萊蒙國際
TOPSPRING

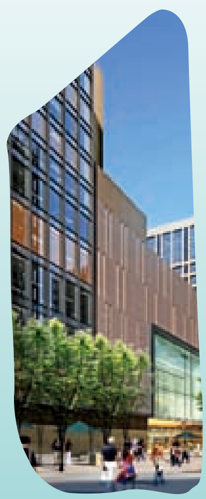
Top Spring International Holdings Limited
萊 蒙 國 際 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立的有限公司）

Stock Code 股份代號: 3688

Quality Property is
A Gateway to Quality Living
品質地產 品位生活

INTERIM REPORT 2011
中期報告



Contents

Corporate Information

Board of Directors

Executive Directors

Mr. WONG Chun Hong *(Chairman and Chief Executive Officer)*
Ms. LI Yan Jie
Mr. LEE Sai Kai David
Mr. LAM Jim *(Chief Financial Officer)*

Non-executive Directors

Dr. McCABE Kevin Charles
Mr. LI Zhi Zheng
Mr. ZHANG Yi Jun

Alternate Director to Dr. McCABE Kevin Charles

Ms. THAM Qian

Independent Non-executive Directors

Mr. BROOKE Charles Nicholas
Mr. CHENG Yuk Wo
Professor WU Si Zong

Company Secretary

Ms. LUK Po Chun, CPA, ACCA

Authorised Representatives

Mr. LEE Sai Kai David
Ms. LUK Po Chun

Audit Committee

Mr. CHENG Yuk Wo *(Chairman)*
Dr. McCABE Kevin Charles
Mr. BROOKE Charles Nicholas

Remuneration Committee

Mr. WONG Chun Hong *(Chairman)*
Mr. CHENG Yuk Wo
Professor WU Si Zong

Nomination Committee

Mr. WONG Chun Hong *(Chairman)*
Mr. CHENG Yuk Wo
Professor WU Si Zong

Auditors

KPMG

Hong Kong Legal Advisers

Deacons

Compliance Adviser

Investec Capital Asia Limited

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Headquarters and Principal Place of Business in Hong Kong

Rooms 04-08, 26th Floor
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

Principal Share Registrar and Transfer Office

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank
Agricultural Bank of China
Industrial and Commercial Bank of China
China Minsheng Banking Corp., Ltd.
China Merchants Bank
Bank of Communications
Shenzhen Development Bank

Investor Relations

Mr. LAM Jim

Stock Code

3688

Board Lot

500 Shares

Company Website

www.topspring.com

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Top Spring International Holdings Limited ("Top Spring" or the "Company", and together with its subsidiaries, collectively the "Group", "we" or "us"), I am pleased to present the business review and future outlook of the Company.

Business Review

In the first half of 2011, the Group was able to achieve outstanding results even in a tough market environment in respect of contracted sales, profit and the financial structure. This proves the success of the strategies of "quality property is a gateway to quality living", "dual business line mode of middle to high end residential and urban mixed-use communities" and "land acquisition policy focusing on low land cost and high appreciation potential".

In the first half of 2011, the Group recorded contracted sales of approximately RMB2,187.2 million (equivalent to approximately HK$2,599.8 million), representing an increase of approximately 19% over the corresponding period of 2010. The contracted sales area was approximately 126,687 square meters ("sq.m."), representing a decrease of approximately 3% over the corresponding period of 2010. The average price of contracted sales was approximately HK$20,521 per square meter, representing an increase of approximately 28% over the corresponding period of 2010. As of 19 August 2011, the Group recorded contracted sales of approximately RMB3,304.5 million (equivalent to approximately HK$3,927.9 million) with contracted sales area of approximately 198,799 sq.m..

In particular, with the outstanding product quality, design innovation and brand reputation, the Group launched the pre-sale of The Spring Land Phase 3 located in Shenzhen on 11 June 2011. 923 units, equaling approximately 86% of the total units of the project, were subscribed by the customers on the first day of launch and the subscription amount was almost RMB2 billion, which was extremely outstanding given that the "purchase restriction" policy was strictly implemented in Shenzhen. In addition, the Group ranked among the top 5 in total contracted sales in both Shenzhen and Changzhou where the main projects in sales were located in the first half of 2011.

The Group has recognised property sales of approximately HK$2,985.1 million, accounting for approximately 96% of the total turnover of approximately HK$3,103.1 million. The remaining 4% represented rental income, income from hotel operations, property management and other related income. As of 30 June 2011, unrecognised contracted sales of the Group was approximately HK$2,990.0 million, of which HK$2,330.0 million was expected to be recognised in the second half of 2011.

In respect of investment properties, rental income generated from the investment properties under operation (total leasable area of approximately 127,412 sq.m.) in Changzhou, Dongguan, Hangzhou and Shenzhen increased by approximately 28% year-on-year to approximately HK$50.5 million, which was mainly due to the rising rent rate as a result of the optimization of tenant mix and average occupancy rate. As of 30 June 2011, the occupancy rate of the investment properties under operation was 100%. During the six months ended 30 June 2011, the fair value of the investment properties increased by approximately HK$30.0 million, net of deferred tax. As of 30 June 2011, the total carrying amount of the investment properties of the Group was approximately HK$2,329.5 million. Of which, the carrying amount of the investment properties under operation was stated in fair value and the amount was approximately HK$2,227.4 million. Other investment property was still in the early stage of development and the value stated at cost was approximately HK$102.1 million.

In the first half of 2011, the Group acquired commercial, logistic and residential lands in Tianjin and Changzhou respectively. The total plot ratio gross floor area ("GFA") of new land bank was approximately 1,819,000 sq.m. and the average cost was approximately RMB354 per square meter.

As of 30 June 2011, the saleable/leasable GFA under construction of the Group was approximately 627,802 sq.m., representing an increase of approximately 15% as compared to the area as of 31 December 2010.

In the first half of 2011, the saleable/leasable GFA completion of the Group was approximately 113,957 sq.m.. The Group planned to complete saleable/leasable GFA of approximately 449,008 sq.m. in the full year of 2011. As of 19 August 2011, approximately 85% of the saleable/leasable GFA of the Group planned to be completed in 2011 has been pre-sold.

During the period under review, shares of the Company ("Shares") have been successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in March 2011 and the net proceeds of the initial public offering ("IPO") was approximately HK$1,419.4 million, net of underwriting fees and the expenses for the Company's IPO. Meanwhile, the Group has received the continuous support from various domestic banks despite the tight credit environment. As of 19 August 2011, the Group has secured more than 70% of the domestic bank financing planned for full year 2011, which has strengthened the Group's working capital base. As of 30 June 2011, the total cash and bank balances held by the Group amounted to approximately HK$7,022.1 million, the bank and other loans held by the Group amounted to approximately HK$8,156.9 million while the net gearing ratio was only 39%.

Future Outlook

Looking ahead, we expect that the Chinese Government will continue to implement a proactive fiscal policy and a prudent monetary policy. We are of the view that a series of control measures including "purchase restriction" and "credit limit" to curb the excessive growth of housing prices issued by the Chinese Government before will also continue to be in force. Meanwhile, "purchase restriction" is more likely to be expanded to some second and third tier cities where housing prices rise relatively rapidly. Although the Chinese Government's control policies on property industry could become the norm and that the fluctuation in global economic and financial market brought by the European sovereign debt crisis and downgraded American sovereign (credit) rating may also introduce changes to the domestic property market, we are however confident of the medium- to long-term development of the Chinese property market, as we believe residential and commercial property market will benefit from the urbanization trend and strong demand for improved housing and continued growth in household consumption. We will identify opportunities to acquire more quality land.

The Group will launch brand new projects including Chengdu Landmark and Hangzhou Hidden Valley, two new phases of Changzhou Le Leman City, and residual residential units from Shenzhen Hidden Valley, The Spring Land, Changzhou Le Leman City and Changzhou Landmark in the second half of 2011. As our properties available-for-sale in the second half of 2011 are not impacted by the current "purchase restriction", we expect launching the sales of these projects will further increase the Group's contracted sales and raise the Group's brand awareness and market shares.

For the land bank expansion, we are of the view that quality investment opportunities will arise in the second half of the year. Under the guiding principle of sound financial condition, the Group will prudently and actively acquire quality, cost-effective land bank in the Pearl River Delta, Yangtze River Delta, Beijing-Tianjin and Chengdu-Chongqing regions in the People's Republic of China (the "PRC") and continue to focus on the development sales and operation of middle to high-end residential and urban mixed-use communities. In July and August of 2011, the Group acquired additional land bank in cities including Changzhou and Huizhou amounting to approximately 535,000 sq.m. in terms of plot ratio GFA and the average cost is approximately RMB900 per square meter. As at 19 August 2011, the Group had a total net saleable/leaseable land bank of approximately 5,314,000 sq.m., with an average cost of approximately RMB1,400 per square meter.

In the second half of 2011, the Group will adhere to its mission "quality property is a gateway to quality living", and continue to enhance its product quality and brand awareness. For operation and management, the Group will seek to arouse the staff's enthusiasm, improve operational efficiency, enhance corporate governance and broaden financing channels at home and abroad to further consolidate its financial strength, in order to improve the Group's self-advantages and competitiveness in the challenging market and achieve a multi-win-win situation among the Group, customers, shareholders, partners and employees. In order to further improve the management capability, the Group has appointed a new Chief Operating Officer from the senior management team who processes comprehensive professional knowledge and good execution capability. Meanwhile, the number of directors of the Company ("Directors") has increased with the Company appointing a new executive Director internally and recruiting an additional non-executive Director from outside to enhance the Group's stability and sense of forward-looking when it formulates its business strategies. The Board now comprises a total of ten Directors and an alternate Director.

Appreciation

The development and results of the Group are greatly supported by its customers, shareholders, strategic partners and its employees' dedication. On behalf of the Board, I would like to express my sincere gratitude to everyone.

ON BEHALF OF THE BOARD
TOP SPRING INTERNATIONAL HOLDINGS LIMITED

Wong Chun Hong
Chairman

Hong Kong
23 August 2011

Overall Performance

Top Spring is a real estate property developer specializing in the development and operation of urban mixed-use communities and the development and sale of middle to high end residential properties in the Pearl River Delta, Yangtze River Delta, Beijing-Tianjin and Chengdu-Chongqing regions in the PRC.

During the six months ended 30 June 2011, the Group recorded a turnover of approximately HK$3,103.1 million, representing an increase of approximately 14 times, as compared to the six months ended 30 June 2010. During the six months ended 30 June 2011, the Group recorded a gross profit of approximately HK$2,048.9 million, representing an increase of approximately 52 times, as compared to the six months ended 30 June 2010. Profit attributable to equity shareholders of the Company for the six months ended 30 June 2011 amounted to approximately HK$562.7 million, as compared with a loss of approximately HK$53.4 million for the six months ended 30 June 2010. Basic earnings per share for the six months ended 30 June 2011 was approximately HK63.35 cents (for the six months ended 30 June 2010: loss per share of approximately HK7.13 cents).

Review of Business for the six months ended 30 June 2011

(1) Contracted Sales

For the six months ended 30 June 2011, the total contracted saleable GFA sold amounted to 126,687 sq.m. (for the six months ended 30 June 2010: 130,550 sq.m.) with total contracted sales of approximately RMB2,187.2 million (equivalent to approximately HK$2,599.8 million) (for the six months ended 30 June 2010: approximately RMB1,832.4 million (equivalent to approximately HK$2,094.4 million)). For the period from 1 January 2011 to 19 August 2011, the Group has achieved contracted sales of approximately RMB3,304.5 million (equivalent to approximately HK$3,927.9 million) with contracted saleable GFA of 198,799 sq.m..

The breakdown of the total contracted saleable GFA and the total contracted sales of the Group during the six months ended 30 June 2011 is set out as follows:

City	Project/Phase of Project	Contracted Saleable GFA		Contracted Sales		
		sq.m.	%	RMB million	Equivalent to approximately HK$ million	%
Shenzhen	Shenzhen Hidden Valley Phase 1	646	0.5	30.3	36.0	1.4
	The Spring Land Phase 1	328	0.3	6.8	8.1	0.3
	The Spring Land Phase 2	3,320	2.6	75.4	89.7	3.5
	The Spring Land Phase 3	74,854	59.1	1,552.7	1,845.5	71.0
Changzhou	Changzhou Landmark Phase 3	218	0.2	2.0	2.4	0.1
	Changzhou Landmark Phase 4	6,867	5.4	99.8	118.7	4.5
	Changzhou Le Leman City Phase 1	243	0.2	1.3	1.6	0.1
	Changzhou Le Leman City Phase 2	655	0.5	3.4	4.0	0.2
	Changzhou Le Leman City Phase 3	7,589	6.0	93.0	110.6	4.2
	Changzhou Le Leman City Phase 4	14,658	11.6	146.9	174.6	6.7
	Changzhou Le Leman City Phase 5	13,106	10.3	106.8	126.9	4.9
	Changzhou Le Leman City Phase 6	4,203	3.3	68.8	81.7	3.1
Total		126,687	100	2,187.2	2,599.8	100

The Group ranked among the top 5 in total contracted sales in both Shenzhen and Changzhou in the first half of 2011.

(2) Projects Completed, Delivered and Booked in the six months ended 30 June 2011

For the six months ended 30 June 2011, the Group completed construction of The Spring Land Phase 2 and Shenzhen Hidden Valley Phase 4 with total saleable/leasable GFA of approximately 113,957 sq.m..

For the six months ended 30 June 2011, the Group's property development business achieved a turnover of approximately HK$2,985.1 million with saleable GFA of approximately 110,889 sq.m. being recognized, representing approximately 24 times and 10 times, respectively, over the six months ended 30 June 2010. In addition, the Group's gross profit margin and gross profit rose substantially by approximately 47 percentage points and HK$2,010.5 million, respectively, mainly due to the rise in proportion of sale of high margin properties, in particular our Shenzhen Hidden Valley and The Spring Land, being recognized in the six months ended 30 June 2011.

Details of the projects and sale of properties of the Group recognised in the six months ended 30 June 2011 are listed below:

Project/Phase of Project	Sale of Properties HK$ million	Saleable GFA Booked sq.m.
Shenzhen Hidden Valley		
– Phase 1	34.1	646
– Phase 3	26.5	314
– Phase 4	691.7	9,812
The Spring Land		
– Phase 1	18.6	756
– Phase 2	2,132.7	92,887
Changzhou Landmark	3.5	219
Changzhou Le Leman City		
– Phase 1	1.3	210
– Phase 2	3.8	659
– Phase 3	73.4	5,386
Shenzhen Water Flower Garden (Note)	(0.5)	–
Total	2,985.1	110,889

Note: The amount represents a sale return of a unit of car park.

(3) Investment Properties

In addition to the sale of properties developed by us, we also lease out or expect to lease out the retail units in Changzhou Landmark, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden and Chengdu Landmark in the PRC. As at 30 June 2011, the retail units which we held for the purpose of leasing to third parties had a leasable GFA of approximately 165,937 sq.m., of which investment properties under operation with a leasable GFA of approximately 127,412 sq.m. had a fair value of approximately HK$2,227.4 million. Chengdu Landmark, with a cost of approximately HK$102.1 million and a leasable GFA of approximately 38,525 sq.m. as at 30 June 2011, did not record its fair value in the consolidated financial statements because this project was still at an initial stage and its fair value could not be reliably determined.

We carefully plan and select tenants based on factors such as the project's overall positioning, market demand in surrounding areas, market levels of rent and development needs of tenants. We attract large-scale anchor tenants which assist us in enhancing the value of our projects. We enter into longer and more favourable lease contracts with well-known brands, chain cinema operators, major game centers and top operators of catering businesses. As at 30 June 2011, the GFA taken up by our anchor tenants made up approximately 28% of our total leasable area in our investment properties.

For the six months ended 30 June 2011, we generated steady recurring rental income of approximately HK$50.5 million, representing an increase of approximately 28%, from approximately HK$39.6 million for the six months ended 30 June 2010. Excluding the shopping mall of Chengdu Landmark which is under construction, the occupancy rate of all our investment properties achieved 100% as at 30 June 2011.

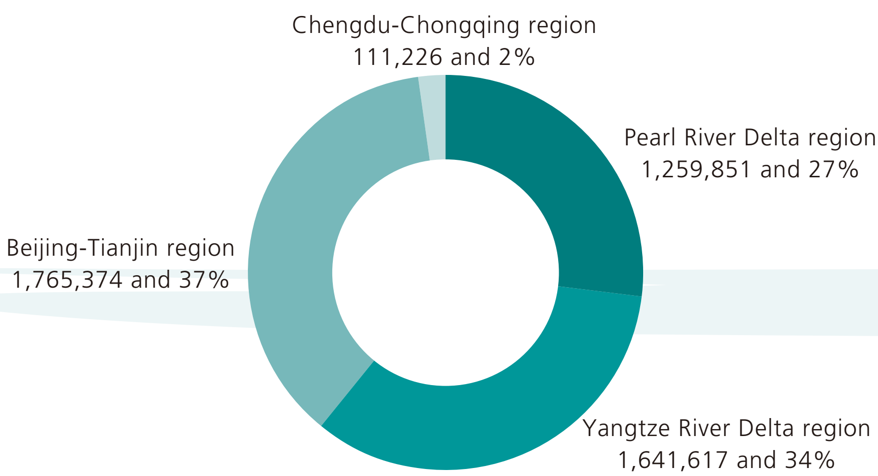
Investment Property	Leasable GFA sq.m.	Rental Income HK$ million	Occupancy Rate as at 30 June 2011 %
Changzhou Landmark (Phases 1 and 2)	77,581	28.1	100
Dongguan Landmark	20,172	7.1	100
Hangzhou Landmark	24,667	9.4	100
Shenzhen Water Flower Garden (Retail assets)	4,992	5.9	100
Chengdu Landmark (Note)	38,525	–	–
Total	165,937	50.5	

Note: The construction of Chengdu Landmark is scheduled to be completed in 2012.

(4) Land Bank

As at 30 June 2011, the Group had a total of 13 projects in various stages of development, including a net saleable/leasable GFA of approximately 212,861 sq.m. of completed property developments, a net saleable/leasable GFA of approximately 627,802 sq.m. under development, a net saleable/leasable GFA of approximately 3,151,597 sq.m. held for future development and a net saleable/leasable GFA of approximately 785,808 sq.m. contracted to be acquired, totalling a net saleable/leasable GFA of approximately 4,778,068 sq.m..

Distribution of Net Saleable/Leasable GFA by Regions (sq.m. and percentage)



Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley Phase 1	Residential	2,662	100
1	Shenzhen	Shenzhen Hidden Valley Phase 2	Residential	682	100
1	Shenzhen	Shenzhen Hidden Valley Phase 3	Residential	4,939	100
1	Shenzhen	Shenzhen Hidden Valley Phase 4	Residential	5,049	100
2	Shenzhen	The Spring Land Phase 1	Residential/ Commercial	4,893	100
2	Shenzhen	The Spring Land Phase 2	Residential	6,208	100
3	Shenzhen	Shenzhen Water Flower Garden (Retail assets)	Commercial	4,992	100
4	Changzhou	Changzhou Landmark Phase 1	Commercial	46,627	100
4	Changzhou	Changzhou Landmark Phase 2	Residential/ Commercial	31,663	100
4	Changzhou	Changzhou Landmark Phase 3	Residential/ Commercial	1,860	100
5	Changzhou	Changzhou Le Leman City Phase 1	Residential/ Commercial	576	100
5	Changzhou	Changzhou Le Leman City Phase 2	Residential/ Commercial	597	100
5	Changzhou	Changzhou Le Leman City Phase 3	Residential	4,998	100
5	Changzhou	Changzhou Le Leman City Phase 11 (Holiday-Inn Hotel)	Commercial/Hotel	50,716	100
6	Dongguan	Dongguan Landmark	Residential/ Commercial	20,217	100
7	Hangzhou	Hangzhou Landmark	Commercial	26,182	100
Subtotal				**212,861**	

Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Projects Under Development					
2	Shenzhen	The Spring Land Phase 3	Residential/ Commercial	138,912	100
4	Changzhou	Changzhou Landmark Phase 4	Residential/ Commercial	95,956	100
5	Changzhou	Changzhou Le Leman City Phase 4	Residential/ Commercial	103,921	100
5	Changzhou	Changzhou Le Leman City Phase 5	Residential/ Commercial	61,120	100
5	Changzhou	Changzhou Le Leman City Phase 6	Residential	31,098	100
5	Changzhou	Changzhou Le Leman City Phase 9	Residential/ Commercial	85,569	100
8	Chengdu	Chengdu Landmark	Commercial	111,226	100
Subtotal				**627,802**	
Held For Future Development					
2	Shenzhen	The Spring Land Phase 4	Residential/ Commercial	70,009	100
2	Shenzhen	The Spring Land Phase 5	Residential/ Commercial	56,900	100
2	Shenzhen	The Spring Land Phase 6	Residential/ Commercial	143,580	100
9	Shenzhen	Shenzhen Blue Bay	Residential	15,000	92
5	Changzhou	Changzhou Le Leman City Phase 7	Residential/ Commercial	197,387	100
5	Changzhou	Changzhou Le Leman City Phase 8	Residential/ Commercial	156,453	100
5	Changzhou	Changzhou Le Leman City Phase 10	Residential/ Commercial	115,600	100
10	Changzhou	Taihu Hidden Valley Phase 1	Residential	240,002	100
10	Changzhou	Taihu Hidden Valley Phase 2 (Partial)	Residential	53,852	100
11	Hangzhou	Hangzhou Hidden Valley	Residential	337,440	100
12	Tianjin	Tianjin Le Leman City	Residential/ Commercial	1,765,374	40
Subtotal				**3,151,597**	

Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Contracted To Be Acquired					
10	Changzhou	Taihu Hidden Valley Phases 2 (Partial) & 3	Residential	N/A	100
12	Tianjin	Tianjin Le Leman City	Residential/ Commercial/ Logistics	N/A	40
13	Shenzhen	Shenzhen Landmark	Residential/ Commercial	785,808	100
Subtotal				**785,808**	
TOTAL				**4,778,068**	

Details of the projects acquired from 1 January 2011 to the date of this report are set out below:

Land reserves acquired from 1 January 2011 to the date of this report

City	Project	Total Consideration RMB'000	Site Area sq.m.	Plot Ratio GFA sq.m.	Average Cost RMB per square meter	Interest Attributable to the Group %
Changzhou	Taihu Hidden Valley Phase 2[1]	97,628	66,666	79,999	1,220.4	100
Tianjin	Tianjin Le Leman City[2]					
	– held by 天津海吉星農產品物流有限公司 (Tianjin Hyperion Agricultural Products Logistics Co., Ltd.*)	175,900	711,759	1,098,038	160.2	40
	– held by 天津海吉星投資發展有限公司 (Tianjin Hyperion Investment Development Co., Ltd.*) and 天津海吉星建設有限公司 (Tianjin Hyperion Construction Co., Ltd.*)	400,600	333,668	667,336	600.3	58
Huizhou	Huizhou Waterfront Project[3]	453,379	254,655	509,310	890.2	100
Total		1,127,507	1,366,748	2,354,683	478.7	

* *For identification purpose only*

Notes:

(1) In February 2011, the Group entered into a land grant contract for one of the parcels of land for Taihu Hidden Valley Phase 2 with a site area of 44,877 sq.m. at a consideration of RMB68.2 million. We have obtained the land use rights certificate for that parcel of land in March 2011.

In July 2011, the Group entered into a land grant contract for one of the parcels of land for Taihu Hidden Valley Phase 2 with a site area of 21,789 sq.m. at a consideration of RMB29.4 million. We have obtained the land use rights certificate for that parcel of land in August 2011.

(2) 天津海吉星農產品物流有限公司 (Tianjin Hyperion Agricultural Products Logistics Co., Ltd.*), 天津海吉星投資發展有限公司 (Tianjin Hyperion Investment Development Co., Ltd.*) and 天津海吉星建設有限公司 (Tianjin Hyperion Construction Co., Ltd.*), in each of which the Group had a 40% equity interest, entered into land grant contracts for ten parcels of land in Tianjin with a total site area of 1,045,427 sq.m. during the six months ended 30 June 2011. As at the date of this report, land use rights certificates for such parcels of land have not been granted. In August 2011, the Group separately acquired the entire interest of two investment holding companies, at consideration of approximately RMB2,214,000 and RMB478,000 respectively, which hold in aggregate 18% equity interest in each of 天津海吉星投資發展有限公司 (Tianjin Hyperion Investment Development Co., Ltd.*) and 天津海吉星建設有限公司 (Tianjin Hyperion Construction Co., Ltd.*) ("two Tianjin Companies"). As a result, the Group's equity interest in the two Tianjin Companies increased from 40% to 58% and they became subsidiaries of the Company.

(3) In August 2011, the Group entered into an agreement to acquire the entire interest of two investment holding companies which wholly owned in total four parcels of land in Huizhou at a consideration of RMB453,379,180 (equivalent to approximately HK$553,122,600). For further information, please refer to the Company's announcement dated 16 August 2011.

We intend to continue to leverage our past experience in identifying land with investment potential at advantageous times and acquiring land reserves at relatively low cost. Moreover, we intend to continue to acquire low-cost land in locations with vibrant economies and strong growth potential.

(5) Expected Project Commencement and Completion in the second half of 2011

As at 30 June 2011, the Group had net saleable/leasable GFA of approximately 627,802 sq.m. under construction. During the second half of 2011, the Group commenced and intends to commence construction on three phases among three projects with a total net saleable/leasable GFA approximately of 426,842 sq.m..

Details of the projects with expected commencement of construction in the second half of 2011 are set out below:

City	Project	Net Saleable/ Leasable GFA sq.m.
Shenzhen	The Spring Land Phase 6	143,580
Changzhou	Changzhou Leman City Phase 7	197,387
Hangzhou	Hangzhou Hidden Valley Phases 1 and 2	85,875
Total		426,842

The Group also intends to complete the construction on four phases among two projects with a total net saleable/leasable GFA of approximately 335,051 sq.m. in the second half of 2011.

Details of the projects with expected completion in the second half of 2011 are set out below:

City	Project	Net Saleable/ Leasable GFA sq.m.
Shenzhen	The Spring Land Phase 3	138,912
Changzhou	Changzhou Le Leman City Phase 4	103,921
Changzhou	Changzhou Le Leman City Phase 5	61,120
Changzhou	Changzhou Le Leman City Phase 6	31,098
Total		335,051

FINANCIAL REVIEW

Turnover

Turnover represents income from sale of properties, rental income, income from hotel operations and income from provision of property management and related services income earned during the period, net of business tax and other sales related taxes and discounts allowed.

Our turnover increased by approximately 14 times, to approximately HK$3,103.1 million for the six months ended 30 June 2011 from approximately HK$204.4 million for the six months ended 30 June 2010. This increase was primarily attributable to an overall increase in our sale of properties, rental income, income from hotel operations and property management and related services income.

Turnover from sale of properties increased primarily due to an increase in total saleable GFA sold and delivered, from approximately 9,781 sq.m. (excluding car parks) in the six months ended 30 June 2010 to approximately 110,889 sq.m. (excluding car parks) for the six months ended 30 June 2011. The increase in total saleable GFA sold and delivered was in turn primarily driven by the higher scheduled deliveries of pre-sold properties for our Shenzhen projects, namely The Spring Land and Shenzhen Hidden Valley, for the six months ended 30 June 2011. Rental income increased primarily due to an increase in the rent rate and average occupancy rate of our investment properties for the six months ended 30 June 2011. Income from hotel operations increased mainly due to an increase in both the average room rate and the income from the food and beverage sector of our hotel property. As a result of an increase in the leased GFA of our investment properties and sold and delivered GFA of our residential properties, the property management and related service income also increased.

Direct costs

The principal component of direct costs is the cost of completed properties sold, which consists of land premium, construction and other development costs, capitalized borrowing costs during the construction period, the cost of rental income, the cost of hotel operations and the cost of property management and related services. We recognize the cost of completed properties sold for a given period to the extent that revenue from such properties has been recognized in such period.

Our direct costs increased to approximately HK$1,054.2 million for the six months ended 30 June 2011 from approximately HK$166.0 million for the six months ended 30 June 2010. This increase was primarily attributable to more sales of our properties recognized for the six months ended 30 June 2011.

Gross profit

Our gross profit increased by approximately 52 times, to approximately HK$2,048.9 million for the six months ended 30 June 2011 from approximately HK$38.4 million for the six months ended 30 June 2010. The increase in gross profit was primarily attributable to the higher average selling price and higher gross margin of our Shenzhen projects, in particular for Shenzhen Hidden Valley Phase 4 and The Spring Land Phase 2, which were pre-sold in 2010. The Group reported a gross profit margin of approximately 66% for the six months ended 30 June 2011 as compared to approximately 19% for the six months ended 30 June 2010.

Other revenue

Other revenue increased by approximately 3.9 times, to approximately HK$21.6 million for the six months ended 30 June 2011 from approximately HK$4.4 million for the six months ended 30 June 2010. The increase was primarily attributable to an increase in bank interest income by approximately HK$16.2 million.

Other net (loss)/income

Other net income decreased by approximately HK$63.6 million from a net gain of approximately HK$61.9 million for the six months ended 30 June 2010 to a net loss of HK$1.7 million for the six months ended 30 June 2011. The decrease was primarily attributable to the one-off net gain on disposal of a subsidiary in the amount of approximately HK$64.5 million recorded in the six months ended 30 June 2010.

Selling and marketing expenses

Selling and marketing expenses increased by approximately 1.2 times, to approximately HK$83.5 million for the six months ended 30 June 2011 from approximately HK$38.4 million for the six months ended 30 June 2010. The increase was primarily attributable to the large-scale pre-sale advertising activities we undertook in relation to The Spring Land Phase 3, Chengdu Landmark, Changzhou Landmark Phase 4 and Changzhou Le Leman City Phases 7 and 9.

Administrative expenses

Administrative expenses increased by approximately 1.1 times, to approximately HK$195.6 million for the six months ended 30 June 2011 from approximately HK$93.8 million for the six months ended 30 June 2010. The increase was mainly due to an increase in our administrative headcount, in order to cope with the expansion of our operation, resulting in an increase in the salaries of our administrative staff and the increase in legal and professional fees.

Valuation gains on investment properties

Valuation gains on investment properties increased by approximately 1.8 times, to approximately HK$40.0 million for the six months ended 30 June 2011 from approximately HK$14.3 million for the six months ended 30 June 2010. The increase was primarily attributable to the positive change in market value of our investment properties.

Finance costs

Finance costs increased by approximately 4.6 times, to approximately HK$115.7 million for the six months ended 30 June 2011 from approximately HK$20.5 million for the six months ended 30 June 2010. The increase was primarily attributable to our increased borrowings with interest expenses unqualified for capitalization for the six months ended 30 June 2011 as compared to the corresponding period of 2010.

Profit/(loss) before taxation

As a result of the above, our profit before taxation increased by approximately HK$1,745.1 million to approximately HK$1,711.3 million for the six months ended 30 June 2011 from a loss of approximately HK$33.8 million for the six months ended 30 June 2010.

Income tax

Income tax expenses increased by approximately 62 times, to approximately HK$1,148.9 million for the six months ended 30 June 2011 from approximately HK$18.2 million for the six months ended 30 June 2010. The increase was mainly attributable to an increase in the profit for the six months ended 30 June 2011 and gross profit margin from the properties we sold in the six months ended 30 June 2011 resulting in an increase in the provision for corporate income tax and land appreciation tax by approximately HK$493.5 million and HK$837.0 million respectively.

Non-controlling interests

The profit for the six months ended 30 June 2011 attributable to non-controlling interests decreased by approximately HK$1.8 million to a loss attributable to non-controlling interests of approximately HK$0.3 million for the six months ended 30 June 2011 from profit attributable to non-controlling interests of approximately HK$1.5 million for the six months ended 30 June 2010. The decrease was primarily due to a loss incurred by a non-wholly owned subsidiary attributable to the non-controlling interests in the six months ended 30 June 2011 whereas there was a profit by a non-wholly owned subsidiary attributable to non-controlling interests for the six months ended 30 June 2010. As at 30 June 2011, the non-controlling interests represented the 25% equity interest held by an independent third party in our Guangzhou Top Spring Water Flower Agriculture Ecological Park Co., Ltd. (廣州市萊蒙水榭農業生態園有限公司). As at 30 June 2010, the non-controlling interests represented the interests held by non-controlling shareholders in our Shenzhen SZITIC Property Development Co., Ltd..

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2011, the carrying amount of the Group's cash and bank deposits was approximately HK$7,022.1 million (as at 31 December 2010: approximately HK$5,213.5 million), representing an increase of approximately 35% as compared to that as at 31 December 2010.

For the six months ended 30 June 2011, the Group had net cash used in operating activities of approximately HK$1,191.1 million, net cash used in investing activities of approximately HK$23.2 million and net cash generated from financing activities of approximately HK$3,015.2 million.

Borrowings and charges on the Group's assets

The Group had an aggregate borrowings as at 30 June 2011 of approximately HK$8,156.9 million, of which approximately HK$2,644.8 million is repayable within 1 year, approximately HK$4,339.7 million is repayable after 1 year but within 5 years and approximately HK$1,172.4 million is repayable after 5 years. As at 30 June 2011, the Group's bank loans of approximately HK$5,715.5 million were secured by investment properties, hotel properties, properties under development for sale and pledged deposits of the Group with total carrying values of approximately HK$7,149.2 million. As at 30 June 2011, the Group's other loans of approximately HK$812.9 million were secured by equity interests in certain subsidiaries within the Group. The carrying amounts of all the Group's bank loans were denominated in Renminbi ("RMB") except for certain loan balances with an aggregate amount of approximately HK$1,304.4 million as at 30 June 2011 which were denominated in Hong Kong dollars.

Gearing ratio

The gearing ratio is calculated by dividing our net borrowings (total borrowings net of cash and cash equivalents and restricted and pledged deposits) by the total equity. Our gearing ratio for the six months ended 30 June 2011 and the year ended 31 December 2010 was approximately 39% and 151% respectively. The gearing ratio was significantly reduced after the listing of the Shares on the Stock Exchange on 23 March 2011 ("the Listing Date").

Foreign exchange risk

As at 30 June 2011, the Group had cash balances denominated in RMB of approximately RMB4,114.6 million (equivalent to approximately HK$4,953.9 million), and in US dollars of approximately US$48.4 million (equivalent to approximately HK$377.0 million).

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign currency risk arising from the exposure of RMB against Hong Kong dollars as a result of its investment in the PRC and the settlement of certain of the general and administrative expenses in Hong Kong dollars. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. We do not have a foreign currency hedging policy. However, the Directors monitor our foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

Contingent Liabilities

As at 30 June 2011, save for the guarantees of approximately HK$3,571.2 million given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties, the Group had no other material contingent liabilities as at 30 June 2011 (as at 31 December 2010: approximately HK$3,229.4 million).

Pursuant to the mortgage contracts, banks require us to guarantee our customers' mortgage loans until we complete the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to our purchasers. If a purchaser defaults on a mortgage loan, we may have to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any shortfall from us as the guarantor of the mortgage loan.

Material acquisitions and disposals of assets

During the six months ended 30 June 2011, the Group did not have any material acquisitions or disposals of assets.

Use of proceeds from IPO

Trading of the Shares on the Stock Exchange commenced on 23 March 2011, and the Group raised net proceeds of approximately HK$1,419.4 million from the IPO. As at 30 June 2011, the Group had applied approximately HK$443.4 million of the net proceeds for acquisition of new projects for development in the PRC and approximately HK$11.2 million for general corporate and working capital purposes, which is in compliance with the intended use of proceeds as disclosed in the prospectus of the Company dated 11 March 2011 (the "Prospectus").

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2011, the Group employed a total of 1,076 employees (as at 31 December 2010: 939 employees) in the PRC and Hong Kong. Of them, 107 were under the headquarter team, 318 were under the property development division and 651 were under the retail operation and property management division. For the six months ended 30 June 2011, the total staff costs incurred was approximately HK$76.7 million (for the six months ended 30 June 2010: approximately HK$54.0 million). The remuneration of the employees was based on their performance, work experience, skills, knowledge and the prevailing market wage level. The Group remunerated the employees by means of basic salaries, cash bonus and equity settled share-based payment.

Corporate Governance Practices

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "Code") since its listing on the Stock Exchange on 23 March 2011 except for the following deviation:

Under Rule A.2.1 of the Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the period under review and up to the date of this report, Mr. Wong Chun Hong performed his duties as the chairman and the chief executive officer of the Company. The Board believes that the serving by the same individual as chairman and chief executive officer during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company. The Board will continue to review the current management structure from time to time and shall make changes where appropriate and inform the investors of the Company accordingly.

Changes in Information of Directors

Pursuant to Rule 13.51B of the Listing Rules, the changes in information of the Directors since 1 January 2011 up to the date of this report are set out below:

Name of Director	Details of Changes
Ms. LI Yan Jie	Resigned as the chief operating officer on 1 June 2011
Mr. LI Zhi Zheng	Re-designated as non-executive Director from executive Director and deputy managing Director on 4 July 2011
Mr. LAM Jim	Appointed as executive Director on 4 July 2011
Mr. ZHANG Yi Jun	Appointed as non-executive Director on 4 July 2011

Review OF Interim Report BY Audit Committee

The audit committee of the Board has reviewed the accounting principles and practices adopted by the Group and has reviewed the interim report of the Group for the six months ended 30 June 2011. The audit committee of the Board comprises two independent non-executive Directors, namely Mr. Cheng Yuk Wo (Chairman) and Mr. Brooke Charles Nicholas, and one non-executive Director, Dr. McCabe Kevin Charles.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its code of conduct for securities transactions by the Directors. After having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code and its code of conduct since the listing of the Shares on the Stock Exchange on 23 March 2011.

Employees who are likely to be in possession of unpublished price sensitive information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.

Investor Relations

The Company ensures that fair and transparent disclosure is made for its business and financial performance through a variety of formal communication channels. Information regarding the Company will be published in its website: www.topspring.com. Interim and annual reports, circulars and notices of the Group will be despatched to shareholders of the Company (the "Shareholders") in due course. The website of the Company provides information such as e-mail address, correspondence address, telephone numbers etc. for inquiries, and provides information on business activities of the Group.

Directors' Report

The Directors present the interim financial report for the six months ended 30 June 2011 of the Company.

Principal Activities

The principal activity of the Company is investment holding. The Group is a real estate property developer in the PRC and is principally engaged in the development and operation of urban mixed-use communities and the development and sale of middle to high end residential properties in the Yangtze River Delta, Pearl River Delta, Beijing–Tianjin and Chengdu–Chongqing regions in the PRC. There were no significant changes in the nature of the Group's principal activities during the period under review.

Interim Dividend

The Board declared the payment of an interim dividend of HK15 cents per share for the six months ended 30 June 2011 (for the six months ended 2010: nil) to Shareholders whose names appear on the register of members of the Company on Monday, 19 September 2011. The interim dividend will be payable on Tuesday, 4 October 2011.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 15 September 2011 to Monday, 19 September 2011, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 14 September 2011.

Purchase, Sale Or Redemption Of Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date up to and including 30 June 2011.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2011, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions in Shares and underlying Shares of the Company

Name of Director	Capacity	Number and class of securities (Note 1)	Percentage of issued Shares (%)
Mr. Wong Chun Hong ("Mr. Wong") (Note 2)	Settlor of a trust	631,048,000 Shares (L)	63.08
Dr. McCabe Kevin Charles ("Dr. McCabe") (Note 3)	Interest in a controlled corporation	112,500,000 Shares (L)	11.25
Ms. Tham Qian (Note 4)	Beneficial owner	1,166,667 Shares (L)	0.12

Notes:

(1) The letter "L" denotes the Director's long position in the shares or underlying shares of the Company.

(2) Chance Again Limited ("Chance Again") is held as to 100% by Cheung Yuet (B.V.I.) Limited ("BVI Co"). The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee Limited ("HSBC International Trustee") as the trustee of The Cheung Yuet Memorial Trust, a discretionary family trust established by Mr. Wong, the beneficiaries of which include Mr. Wong's family members (the "Wong Family Trust"). Mr. Wong is the settlor of the Wong Family Trust. By virtue of the SFO, Mr. Wong is deemed to be interested in the 631,048,000 Shares held by Chance Again.

(3) Sheffield United Realty B.V. ("Sheffield United Realty") is accustomed to act in accordance with Dr. McCabe's instructions through Dr. McCabe's interest in Scarborough Group International Limited ("Scarborough UK") (an indirect holding company of Sheffield United Realty). By virtue of the SFO, Dr. McCabe is deemed to be interested in the 112,500,000 Shares held by Sheffield United Realty.

(4) Ms. Tham Qian's long position in the Shares comprises 1,166,667 options granted to her by the Company under the pre-IPO share option scheme adopted by the Company on 2 December 2010 ("Pre-IPO Share Option Scheme") which remained outstanding as at 30 June 2011.

(ii) Long positions in the shares of associated corporations

Name of Director	Name of associated corporation	Capacity	Number and class of securities in associated corporation (Note 1)	Percentage of interest in associated corporation (%)
Mr. Wong (Note 2)	Chance Again	Settlor of a trust	100 ordinary shares (L)	100
Mr. Wong (Note 2)	Top Spring Group Holdings Limited ("TSGHL")	Settlor of a trust	9,999,901 ordinary shares (L)	99.999
Mr. Wong	TSGHL	Beneficial owner	99 ordinary shares (L)	0.001
Mr. Wong (Note 2)	Top Spring Holdings Limited ("TSHL")	Settlor of a trust	100,000 ordinary shares (L)	85
Dr. McCabe (Note 3)	TSHL	Interest in a controlled corporation	17,647 ordinary shares (L)	15

Notes:

(1) The letter "L" denotes the Director's long position in the shares of the relevant associated corporation of the Company.

(2) Chance Again is held as to 100% by BVI Co. The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee as the trustee of the Wong Family Trust. Mr. Wong is the settlor of the Wong Family Trust. By virtue of the SFO, Mr. Wong is deemed to be interested in the 100 shares in Chance Again, and the 9,999,901 shares and 100,000 shares respectively in TSGHL and TSHL (each a subsidiary of Chance Again).

(3) Sheffield United Realty is accustomed to act in accordance with Dr. McCabe's instructions through Dr. McCabe's interest in Scarborough UK (an indirect holding company of Sheffield United Realty). By virtue of the SFO, Dr. McCabe is deemed to be interested in the 17,647 shares held by Sheffield United Realty in TSHL (a subsidiary of Chance Again).

Save as disclosed above, as at 30 June 2011, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company in accordance with Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares Or Debentures

Save as disclosed in this report, at no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or their respective spouses or minor children to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the period under review, save as disclosed in the section headed "Relationship with our Controlling Shareholders and the Scarborough Group" in the Prospectus, none of the Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

SHARE OPTION SCHEMES

The Company adopted a pre-IPO share option scheme and a share award scheme on 2 December 2010 under which the Company granted share options and awarded shares to certain eligible employees, respectively. As at 30 June 2011, no share options had been exercised by the grantees and 2,474,999 share options had been cancelled upon the resignation of certain grantees under the pre-IPO share option scheme. The Company has also adopted a post-IPO share option scheme on 28 February 2011 for the purpose of recognising and acknowledging the contribution that eligible employees have made or may make to the Group. As at the date of this report, no share option has been granted by the Company under the post-IPO share option scheme.

CONTRACT OF SIGNIFICANCE

No contract of significance had been entered into between the Company or any of its subsidiaries and the controlling shareholder of the Company or any of its subsidiaries during the period under review.

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

As at 30 June 2011, the interests and short positions of the persons (other than a Director or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity	Number and class of securities (Note 1)	Approximate percentage of issued Shares (%)
Chance Again (Note 2)	Beneficial owner	631,048,000 Shares (L)	63.08
HSBC International Trustee (Note 2)	Trustee of a trust	631,048,000 Shares (L)	63.10
BVI Co (Note 2)	Interest in a controlled corporation	631,048,000 Shares (L)	63.10
Ms. Liu Choi Lin ("Ms. Liu") (Notes 2 & 3)	Interest of spouse	631,048,000 Shares (L)	63.10
Sheffield United Realty (Note 4)	Beneficial owner	112,500,000 Shares (L)	11.25
Scarborough International Holdings B.V. (Note 4)	Interest in a controlled corporation	112,500,000 Shares (L)	11.25
Scarborough Property Company Limited (Note 4)	Interest in a controlled corporation	112,500,000 Shares (L)	11.25
Scarborough Group Holdings Limited (Note 4)	Interest in a controlled corporation	112,500,000 Shares (L)	11.25
Scarborough Group Limited (Note 4)	Interest in a controlled corporation	112,500,000 Shares (L)	11.25
Scarborough UK (Note 4)	Interest in a controlled corporation	112,500,000 Shares (L)	11.25
Mrs. Sandra McCabe ("Mrs. McCabe") (Note 5)	Interest of spouse	112,500,000 Shares (L)	11.25
APG Algemene Pensioen Groep NV	Investment manager	51,208,500 Shares (L)	5.12

Notes:

(1) The letter "L" denotes the person's long position in the Shares of the Company.

(2) Chance Again is held as to 100% by BVI Co. The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee as the trustee of the Wong Family Trust. Mr. Wong is the settlor of the Wong Family Trust. By virtue of the SFO, Mr. Wong is deemed to be interested in the 631,048,000 Shares held by Chance Again.

(3) Ms. Liu is the spouse of Mr.Wong. By virtue of the SFO, Ms. Liu is deemed to be interested in the 631,048,000 Shares in which Mr. Wong is interested.

(4) Sheffield United Realty is a wholly-owned subsidiary of Scarborough International Holdings B.V., which in turn is a wholly-owned subsidiary of Scarborough Property Company Limited, which in turn is a wholly-owned subsidiary of Scarborough Group Holdings Limited, which in turn is a wholly-owned subsidiary of Scarborough Group Limited, which in turn is a wholly-owned subsidiary of Scarborough UK. By virtue of the SFO, each of Scarborough International Holdings B.V., Scarborough Property Company Limited, Scarborough Group Holdings Limited, Scarborough Group Limited and Scarborough UK is deemed to be interested in the 112,500,000 Shares held by Sheffield United Realty.

(5) Sheffield United Realty is accustomed to act in accordance with Dr. McCabe's instructions through Dr. McCabe's interest in Scarborough UK (an indirect holding company of Sheffield United Realty). By virtue of the SFO, Dr. McCabe is deemed to be interested in the 112,500,000 Shares held by Sheffield United Realty. Mrs. McCabe is the spouse of Dr. McCabe. By virtue of the SFO, Mrs. McCabe is deemed to be interested in the 112,500,000 Shares in which Dr. McCabe is interested.

Save as disclosed above, as at 30 June 2011, no person (other than a Director or chief executive of the Company) had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

Consolidated Income Statement

For the six months ended 30 June 2011 – unaudited *(Expressed in Hong Kong dollars)*

	Note	Six months ended 30 June 2011 $'000	2010 $'000
Turnover	3 & 4	3,103,099	204,367
Direct costs		(1,054,241)	(166,000)
Gross profit		2,048,858	38,367
Valuation gains on investment properties		40,042	14,310
Other revenue	5	21,643	4,388
Other net (loss)/income	6	(1,731)	61,855
Selling and marketing expenses		(83,534)	(38,442)
Administrative expenses		(195,602)	(93,768)
Profit/(loss) from operations		1,829,676	(13,290)
Finance costs	7(a)	(115,666)	(20,497)
Share of profits less losses of associates		(2,673)	–
Profit/(loss) before taxation	7	1,711,337	(33,787)
Income tax	8	(1,148,875)	(18,179)
Profit/(loss) for the period		562,462	(51,966)
Attributable to:			
Equity shareholders of the Company		562,738	(53,439)
Non-controlling interests		(276)	1,473
Profit/(loss) for the period		562,462	(51,966)
Basic earnings/(loss) per share (cents)	9	63.35	(7.13)

The notes on pages 34 to 51 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 17(c).

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011 – unaudited *(Expressed in Hong Kong dollars)*

	Six months ended 30 June	
	2011	2010
	$'000	$'000
Profit/(loss) for the period	562,462	(51,966)
Other comprehensive income for the period		
Exchange differences on translation of financial statements of PRC subsidiaries, net of nil tax	64,693	26,988
Shares of other comprehensive income of associates	1,778	796
	66,471	27,784
Total comprehensive income for the period	628,933	(24,182)
Attributable to:		
Equity shareholders of the Company	629,213	(30,813)
Non-controlling interests	(280)	6,631
Total comprehensive income for the period	628,933	(24,182)

The notes on pages 34 to 51 form part of this interim financial report.

Consolidated Balance Sheet

At 30 June 2011 *(Expressed in Hong Kong dollars)*

	Note	At 30 June 2011 (unaudited) $'000	At 31 December 2010 (audited) $'000
Non-current assets			
Fixed assets	10		
– Investment properties		2,329,521	2,253,221
– Other property, plant and equipment		554,114	533,740
– Interests in leasehold land held for own use under operating leases		19,241	19,519
		2,902,876	2,806,480
Interests in associates	11	375,525	104,170
Other financial assets		31,396	30,981
Pledged deposits	14	180,600	177,563
Deferred tax assets		546,332	295,030
		4,036,729	3,414,224
Current assets			
Inventories	12	7,104,828	5,096,696
Other financial assets		–	94,697
Trade and other receivables	13	486,975	901,230
Pledged deposits	14	1,661,279	1,744,788
Cash and cash equivalents		5,180,190	3,291,157
		14,433,272	11,128,568
Current liabilities			
Trade and other payables	15	4,311,775	5,496,927
Bank loans	16	2,644,806	2,882,969
Tax payable		2,863,943	1,764,063
		9,820,524	10,143,959
Net current assets		4,612,748	984,609
Total assets less current liabilities		8,649,477	4,398,833
Non-current liabilities			
Bank and other loans	16	5,512,102	3,482,822
Deferred tax liabilities		196,818	153,144
		5,708,920	3,635,966
NET ASSETS		2,940,557	762,867

Consolidated Balance Sheet

At 30 June 2011 *(Expressed in Hong Kong dollars)*

	Note	At 30 June 2011 (unaudited) $'000	At 31 December 2010 (audited) $'000
CAPITAL AND RESERVES	17		
Share capital		100,041	24
Reserves		2,825,746	762,843
Total equity attributable to equity shareholders of the Company		2,925,787	762,867
Non-controlling interests		14,770	–
TOTAL EQUITY		2,940,557	762,867

The notes on pages 34 to 51 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011 – unaudited *(Expressed in Hong Kong dollars)*

		Attributable to equity shareholders of the Company									
	Note	Share capital $'000	Share premium $'000	Capital reserve $'000	Exchange reserve $'000	PRC statutory reserves $'000	Other reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2010		124	–	–	78,953	14,819	256,402	547,613	897,911	500,758	1,398,669
Changes in equity for the six months ended 30 June 2010:											
(Loss)/profit for the period		–	–	–	–	–	–	(53,439)	(53,439)	1,473	(51,966)
Other comprehensive income		–	–	–	22,626	–	–	–	22,626	5,158	27,784
Total comprehensive income for the period		–	–	–	22,626	–	–	(53,439)	(30,813)	6,631	(24,182)
Dividends declared and approved to non-controlling shareholders by subsidiaries		–	–	–	–	–	–	–	–	(3,213)	(3,213)
Disposal of a subsidiary		–	–	–	–	–	–	–	–	(82,043)	(82,043)
Balance at 30 June 2010		124	–	–	101,579	14,819	256,402	494,174	867,098	422,133	1,289,231
Balance at 1 July 2010		124	–	–	101,579	14,819	256,402	494,174	867,098	422,133	1,289,231
Changes in equity for the six months ended 31 December 2010:											
Profit/(loss) for the period		–	–	–	–	–	–	548,162	548,162	(11,774)	536,388
Other comprehensive income		–	–	–	77,790	–	–	–	77,790	677	78,467
Total comprehensive income for the period		–	–	–	77,790	–	–	548,162	625,952	(11,097)	614,855
Acquisition of additional interests in subsidiaries from non-controlling shareholders		–	–	–	–	–	(580,413)	–	(580,413)	(411,500)	(991,913)
Equity settled share-based transactions		–	–	6,160	–	–	–	–	6,160	–	6,160
Contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	464	464
Arising from Reorganisation		(100)	–	–	–	–	(155,830)	–	(155,930)	–	(155,930)
Balance at 31 December 2010		24	–	6,160	179,369	14,819	(479,841)	1,042,336	762,867	–	762,867
Balance at 1 January 2011		24	–	6,160	179,369	14,819	(479,841)	1,042,336	762,867	–	762,867
Changes in equity for the six months ended 30 June 2011:											
Profit/(loss) for the period		–	–	–	–	–	–	562,738	562,738	(276)	562,462
Other comprehensive income		–	–	–	66,475	–	–	–	66,475	(4)	66,471
Total comprehensive income for the period		–	–	–	66,475	–	–	562,738	629,213	(280)	628,933
Issuance of new shares under initial public offering ("IPO"), net of issuing expenses	17	25,041	1,469,178	–	–	–	–	–	1,494,219	–	1,494,219
Capitalisation issue	17	74,976	(74,976)	–	–	–	–	–	–	–	–
Contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	15,050	15,050
Equity settled share-based transactions		–	–	39,488	–	–	–	–	39,488	–	39,488
Share options cancelled		–	–	(1,377)	–	–	–	1,377	–	–	–
Balance at 30 June 2011		100,041	1,394,202	44,271	245,844	14,819	(479,841)	1,606,451	2,925,787	14,770	2,940,557

The notes on pages 34 to 51 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2011 – unaudited *(Expressed in Hong Kong dollars)*

	Six months ended 30 June	
	2011	2010
	$'000	$'000
Cash (used in)/generated from operations	(904,933)	434,654
Tax paid:		
– PRC tax paid	(286,211)	(133,465)
Net cash (used in)/generated from operating activities	(1,191,144)	301,189
Net cash (used in)/generated from investing activities	(23,214)	52,878
Net cash generated from financing activities	3,015,189	1,395,893
Net increase in cash and cash equivalents	1,800,831	1,749,960
Cash and cash equivalents at 1 January	3,291,157	1,282,905
Effect of foreign exchange rate changes	88,202	31,514
Cash and cash equivalents at 30 June	5,180,190	3,064,379

The notes on pages 34 to 51 form part of this interim financial report.

1 General Information and Basis of Preparation

(a) General information

Top Spring International Holdings Limited ("the Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 25 August 2009 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to a reorganisation (the "Reorganisation") of the Company and its subsidiaries (collectively referred to as "the Group") which was completed on 3 December 2010 to rationalise the group structure in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 11 March 2011. The Company's shares were listed on the Stock Exchange on 23 March 2011 ("the Listing Date").

The Group is regarded as a continuing entity resulting from the Reorganisation under common control and has been accounted for on the basis of merger accounting. The interim financial report of the Group has been prepared as if the current group structure had been in existence throughout both periods presented, or since the respective dates of incorporation or establishment of the group companies, rather than from the date when the Company became the holding company of the Group pursuant to the Reorganisation.

(b) Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issuance on 23 August 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2010 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

1 GENERAL INFORMATION AND BASIS OF PREPARATION (CONTINUED)

(b) Basis of preparation (Continued)

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the board of directors is included on page 52.

The financial information relating to the financial year ended 31 December 2010 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. The 2010 statutory financial statements are available from the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 30 March 2011.

The comparative amounts of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement in respect of the six months ended 30 June 2010 and the related notes disclosed in this interim financial report were derived from the Group's management accounts and have not been audited nor reviewed.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)

The developments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (product and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reporting segments.

- Property development: this segment develops and sells residential properties and shops within the shopping arcades.

- Property leasing: this segment leases shopping arcades and club houses to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located entirely in the People's Republic of China ("PRC").

- Hotel operations: this segment operates hotels to provide hotel services to general public.

- Property management and related services: this segment mainly provides property management and related services to purchasers and tenants of the Group's own developed residential properties and shopping arcades.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, non-current and current assets with the exception of interests in associates, investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include trade creditors, accruals and bills payable attributable to the construction activities of the individual segments and bank borrowings managed directly by the segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interests, taxes, depreciation and amortisation". To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and additions to non-current segment assets used by the segments in their operations.

3 Segment Reporting (Continued)

(a) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Property development		Property leasing		Hotel operations		Property management and related services		Total	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
For the six months ended 30 June										
Revenue from external customers	2,985,065	119,806	50,472	39,570	43,821	31,116	23,741	13,875	3,103,099	204,367
Inter-segment revenue	–	–	8,029	8,386	–	–	43,538	18,456	51,567	26,842
Reportable segment revenue	2,985,065	119,806	58,501	47,956	43,821	31,116	67,279	32,331	3,154,666	231,209
Reportable segment profit/(loss) (adjusted EBITDA)	1,863,584	(77,823)	12,630	24,110	14,972	7,363	(18,146)	(17,363)	1,873,040	(63,713)
Interest income from bank deposits	14,460	1,616	1,525	131	–	–	3,206	379	19,191	2,126
Interest expense	(32,836)	(10,168)	(22,576)	(4,192)	–	–	–	–	(55,412)	(14,360)
Depreciation and amortisation for the period	(4,925)	(2,390)	(1,577)	(396)	(14,589)	(13,191)	(1,561)	(1,454)	(22,652)	(17,431)
Valuation gains on investment properties	–	–	40,042	14,310	–	–	–	–	40,042	14,310
At 30 June/31 December										
Reportable segment assets	10,059,067	9,108,612	5,138,491	3,780,224	454,073	460,964	199,995	522,935	15,851,626	13,872,735
Additions to non-current segment assets during the period/year	2,190	29,086	3,112	28,832	12,074	–	500	500	17,876	58,418
Reportable segment liabilities	(10,752,140)	(11,494,396)	(58,560)	(61,329)	–	–	(1,826)	(9,355)	(10,812,526)	(11,565,080)

3 SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	Six months ended 30 June 2011 $'000	Six months ended 30 June 2010 $'000
Revenue		
Reportable segment revenue	3,154,666	231,209
Elimination of inter-segment revenue	(51,567)	(26,842)
Consolidated turnover	3,103,099	204,367
Profit/(loss)		
Reportable segment profit/(loss) derived from Group's external customers	1,873,040	(63,713)
Share of profits less losses of associates	(2,673)	–
Other revenue and net (loss)/income	19,912	66,243
Depreciation and amortisation	(23,306)	(17,431)
Finance costs	(115,666)	(20,497)
Valuation gains on investment properties	40,042	14,310
Unallocated head office and corporate expenses	(80,012)	(12,699)
Consolidated profit/(loss) before taxation	1,711,337	(33,787)

	At 30 June 2011 (unaudited) $'000	At 31 December 2010 (audited) $'000
Assets		
Reportable segment assets	15,851,626	13,872,735
Interests in associates	375,525	104,170
Other financial assets	31,396	125,678
Deferred tax assets	546,332	295,030
Unallocated head office and corporate assets	1,665,122	145,179
Consolidated total assets	18,470,001	14,542,792
Liabilities		
Reportable segment liabilities	(10,812,526)	(11,565,080)
Tax payable	(2,863,943)	(1,764,063)
Deferred tax liabilities	(196,818)	(153,144)
Unallocated head office and corporate liabilities	(1,656,157)	(297,638)
Consolidated total liabilities	(15,529,444)	(13,779,925)

3 Segment Reporting (Continued)

(c) Geographic information

No geographic information has been presented as the Group's operating activities are largely carried out in the PRC.

4 Turnover

The principal activities of the Group are property development, property leasing, hotel operations and provision of property management and related services.

Turnover represents income from sale of properties, rental income, income from hotel operations and income from provision of property management and related services earned during the period, net of business tax and other sales related taxes and discounts allowed, and is analysed as follows:

	Six months ended 30 June	
	2011	2010
	$'000	$'000
Sale of properties	2,985,065	119,806
Rental income	50,472	39,570
Hotel operations	43,821	31,116
Property management and related services income	23,741	13,875
	3,103,099	204,367

5 Other Revenue

	Six months ended 30 June	
	2011	2010
	$'000	$'000
Bank interest income	19,191	2,982
Other interest income	–	125
Rental income from operating leases, other than those relating to investment properties	987	235
Others	1,465	1,046
	21,643	4,388

6 OTHER NET (LOSS)/INCOME

	Six months ended 30 June	
	2011	2010
	$'000	$'000
Net exchange loss	(1,723)	(2,568)
Net gain on disposal of a subsidiary	–	64,457
Net loss on disposal of fixed assets	–	(26)
Others	(8)	(8)
	(1,731)	61,855

7 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2011	2010
	$'000	$'000
(a) Finance costs		
Interest on bank loans and other borrowings wholly repayable:		
– within five years	232,509	127,715
– after five years	31,934	–
	264,443	127,715
Other borrowing costs	9,429	8,554
	273,872	136,269
Less: Amount capitalised	(158,206)	(115,772)
	115,666	20,497
(b) Staff costs		
Salaries, wages and other benefits	32,471	51,046
Contributions to defined contribution retirement plans	4,715	2,977
Equity settled share-based payment expenses	39,488	–
	76,674	54,023

7 Profit/(Loss) Before Taxation (Continued)

Profit/(loss) before taxation is arrived at after charging/(crediting): (Continued)

	Six months ended 30 June	
	2011	2010
	$'000	$'000
(c) Other items		
Depreciation and amortisation	23,343	17,508
Less: Amount capitalised	(37)	(77)
	23,306	17,431
Cost of properties sold	975,333	110,924
Rental income from investment properties	(50,472)	(39,570)
Less: Direct outgoings	5,086	5,923
	(45,386)	(33,647)
Impairment loss for bad debts	11,881	21
Other rental income less direct outgoings	(987)	(235)
Operating lease charges: minimum lease payments for land and buildings	4,971	2,839

8 Income Tax

	Six months ended 30 June	
	2011	2010
	$'000	$'000
Current tax		
Provision for PRC Corporate Income Tax ("CIT")	519,073	25,552
Provision for Land Appreciation Tax ("LAT")	833,085	(3,912)
	1,352,158	21,640
Deferred tax		
Origination and reversal of temporary differences	(203,283)	(3,461)
	1,148,875	18,179

Pursuant to the rules and regulations of the British Virgin Islands ("BVI") and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

No provision was made for Hong Kong Profits Tax as the Group's Hong Kong subsidiaries either sustained losses for taxation purposes or had tax losses brought forward from previous periods which exceeded the estimated assessable profits for the six months ended 30 June 2010 and 2011.

8 Income Tax (continued)

The provision for CIT is based on the respective applicable CIT rates on the estimated assessable profits of the PRC subsidiaries within the Group as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rates were 24% to 25% for the six months ended 30 June 2011 (2010: 22% to 25%).

LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures.

9 Basic Earnings/(Loss) Per Share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of $562,738,000 (2010: loss of $53,439,000) and the weighted average number of 888,297,456 shares (2010: 750,000,000 shares) in issue during the period.

The weighted average number of shares in issue during the six months ended 30 June 2011 is based on the assumption that 750,000,000 shares of the Company are in issue and issuable, comprising 235,294 shares in issue and 749,764,706 shares to be issued pursuant to the capitalisation issue, as if the shares were outstanding throughout the period from 1 January 2011 to the Listing Date, 250,000,000 shares issued under IPO and 413,500 shares issued upon the exercise of the over-allotment option in connection with the IPO. The weighted average number of shares in issue during the six months ended 30 June 2010 is based on the assumption that 750,000,000 shares of the Company are in issue and issuable, comprising 235,294 shares in issue and 749,764,706 shares to be issued pursuant to the capitalisation issue, as if the shares were outstanding throughout that period.

	Six months ended 30 June	
	2011	2010
	'000	'000
Weighted average number of shares		
Issued ordinary shares	235	235
Capitalisation issue (note 17(a)(i))	749,765	749,765
Effect of issuance of new shares under IPO (notes 17(a)(ii) and (iii))	138,297	–
Weighted average number of shares	888,297	750,000

The pre-IPO share options outstanding during the period have no dilutive effects on earnings per share for the six months ended 30 June 2011. There were no potential dilutive ordinary shares in existence for the six months ended 30 June 2010.

10 Fixed Assets

(a) Revaluation of investment properties

The Group's investment properties were revalued at 30 June 2011 by an independent firm of surveyors, DTZ Debenham Tie Leung Limited ("DTZ"), who have among their staff Fellows of The Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The valuations were carried out by DTZ on a market value basis in their existing states by reference to comparable market transactions and where appropriate on the basis of capitalisation of the net rental income allowing for reversionary income potential.

Included in the Group's investment properties were investment properties under development carried at cost less accumulated impairment losses, if any, as the directors are of the opinion that its fair value cannot be reliably determined due to the development project is still under initial stage.

(b) The Group's certain investment properties and hotel properties were pledged against bank loans, details of which are set out in note 16.

11 Interests in Associates

	At 30 June 2011 (unaudited) $'000	At 31 December 2010 (audited) $'000
Shares of net assets	204,381	104,170
Amounts due from associates	171,144	–
	375,525	104,170

The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. The balances are not expected to be recovered within one year.

During the six months ended 30 June 2011, the Group has made further capital injection of RMB32,000,000 (equivalent to approximately $38,528,000) to Tianjin Hyperion Agricultural Products Logistics Co., Ltd. (天津海吉星農產品物流有限公司). In addition, the Group made initial capital injections of RMB20,000,000 (equivalent to approximately $24,080,000) and RMB32,000,000 (equivalent to approximately $38,528,000) to Tianjin Hyperion Construction Co., Ltd. (天津海吉星建設有限公司) ("THCCL") and Tianjin Hyperion Investment Development Co., Ltd. (天津海吉星投資發展有限公司) ("THIDCL") respectively, representing 40% equity interests in each of the associates. Both THCCL and THIDCL are principally engaged in property development and investment in the PRC.

12 Inventories

	At 30 June 2011 (unaudited) $'000	At 31 December 2010 (audited) $'000
Leasehold land held for development for sale	366,060	494,136
Properties under development for sale	5,999,628	3,302,992
Completed properties for sale	739,140	1,299,568
	7,104,828	5,096,696

The Group's certain properties under development for sale were pledged against bank loans, details of which are set out in note 16.

13 Trade and Other Receivables

At 31 December 2010, $343,262,000 was recognised as deposits in respect of the acquisition of the land use rights for land in the PRC. During the six months ended 30 June 2011, the acquisition of the land was completed and the respective land use right certificate was obtained. Accordingly, the balance was transferred to inventories.

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis at the balance sheet date:

	At 30 June 2011 (unaudited) $'000	At 31 December 2010 (audited) $'000
Current or under 1 month overdue	47,739	56,664
More than 1 month overdue and up to 3 months overdue	2,054	15,104
More than 3 months overdue and up to 6 months overdue	2,461	7,826
More than 6 months overdue and up to 1 year overdue	1,129	5,578
More than 1 year overdue	6,895	8,589
	60,278	93,761

13 Trade and Other Receivables (Continued)

The Group maintains a defined credit policy and the exposures to the credit risks are monitored on an ongoing basis. In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables.

14 Pledged Deposits

	At 30 June 2011 (unaudited) $'000	At 31 December 2010 (audited) $'000
Current portion	1,661,279	1,744,788
Non-current portion	180,600	177,563
	1,841,879	1,922,351

Pledged deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to $1,661,279,000 (31 December 2010: $1,744,788,000) have been pledged to secure short-term borrowings and are therefore classified as current assets. The remaining deposits amounting to $180,600,000 (31 December 2010: $177,563,000) have been pledged to secure long-term borrowings and banking facilities and are therefore classified as non-current assets.

The Group's certain bank deposits which were pledged as securities in respect of:

	At 30 June 2011 (unaudited) $'000	At 31 December 2010 (audited) $'000
Bank loans (note 16)	1,841,879	1,917,483
Mortgage loan facilities granted by the banks to purchasers of the Group's properties	–	4,868
	1,841,879	1,922,351

15 Trade and Other Payables

	At 30 June 2011 (unaudited) $'000	At 31 December 2010 (audited) $'000
Creditors and accrued charges	1,272,388	1,320,389
Rental and other deposits	51,743	56,669
Receipts in advance	2,987,644	4,074,316
Amounts due to related companies	–	45,553
	4,311,775	5,496,927

Included in trade and other payables are trade creditors with the following ageing analysis at the balance sheet date:

	At 30 June 2011 (unaudited) $'000	At 31 December 2010 (audited) $'000
Due within 1 month or on demand	396,920	719,530
Due after 1 month but within 3 months	9,057	2,008
Due after 3 months but within 6 months	48,583	15,195
Due after 6 months but within 1 year	187,633	17,094
Due after 1 year	250,932	196,607
	893,125	950,434

16 Bank and Other Loans

At 30 June 2011, the bank and other loans were analysed as follows:

	At 30 June 2011 (unaudited) $'000	At 31 December 2010 (audited) $'000
Bank loans		
– Secured	5,715,479	4,457,583
– Unsecured	1,628,487	1,908,208
	7,343,966	6,365,791
Other loans		
– Secured	812,942	–
	8,156,908	6,365,791

16 Bank and Other Loans (continued)

At 30 June 2011, bank and other loans were repayable as follows:

	At 30 June 2011 (unaudited) $'000	At 31 December 2010 (audited) $'000
Within 1 year and included in current liabilities	2,644,806	2,882,969
After 1 year and included in non-current liabilities:		
– After 1 year but within 2 years	2,553,032	2,651,982
– After 2 years but within 5 years	1,786,643	830,840
– After 5 years	1,172,427	–
	5,512,102	3,482,822
	8,156,908	6,365,791

At 30 June 2011, assets of the Group secured against bank loans were analysed as follows:

	At 30 June 2011 (unaudited) $'000	At 31 December 2010 (audited) $'000
Investment properties	1,938,766	1,727,770
Hotel properties	454,073	390,678
Properties under development for sale	2,914,529	650,243
Pledged deposits	1,841,879	1,917,483
	7,149,247	4,686,174

At 30 June 2011, the other loans were secured by equity interests in certain subsidiaries within the Group.

17 Capital, Reserves and Dividends

(a) Share capital

	At 30 June 2011 (unaudited)		At 31 December 2010 (audited)	
	No. of shares '000	Amount $'000	No. of shares '000	Amount $'000
Authorised:				
Ordinary shares of $0.10 each	5,000,000	500,000	5,000,000	500,000
Ordinary shares, issued and fully paid:				
At 1 January	234	24	117	12
Arising from Reorganisation	–	–	117	12
Capitalisation issue (note (i))	749,766	74,976	–	–
Issuance of new shares under IPO (notes (ii) and (iii))	250,414	25,041	–	–
At 30 June/31 December	1,000,414	100,041	234	24

Notes:

(i) On 28 February 2011, pursuant to a written resolution of the shareholders, the Company allotted and issued 749,764,706 shares of $0.10 each to the then existing shareholders of the Company. This resolution was conditional on the share premium account being credited as a result of the Company's IPO and pursuant to this resolution, a sum of $74,976,000 standing to the credit of the share premium account was subsequently applied in paying up this capitalisation in full.

(ii) On 23 March 2011, the Company was successfully listed on the Stock Exchange following the completion of its IPO of 250,000,000 shares of $0.10 each issued at a price of $6.23 per share. The proceeds of $25,000,000 representing the par value, were credited to the Company's share capital. The remaining proceeds of $1,466,752,000, after the issuing expenses of $65,748,000, were credited to the share premium account.

(iii) On 15 April 2011, the Company issued 413,500 shares of $0.10 each, at a price of $6.23 per share upon the exercise of the over-allotment option in connection with the IPO. The proceeds of $41,000 representing the par value, were credited to the Company's share capital. The remaining proceeds of $2,426,000, after the issuing expenses of $109,000, were credited to the share premium account.

17 Capital, Reserves and Dividends (continued)

(b) Equity settled share-based transactions

(i) Pre-IPO share option scheme

The Company has a pre-IPO share option scheme which was adopted on 2 December 2010 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at consideration of $1.00 per grant to subscribe for shares of the Company. On 3 December 2010, a total number of 34,371,667 share options were granted under the pre-IPO share option scheme. The options fully vest after three years from the Listing Date or, as the case may be, the first anniversary date of the employment commencement date of the relevant grantees, and are then exercisable within a period of 10 years from the date of grant. The exercise price per share is $2.49, being 40% of the price of IPO of shares of the Company. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

No share options were granted or exercised under the pre-IPO share option scheme during the six months ended 30 June 2011. A total number of 2,474,999 (31 December 2010: Nil) share options were cancelled during the six months ended 30 June 2011 and 31,896,668 (31 December 2010: 34,371,667) share options were outstanding at 30 June 2011.

(ii) Share award scheme

The Company has a share award scheme which was adopted on 2 December 2010. Under the share award scheme, a total number of 6,452,000 (after capitalisation issue) shares of the Company was awarded to certain employees of the Group on 3 December 2010 as a means of recognising their contributions to the early development of the Group and aligning their interests with the shareholders of the Company. The eligible employees received an offer to be granted by the award shares at nil consideration. The awarded shares fully vest after three years from the date of award or, as the case may be, the first anniversary date of the employment commencement date of the relevant awardees, and are valid and effective for unlimited period unless a triggering event has arisen upon the occurrence of certain events. The shares awarded by the Company will be settled with the shares (after capitalisation issue) held by a share award trust.

(iii) Share option scheme

The Company has a share option scheme which was adopted on 28 February 2011 to recognise and acknowledge the contributions that the employees and directors have made or may make to the Group.

An option under the share option scheme may be exercised in accordance with the terms of the share option scheme at any time during a period as determined by the directors of the Company, which must not be more than 10 years from the date of grant.

No share options were granted under the share option scheme during the six months ended 30 June 2011.

17 Capital, Reserves and Dividends (continued)

(c) Dividends

Dividends payable to equity shareholders of the Company attributable to the interim period

	Six months ended 30 June	
	2011	2010
	$'000	$'000
Interim dividend declared after the interim period of 15 cents (2010: Nil) per share	150,062	–

The interim dividend declared has not been recognised as a liability at the balance sheet date.

18 Capital Commitments

Capital commitments outstanding at 30 June 2011 not provided for in the interim financial report were as follows:

	At 30 June 2011 (unaudited) $'000	At 31 December 2010 (audited) $'000
Contracted for	1,159,199	3,265,516
Authorised but not contracted for	–	8,303
	1,159,199	3,273,819

Capital commitments mainly related to development expenditure for the Group's properties under development.

In addition, the Group was committed at 30 June 2011 to make donations of $5,898,000 (31 December 2010: $7,102,000) to a charitable institution of RMB1,000,000 per annum until 2016.

19 Contingent Liabilities

	At 30 June 2011 (unaudited) $'000	At 31 December 2010 (audited) $'000
Guarantees given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties	3,571,171	3,229,358

20 Material Related Party Transactions

In addition to the transactions disclosed elsewhere in the interim financial report, the Group entered into the following material related party transactions during the period.

	Six months ended 30 June 2011 $'000	2010 $'000
Other interest income received and receivable from related parties	–	125
Sale of a property to key management personnel	2,875	–
Remuneration to key management personnel	24,067	5,661

21 Non-Adjusting Post Balance Sheet EventS

(a) After the balance sheet date, the directors proposed an interim dividend. Further details are disclosed in note 17(c).

(b) In August 2011, the Group has entered into an agreement to acquire the entire equity interest in two PRC companies, namely Huidong Tengyu Trading Co., Ltd. (惠東縣騰宇貿易有限公司) and Huidong Baolai Trading Co., Ltd. (惠東縣寶來貿易有限公司), at a total consideration of approximately RMB453,379,000 (equivalent to approximately $553,123,000). These two PRC companies currently own four parcels of land in Huidong, Guangdong Province and the Group will obtain these pieces of land after the completion of the acquisition. The transaction is in progress up to the date of this interim financial report.

Review report

Review report to the board of directors of
Top Spring International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 28 to 51 which comprises the consolidated balance sheet of Top Spring International Holdings Limited as of 30 June 2011 and the related consolidated income statement, statement of comprehensive income, statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 ("HKSRE 2410"), *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2011 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

Other matter

Without modifying our review conclusion, we draw to your attention that the comparative amounts of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement in respect of the six months ended 30 June 2010 and the related notes disclosed in the interim financial report have not been reviewed in accordance with HKSRE 2410.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

23 August 2011

萊蒙國際
TOPSPRING

Top Spring International Holdings Limited
萊 蒙 國 際 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

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