
Other payables	4,782,948	4,894,032
Other taxes payable	195,595	157,898
	<b>14,316,201</b>	<b>12,866,560</b>
Less: Non-current portion of other payables	(92,085)	(400,000)
	<b>14,224,116</b>	<b>12,466,560</b>

Note:

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within 90 days	5,146,371	4,552,683
Over 90 days and within 1 year	1,237,563	1,041,891
Over 1 year	2,953,724	2,220,056
	<b>9,337,658</b>	<b>7,814,630</b>

## 13 OTHER INCOME AND OTHER GAINS AND LOSSES

	30 June 2018 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Unaudited)
Government grants	35	587
Net exchange (losses)/gains	(98,576)	106,214
Miscellaneous	351	2,892
	<b>(98,190)</b>	<b>109,693</b>

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended 30 June 2018

**14 PROFIT BEFORE INCOME TAX**

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

	30 June 2018 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Unaudited)
Staff costs — including directors' emoluments	234,675	194,523
Auditor's remuneration	2,400	2,400
Charitable donations	345	400
Depreciation	56,261	40,859
Amortisation of land use rights	31,428	5,453
Cost of properties sold	4,663,245	4,908,420
Business tax and other levies on sales and construction of properties	121,667	203,250
Direct outgoings arising from investment properties that generate rental income	70,093	60,430
Operating lease expenses on land and buildings	17,579	22,838
Hotel operating expenses	56,410	60,442
Provision for delay in delivering properties	6,248	1,630

**15 FINANCE INCOME AND COSTS**

	30 June 2018 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Unaudited)
Finance income — interest income on bank deposits and loan to a related party	53,863	37,276
Interest expenses on borrowings	389,590	527,767
Less: Interest capitalised	(389,590)	(527,767)
Finance costs	—	—
Net finance income	53,863	37,276

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

## 16 INCOME TAX EXPENSE

	30 June 2018 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Unaudited)
Current income tax		
— PRC enterprise income tax	280,636	121,563
— PRC land appreciation tax	172,002	27,360
	452,638	148,923
Deferred income tax		
— PRC enterprise income tax	196,294	166,939
— PRC withholding income tax	49,074	30,615
	245,368	197,554
	698,006	346,477

**(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 2018 (2017: Nil).

**(b) PRC enterprise income tax**

PRC enterprise income tax is provided for at 25% (2017: 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 2018

## 16 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.

## 17 DIVIDENDS

The Board does not recommend payment of interim dividend for the six months ended 30 June 2018 (2017: Nil).

## 18 EARNINGS PER SHARE

### Basic and diluted

Basic earnings per share for the six months ended 30 June 2018 and 2017 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.

As there were no dilutive options and other dilutive potential shares in issue during the six months ended 30 June 2018 and 2017, and the Company's shares were suspended for trading on Stock Exchange, diluted earnings per share is same as basic earnings per share.

	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	698,481	694,943
Weighted average number of ordinary shares in issue (thousands)	6,093,451	6,093,451
Basic and diluted earnings per share (RMB cents)	11.5	11.4



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

## 19 CONTINGENT LIABILITIES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties ( <i>Note (a)</i> )	5,559,301	5,530,125
Guarantees in respect of banking facilities granted to associated companies ( <i>Note (b)</i> )	1,200,000	1,200,000
Guarantees in respect of banking facilities granted to joint ventures ( <i>Note (c)</i> )	243,821	238,277
	<b>7,003,122</b>	<b>6,968,402</b>

### 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.
- (b) As at 30 June 2018 and 31 December 2017, the Group provided guarantees of the following amounts in respect of bank borrowings to its associated companies:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Nanjing Software Valley Qichuang Communication Technology Co., Ltd	400,000	400,000
Nanjing Software Valley Mingfa Technology Development Company Limited	800,000	800,000
Total	<b>1,200,000</b>	<b>1,200,000</b>

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended 30 June 2018

**19 CONTINGENT LIABILITIES (continued)**

Notes: (continued)

- (c) As at 30 June 2018 and 31 December 2017, the Group provided guarantee of the following amount in respect of bank borrowing to a joint venture:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Superb Land Limited ("Superb Land")	243,821	238,277

**20 COMMITMENTS**

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Contracted but not provided for		
— Properties being developed by the Group for sale	5,664,078	4,529,715
— Land use rights	2,677,158	2,867,763
	<b>8,341,236</b>	<b>7,397,478</b>

**(b) Commitments for equity investments**

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Contracted but not provided for		
— Acquisition of a subsidiary	130,000	130,000

**20 COMMITMENTS (continued)****(c) Operating lease commitments**

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within one year	24,637	21,311
In the second to fifth year, inclusive	86,812	90,147
Over five years	179,441	186,037
	<b>290,890</b>	<b>297,495</b>

**(d) Operating lease rentals receivable**

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within one year	142,545	123,504
In the second to fifth year, inclusive	693,348	653,775
Over five years	921,817	998,326
	<b>1,757,710</b>	<b>1,775,605</b>

Notes to the Condensed Consolidated Interim Financial Statements  
For the six months ended 30 June 2018

**21 RELATED PARTY TRANSACTIONS**

**(a) Transactions with related parties**

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 2018 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Unaudited)
Interest income from loan to Superb Land, a joint venture	3,128	3,322
Sale of car parks (recorded as completed properties held for sale) to Mr. Huang Li Shui, a controlling shareholder	—	476
Sale of properties (recorded as completed properties held for sale) to a close family member of controlling shareholders	—	633

**(b) Key management compensation**

	30 June 2018 RMB'000 (Unaudited)	30 June 2017 RMB'000 (Unaudited)
Salaries and other short-term employee benefits	3,518	3,729
Retirement scheme contributions	39	74
	<b>3,557</b>	<b>3,803</b>

**22 APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The condensed consolidated interim financial statements for the six months ended 30 June 2018 were approved and authorised for issue by the board of directors of the Company on 25 July 2019.