萊蒙國際
TOPSPRING

Quality Property is a

Gateway to Quality Living

品質地產　品味生活

INTERIM REPORT 2012 中期報告

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

We Believe 使命

quality property is a gateway to quality living
品質地產，品味生活

Our Vision 願景

is to build and operate the best urban communities for China
力鑄中國最優的城市綜合體開發與運營商

We Value 企業價值

joint efforts in creating and celebrating success
共創輝煌，分享成功

Brand Commitment 品牌承諾

value proven with time
時間見證價值

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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)*
Mr. WANG Tian Ye (appointed on 1 September 2012)

Non-executive Directors
Dr. McCABE Kevin Charles
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. CHENG Yuk Wo *(Chairman)*
Professor WU Si Zong
Mr. WONG Chun Hong

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

CORPORATE GOVERNANCE COMMITTEE
Mr. WANG Tian Ye (appointed on 1 September 2012) *(Chairman)*
Mr. CHENG Yuk Wo
Mr. LAM Jim
Mr. LEE Sai Kai David

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
Hang Seng Bank Limited
China Construction Bank
Agricultural Bank of China
Industrial and Commercial Bank of China
Industrial and Commercial Bank of China (Asia) Limited
China Minsheng Banking Corp., Ltd.
China Merchants Bank
Bank of Communications
Shenzhen Development Bank

INVESTOR RELATIONS

Mr. LEUNG Ka Lock Eric

STOCK CODE

3688

BOARD LOT

500 Shares

COMPANY WEBSITE

www.topspring.com

In the first half of 2012, Top Spring International Holdings Limited ("Top Spring" or the "Company", and together with its subsidiaries, collectively the "Group", "we" or "us") recorded a turnover of approximately HK$2,195.1 million and a gross profit of approximately HK$859.9 million, representing a decrease of approximately 29.3% and approximately 58.0%, respectively, over the same period of 2011. For the six months ended 30 June 2012, gross profit margin was approximately 39.2%, down from approximately 66.0% for the corresponding period of 2011. Profit attributable to the equity shareholders of the Company amounted to approximately HK$258.8 million, representing a decrease of approximately 54.0% over the same period of last year. Basic and diluted earnings per share was approximately HK25.86 cents, a decrease of approximately 59.2% as compared with the corresponding period of 2011. The board of directors (the "Board") of the Company has declared the payment of an interim dividend of HK15 cents per share for the six months ended 30 June 2012.

BUSINESS REVIEW

The People's Republic of China ("PRC") property market saw a decline in both transaction volume and transaction value in the first half of 2012, caused mainly by ongoing stringent government regulatory measures amid uncertain prospects for the domestic and global economies. However, there has been a steady pick-up in transaction volume since May 2012 owing to the gradual relaxation of China's monetary policy, including measures such as the reductions in bank deposit reserve requirement ratio, cuts in benchmark interest rates and mortgage interest rate discounts available to first home buyers. The increase in market liquidity, together with the volume-driven pricing strategy of developers, have led to a gradual increase in end-user demand comprising mainly first home purchases and first-time upgrades.

During the first half of 2012, the Group seized opportunities to launch projects that met market demand and aggressively promoted its product sales. Consequently, the Group recorded contracted sales of approximately HK$3,590.7 million in the six months ended 30 June 2012, representing a significant growth of approximately 38.1% over the same period of 2011 and accounting for approximately 59.8% to 71.8% respectively of its 2012 contracted sales target range of HK$5.0-6.0 billion. Up to 19 August 2012, the Group achieved contracted sales of approximately HK$4,670.2 million, representing an increase of approximately 18.9% over the corresponding period of 2011 and achieving approximately 77.8% to 93.4% respectively of its 2012 contracted sales target range.

For the six months ended 30 June 2012, satisfactory sales performance was achieved by the Group's new project launches in Shenzhen, Changzhou, Chengdu and Hangzhou. In particular, with its strong brand name, outstanding product quality, and innovative product design, The Spring Land Phase 5 in Shenzhen, which was launched for pre-sale on 10 June 2012, recorded robust contracted sales amounting to approximately HK$1.5 billion up to 30 June 2012. The project was also awarded the best selling project in Shenzhen in terms of contracted sales for the first day of launch and for a single month during the first half of 2012.

The approximately 29.3% year-over-year decrease in recognised turnover to approximately HK$2,195.1 million and the approximately 58.0% year-over-year decrease in gross profit to approximately HK$859.9 million for the six months ended 30 June 2012 were primarily driven by a change in product mix as approximately 87.4% of the saleable gross floor area ("GFA") booked for the period was attributable to a lower margin project, Changzhou Le Leman City, while approximately 94.2% of the saleable GFA booked for the same period last year was related to higher margin projects such as Shenzhen Hidden Valley and The Spring Land.

Barring unforeseeable circumstances, the Group expects that it should be able to achieve its 2012 planned property completion schedule as disclosed in the Company's 2011 Annual Report which includes The Spring Land Phase 5. Moreover, as at 19 August 2012, approximately 82.0% of the approximately 439,041 sq.m. saleable GFA targeted for completion in 2012, an increase of approximately 67.7% over approximately 261,795 sq.m. saleable GFA completed in 2011, has already been locked-in through pre-sales.

For the six months ended 30 June 2012, the Group generated steady recurring rental income of approximately HK$55.5 million, representing an increase of approximately 9.9% over the approximately HK$50.5 million recorded for the same period last year. As at 30 June 2012, with the completion of the retail asset at The Spring Land Phase 3 – Fashion Walk, the leasable GFA of the Group's investment properties under operation amounted to approximately 170,018 sq.m., an increase of approximately 15.2% over approximately 147,625 sq.m. at the end of 2011. The shopping mall of Chengdu Landmark and the retail asset of Changzhou Le Leman City Phase 9 (2-B) are expected to commence operation in May 2013 and October 2013, respectively, which together will further increase the leasable GFA of the Group's investment properties under operation by approximately 35.3% to approximately 229,993 sq.m.. Despite the overall slowdown in retail sales growth, the leasing progress of the two projects has been progressing well with approximately 93.1% of the leaseable GFA of Chengdu Landmark Shopping Mall and 100% of the leaseable GFA of the retail asset of Changzhou Le Leman City Phase 9 (2-B) pre-committed to date.

In the first half of 2012, the Group replenished its land bank selectively while maintaining a sound financial position. During the period, the Group acquired three parcels of land in Tianjin, Changzhou and Nanjing representing a total plot ratio GFA of approximately 375,462 sq.m. and the average land cost was approximately RMB4,686.2 per sq.m. (equivalent to approximately HK$5,754.2 per sq.m.). As at 30 June 2012, the Group's landbank comprises a total of 15 projects in 8 cities with a total net saleable/leaseable GFA of approximately 4,142,082 sq.m.. The Group has always put emphasis on maintaining a prudent financial management approach when expanding its landbank. As at 30 June 2012, the net gearing ratio of the Group was approximately 33.0%, as compared with approximately 34.1% at the end of 2011.

2012 BOAO REAL ESTATE FORUM

Top Spring was awarded three honor distinctions.

Time: China Real Estate Fashion Award on 9th August

Awards:
1. Mr. WONG Chun Hong, Chairman, Chief Executive Officer & Executive Director, was awarded the Most Influential People in Real Estate Sector in China
2. The Group was awarded the Most Influential Real Estate Enterprise in China
3. Hangzhou Hidden Valley was awarded the Most Influential Property Project in China

FUTURE OUTLOOK

We believe that the Central Government, in order to support economic growth, will continue to encourage home purchases by first home buyers or first-time upgraders. On the other hand, regulatory measures will likely remain in place in the short to medium term to prevent over-speculation in the housing market. This together with the still relatively high inventory level of developers would suggest that material price growth of residential properties would be difficult to come by. That said, the Group will firmly adhere to its dual modes business model of "medium to high-end residential properties + urban mixed-use communities", as we continue to see a tremendous long-term potential for good quality, well located residential properties in China given the combined effect of the consistent growth in both urban population and household incomes. Such a business model will also allow the Group to steadily build up its investment property portfolio while maintaining a sound financial and cashflow condition.

In the second half of 2012, to better cope with the market changes and to enhance returns, we will further step up our efforts in promoting property sales, with volume as opposed to selling price as the priority, enhancing our project execution capability, cutting unnecessary costs through better design planning, promoting collaborative efforts from different departments, implementing more stringent cost controls, introducing better incentive schemes for employees, etc. We have long been aware that our brand is our most important asset. To strengthen our brand and hence our competitiveness in the market, we will strive to further improve the quality of our product, including not just the product hardware but also customer services, customer satisfaction, and property management services.

The Group is in a favorable financial position, with a relatively low net gearing ratio of approximately 33.0% and approximately HK$7.5 billion in cash reserves as at 30 June 2012. The Group will continue to acquire quality and cost effective landbank with strong appreciation potential in the second half of 2012. Consistent with its strategy, the Group will maintain a balance between residential properties that meet end-user demands and urban mixed-use communities with a reasonable portion of investment properties in its future landbank acquisition. It will also diversify its landbank in terms of both geographical presence (i.e. focus mainly on the first and second tiered cities complemented by third and fourth tiered cities) and maturity profile of its projects. Finally, the Group will acquire landbank through multiple channels in order to control the risk and enhance rewards profile of the acquisitions.

ON BEHALF OF THE BOARD
TOP SPRING INTERNATIONAL HOLDINGS LIMITED

WONG Chun Hong
Chairman

28 August 2012

OVERALL PERFORMANCE

Top Spring is a real estate property developer in the PRC specialising 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.

REVIEW OF BUSINESS FOR THE SIX MONTHS ENDED 30 JUNE 2012

(1) Contracted Sales

For the six months ended 30 June 2012, the total contracted saleable GFA sold amounted to approximately 219,053 sq.m. (for the six months ended 30 June 2011: approximately 126,687 sq.m.) with total contracted sales of approximately HK$3,590.7 million (for the six months ended 30 June 2011: approximately HK$2,599.8 million). For the period from 1 January 2012 to 19 August 2012, the Group has achieved contracted sales of approximately HK$4,670.2 million with contracted saleable GFA of approximately 267,317 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 2012 is set out as follows:

City	Project/Phase of Project	Contracted Saleable GFA		Contracted Sales		
					Equivalent to approximately	
		sq.m.	%	RMB million	HK$ million	%
Shenzhen	Shenzhen Hidden Valley					
	Phase 1	227	0.1	14.1	17.3	0.5
	Phase 2	780	0.3	58.5	71.8	2.0
	Phase 3	3,110	1.4	202.2	248.3	6.9
	The Spring Land					
	Phase 1	238	0.1	4.6	5.6	0.1
	Phase 2	1,942	0.9	42.5	52.2	1.4
	Phase 3	786	0.3	15.9	19.5	0.5
	Phase 5	62,825	28.7	1,253.2	1,538.8	42.9

City	Project/Phase of Project	Contracted Saleable GFA		Contracted Sales		
					Equivalent to approximately	
		sq.m.	%	RMB million	HK$ million	%
Changzhou	Changzhou Landmark					
	Phase 3 – retail portion	4,465	2.0	28.4	34.9	1.0
	Phase 3 – residential portion	453	0.2	3.0	3.7	0.1
	Phase 4 – retail portion	3,027	1.4	177.4	217.8	6.1
	Phase 4 – residential portion	8,996	4.1	98.6	121.1	3.4
	Changzhou Le Leman City					
	Phase 1 (1-A)	33	0.0	0.6	0.7	0.0
	Phase 3 (1-C)	356	0.2	4.5	5.5	0.1
	Phase 4 (3-B)	3,011	1.4	17.5	21.5	0.6
	Phase 5 (1-B)	1,280	0.6	10.4	12.8	0.4
	Phase 6 (3-A)	1,798	0.8	34.1	41.9	1.2
	Phase 7 (4-B)	83,888	38.3	487.0	598.0	16.6
	Phase 9 (2-B)	8,464	3.9	52.4	64.3	1.8
Chengdu	Chengdu Landmark					
	Tower 1	5,618	2.6	59.3	72.8	2.0
	Tower 2	400	0.2	3.3	4.1	0.1
	Tower 3	3,049	1.4	31.5	38.7	1.1
	Tower 4	14,118	6.4	142.2	174.6	4.9
Hangzhou	Hangzhou Hidden Valley					
	Phase 1	10,189	4.7	183.1	224.8	6.3
Total		219,053	100	2,924.3	3,590.7	100

(2) Projects Completed, Delivered and Booked in the six months ended 30 June 2012

For the six months ended 30 June 2012, the Group completed construction of Changzhou Le Leman City (Phases 4 and 5) with total saleable GFA of approximately 161,621 sq.m..

For the six months ended 30 June 2012, the Group's property development business achieved a turnover of approximately HK$2,068.9 million with saleable GFA of approximately 188,910 sq.m. being recognised, representing a decrease of approximately 30.7% and an increase of approximately 70.4% respectively, over the six months ended 30 June 2011. The decrease in sale of properties with an increase in saleable GFA delivered in the six months ended 30 June 2012 was primarily attributable to a reduction in average selling price recognised from approximately HK$26,919.7 per sq.m. in the six months ended 30 June 2011 to approximately HK$10,951.8 per sq.m. in the six months ended 30 June 2012. In addition, the Group's gross profit margin and gross profit dropped by approximately 26.8 percentage points and HK$1,188.9 million respectively, mainly due to the significant rise in proportion of recognised sale of our low margin properties in Changzhou, in particular our Changzhou Le Leman City, which contributed approximately 87.4% of total saleable GFA booked, in the six months ended 30 June 2012. On the other hand, high margin properties in Shenzhen, namely our Shenzhen Hidden Valley and The Spring Land, which together contributed approximately 94.2% of total saleable GFA booked, were recognised in the six months ended 30 June 2011.

Details of the completion of projects and the sale of properties of the Group recognised in the six months ended 30 June 2012 are listed below:

Project/Phase of Project	Saleable GFA of Properties Completed sq.m.	Saleable GFA Booked sq.m.	Sale of Properties HK$ million
Shenzhen Hidden Valley			
– Phase 3	–	234	15.7
– Phase 4	–	2,503	186.4
The Spring Land			
– Phase 1	–	355	8.8
– Phase 2	–	1,062	26.9
– Phase 3	–	18,848	430.9
Changzhou Landmark			
– Phase 3	–	775	2.6
Changzhou Le Leman City			
– Phase 2 (2-A)	–	596	2.9
– Phase 3 (1-C)	–	2,280	29.9
– Phase 4 (3-B)	100,353	95,750	703.1
– Phase 5 (1-B)	61,268	57,359	493.0
– Phase 6 (3-A)	–	9,148	168.7
Total	161,621	188,910	2,068.9

(3) Investment Properties

In addition to the sale of properties developed by us, we also lease out or expect to lease out the retail assets in The Spring Land – Fashion Walk, Changzhou Landmark, Changzhou Le Leman City, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden and Chengdu Landmark in the PRC. As at 30 June 2012, the total carrying value of the investment properties of the Group was approximately HK$3,610.2 million. The retail assets which we held for the purpose of leasing to third parties had a leasable GFA of approximately 229,993 sq.m. of which investment properties under operation with a leasable GFA of approximately 170,018 sq.m. had a fair value of approximately HK$3,213.3 million. A shopping mall in Chengdu Landmark, which was under development as at 30 June 2012, had a leaseable GFA and fair value of approximately 38,525 sq.m. and HK$345.6 million respectively. A retail asset in Changzhou Le Leman City (Phase 9) had a leasable GFA of approximately 21,450 sq.m. and fair value of approximately HK$51.3 million as at 30 June 2012. The Group recorded approximately HK$335.6 million (net of deferred tax) as gain in fair value of its investment properties for the six months ended 30 June 2012.

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 2012, the GFA taken up by our anchor tenants, whose leased GFA was over 10% of the total leasable GFA of a single investment property, made up approximately 38.8% (as at 31 December 2011: approximately 33.3%) of our total leasable area in our investment properties.

For the six months ended 30 June 2012, we generated steady recurring rental income of approximately HK$55.5 million, representing an increase of approximately 9.9%, from approximately HK$50.5 million for the six months ended 30 June 2011. Excluding the shopping mall in Chengdu Landmark and the retail asset in Changzhou Le Leman City (Phase 9) which were under construction as at 30 June 2012, the occupancy rate of all our investment properties under operation achieved approximately 93.7% as at 30 June 2012 (as at 31 December 2011: approximately 92.9%).

Details of the Group's investment properties as at 30 June 2012 and the Group's rental income for the six months ended 30 June 2012 are set out as follows:

Investment Properties	Leasable GFA as at 30 June 2012 sq.m.	Fair Value as at 30 June 2012 HK$ million	Rental Income for the six months ended 30 June 2012 HK$ million	Occupancy Rate as at 30 June 2012 %
Investment Properties under operation				
Changzhou Landmark Phases 1 and 2	77,581	1,403.3	23.2	100
Dongguan Landmark	20,172	453.1	9.1	100
Hangzhou Landmark	24,667	323.7	11.0	100
Shenzhen Water Flower Garden (Retail assets)	4,992	173.4	7.1	100
The Spring Land Phase 1 – Fashion Walk (Retail assets) (Note 1)	3,355	171.0	2.8	69
The Spring Land Phase 3 – Fashion Walk (Retail assets) (Note 2)	22,393	558.1	1.5	98
Changzhou Le Leman City Phase 11 (Retail asset) (Note 3)	16,858	130.7	0.8	45
Sub-total	170,018	3,213.3	55.5	93.7
Investment Properties under development				
Chengdu Landmark (Shopping mall) (Note 4)	38,525	345.6	–	–
Changzhou Le Leman City Phase 9 (2-B) (Retail asset) (Note 5)	21,450	51.3	–	–
Sub-total	59,975	396.9	–	
Total	229,993	3,610.2	55.5	

Note 1: The unoccupied areas of the retail assets in The Spring Land Phase 1 – Fashion Walk mainly represent The Spring Land's sales centre with leaseable GFA of approximately 791 sq.m. which the Group intends to lease out in the future.

Note 2: Most of the leases in respect of the retail assets in The Spring Land Phase 3 – Fashion Walk commenced in June 2012.

Note 3: The retail asset represents a Habilitation and Recreation Centre of our Changzhou Le Leman City Phase 11, which is located nearby our Holiday-Inn Hotel, for leasing purpose.

Note 4: The construction of Chengdu Landmark is scheduled to be completed by the end of this year.

Note 5: The construction of a retail asset in our Changzhou Le Leman City Phase 9 (2-B), in respect of which the Group entered into an operating lease for the purpose of operating a supermarket business with an independent third party, is scheduled to be completed by the end of this year.

(4) Land Bank

The Group is specialising 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.

As at 30 June 2012, the Group had a total of 15 projects over 8 cities in various stages of development, including a net saleable/leasable GFA of approximately 245,423 sq.m. of completed property developments, a net saleable/leasable GFA of approximately 695,057 sq.m. under development, a net saleable/leasable GFA of approximately 1,990,749 sq.m. held for future development and a net saleable/leasable GFA of approximately 1,210,853 sq.m. contracted to be acquired, totalling a net saleable/leasable GFA of approximately 4,142,082 sq.m..

In the first half of 2012, the Group acquired additional commercial and residential lands in Changzhou, Tianjin and Nanjing. The total plot ratio GFA of new land bank was approximately 375,462 sq.m. and the average cost was approximately RMB4,686.2 per sq.m. (equivalent to approximately HK$5,754.2 per sq.m.). As at 30 June 2012, the Group had a total net saleable/leaseable land bank of approximately 4,142,082 sq.m., with an average land cost of approximately RMB2,077.0 per sq.m. (equivalent to approximately HK$2,536.6 per sq.m.).

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	996	100
1	Shenzhen	Shenzhen Hidden Valley Phase 2	Residential	770	100
1	Shenzhen	Shenzhen Hidden Valley Phase 3	Residential	5,032	100
1	Shenzhen	Shenzhen Hidden Valley Phase 4	Residential	2,651	100
2	Shenzhen	The Spring Land Phase 1	Residential/ Commercial	3,821	100
2	Shenzhen	The Spring Land Phase 2	Residential	2,874	100
2	Shenzhen	The Spring Land Phase 3	Residential/ Commercial	26,692	100
3	Shenzhen	Shenzhen Water Flower Garden (Retail assets)	Residential/ Commercial	4,992	100
4	Changzhou	Changzhou Landmark Phase 1	Commercial	46,627	100
4	Changzhou	Changzhou Landmark Phase 2	Residential/ Commercial	32,201	100
4	Changzhou	Changzhou Landmark Phase 3	Residential/ Commercial	635	100
5	Changzhou	Changzhou Le Leman City Phase 1 (1-A)	Residential/ Commercial	456	100
5	Changzhou	Changzhou Le Leman City Phase 3 (1-C)	Residential	4,001	100
5	Changzhou	Changzhou Le Leman City Phase 4 (3-B)	Residential/ Commercial	4,603	100
5	Changzhou	Changzhou Le Leman City Phase 5 (1-B)	Residential/ Commercial	3,909	100
5	Changzhou	Changzhou Le Leman City Phase 6 (3-A)	Residential	8,048	100
5	Changzhou	Changzhou Le Leman City Phase 11 (Retail asset and 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				**245,423**	

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 5 (Note)	Residential/ Commercial	143,574	100
4	Changzhou	Changzhou Landmark Phase 4	Residential/ Commercial	92,748	100
5	Changzhou	Changzhou Le Leman City Phase 7 (4-A)	Residential/ Commercial	84,921	100
5	Changzhou	Changzhou Le Leman City Phase 7 (4-B)	Residential/ Commercial	104,172	100
5	Changzhou	Changzhou Le Leman City Phase 9 (2-B)	Residential/ Commercial	83,057	100
8	Chengdu	Chengdu Landmark	Commercial	110,764	100
11	Hangzhou	Hangzhou Hidden Valley Phase 1	Residential	41,617	100
12	Tianjin	Tianjin Le Leman City (Lot 4) Phase 1	Commercial	34,204	58
Subtotal				**695,057**	
Projects Held For Future Development					
2	Shenzhen	The Spring Land Phase 6 (Note)	Residential/ Commercial	70,009	100
2	Shenzhen	The Spring Land Phase 7 (Note)	Residential/ Commercial	56,900	100
9	Shenzhen	Shenzhen Blue Bay	Residential	15,000	92
11	Hangzhou	Hangzhou Hidden Valley Phases 2-7	Residential	259,793	100
5	Changzhou	Changzhou Le Leman City Phase 8 (5-B)	Residential/ Commercial	117,544	100
5	Changzhou	Changzhou Le Leman City Phase 10 (5-A)	Residential/ Commercial	115,600	100
10	Changzhou	Taihu Hidden Valley	Residential	350,001	100
12	Tianjin	Tianjin Le Leman City (Lot 4) Phases 2-5 and (Lot 5 and 7)	Commercial	496,592	58
13	Huizhou	Huizhou Waterfront	Residential	509,310	100
Subtotal				**1,990,749**	

Note: The Group has renamed The Spring Land Phase 4 (as appearing in the Company's 2011 Annual Report) as The Spring Land Phase 5 during the six months ended 30 June 2012. As a result, The Spring Land Phase 5 and Phase 6 (as appearing in the Company's 2011 Annual Report) have been renamed as The Spring Land Phase 6 and Phase 7 respectively.

Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Projects Contracted To Be Acquired					
12	Tianjin	Tianjin Le Leman City (Lot 8) (see note (2) at the bottom of this page)	Commercial	199,482	58
14	Shenzhen	Shenzhen Landmark	Residential/ Commercial	865,391	100
15	Nanjing	The Spring Land – Nanjing (see note (3) at the bottom of this page)	Residential	145,980	100
Subtotal				**1,210,853**	
TOTAL				**4,142,082**	

Details of the projects acquired from 1 January 2012 to the date of this report are set out below:

Land reserves acquired from 1 January 2012 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 sq.m.	Interest Attributable to the Group %
Changzhou	Taihu Hidden Valley[1]	60,000	40,000	30,000	2,000.0	100
Tianjin	Tianjin Le Leman City[2] (Lot 8) – held by 天津津俊投資發展有限公司 (Tianjin Jin Jun Investment Development Co., Ltd.*)	199,500	132,988	199,482	1,000.1	58
Nanjing	The Spring Land – Nanjing[3]	1,500,000	60,825	145,980	10,275.4	100
Total		1,759,500	233,813	375,462	4,686.2	

Notes:

(1) In May 2012, the Group entered into a land grant contract for a parcel of residential land for Taihu Hidden Valley with a site area of approximately 40,000 sq.m. at a consideration of approximately RMB60.0 million (equivalent to approximately HK$73.3 million). We have obtained the land use rights certificate for such parcel of land in May 2012.

(2) 天津津俊投資發展有限公司 (Tianjin Jin Jun Investment Development Co., Ltd.*), in which the Group has a 58% equity interest, won a bid and entered into a land grant contract for a parcel of commercial land in Tianjin with a total site area of approximately 132,988 sq.m. at a consideration of approximately RMB199.5 million (equivalent to approximately HK$243.6 million) in June and July 2012 respectively. Up to the date of this report, we have yet to obtain the land use rights certificate for such parcel of land.

(3) In June 2012, the Group won a bid in a public auction regarding a parcel of residential land in Nanjing at a consideration of RMB1.5 billion (equivalent to approximately HK$1.8 billion). A land grant contract for the land with a total site area of approximately 60,825 sq.m. was signed in July 2012. Up to the date of this report, we have yet to obtain the land use rights certificate for such parcel of land.

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 2012

In the second half of 2012, the Group intends to commence construction of four phases among three projects with a total net saleable/leasable GFA of approximately 288,744 sq.m..

Details of the projects with expected commencement of construction in the second half of 2012 are set out below:

City	Project	Total Saleable/ Leasable GFA sq.m.
Huizhou	Huizhou Waterfront Phase 1	136,500
Shenzhen	The Spring Land Phases 6 and 7	126,909
Tianjin	Tianjin Le Leman City (Lot 4) Phase 2	25,335
Total		288,744

The Group also intends to complete the construction of two phases among two projects and our Chengdu project which comprises four office towers and a multi-floors shopping mall with a total net saleable/leasable GFA of approximately 337,395 sq.m. in the second half of 2012.

Details of the projects with expected completion in the second half of 2012 are set out below:

City	Project	Total Saleable/ Leasable GFA sq.m.
Changzhou	Changzhou Le Leman City Phase 9 (2-B)	83,057
Chengdu	Chengdu Landmark	110,764
Shenzhen	The Spring Land Phase 5	143,574
Total		337,395

FINANCIAL REVIEW

For the six months ended 30 June 2012, the Group's consolidated turnover and profit attributable to equity shareholders of the Company were approximately HK$2,195.1 million and HK$258.8 million respectively, decreased by approximately 29.3% and 54.0% respectively over the corresponding period of 2011. For the six months ended 30 June 2012, the Group's basic and diluted earnings per share decreased by approximately 59.2% as compared with the corresponding period of 2011 to approximately HK25.86 cents, and net assets per share as at 30 June 2012 was approximately HK$3.7 (31 December 2011: HK$3.5 per share).

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 decreased by approximately 29.3%, to approximately HK$2,195.1 million for the six months ended 30 June 2012 from approximately HK$3,103.1 million for the six months ended 30 June 2011. This decrease was primarily attributable to a significant decrease in our sale of properties for the six months ended 30 June 2012.

Turnover from sale of properties decreased primarily due to a decrease in average selling price recognised, from approximately HK$26,919.7 per sq.m. in the six months ended 30 June 2011 to approximately HK$10,951.8 per sq.m. in the six months ended 30 June 2012. Nevertheless there was an increase in total saleable GFA sold and delivered, which was primarily driven by the higher scheduled deliveries of sold properties for our Changzhou projects, in particular our Changzhou Le Leman City, for the six months ended 30 June 2012. Rental income increased primarily due to an increase in the leaseable GFA of our investment properties for the six months ended 30 June 2012. Income from hotel operations decreased mainly due to a decrease in the average occupancy rate, average room rate and the income from the food and beverage sector of our hotel property. Such decrease was mainly attributable to the direct competition from a reputable hotel which was located in the same region as our hotel property and commenced business in the first half of 2012. 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 recognise the cost of completed properties sold for a given period to the extent that revenue from such properties has been recognised in such period.

Our direct costs increased to approximately HK$1,335.1 million for the six months ended 30 June 2012 from approximately HK$1,054.2 million for the six months ended 30 June 2011. This increase was primarily attributable to the increase in saleable GFA of our properties delivered to the buyers for the six months ended 30 June 2012.

Gross profit

Our gross profit decreased by approximately 58.0%, to approximately HK$859.9 million for the six months ended 30 June 2012 from approximately HK$2,048.9 million for the six months ended 30 June 2011. The decrease in gross profit was primarily attributable to the lower average selling price and lower gross margin of our Changzhou projects, in particular, our Changzhou Le Leman City, which were recognised the first half of 2012 versus the higher average selling price and higher gross margin of our Shenzhen projects, in particular our Shenzhen Hidden Valley Phase 4 and The Spring Land Phase 2, which were recognised in the first half of 2011. The Group reported a gross profit margin of approximately 39.2% for the six months ended 30 June 2012 as compared to approximately 66.0% for the six months ended 30 June 2011.

Other revenue

Other revenue increased by approximately 1.9 times, to approximately HK$62.5 million for the six months ended 30 June 2012 from approximately HK$21.6 million for the six months ended 30 June 2011. The increase was primarily attributable to an increase in bank interest income by approximately HK$38.4 million.

Other net loss

Other net loss decreased by approximately HK$0.9 million from approximately HK$1.7 million for the six months ended 30 June 2011 to approximately HK$0.8 million for the six months ended 30 June 2012. The decrease was primarily attributable to the net gain on fair value gain on derivative financial instruments of approximately HK$1.5 million recorded in the six months ended 30 June 2012, which offsets an increase in net exchange loss by approximately HK$0.3 million.

Selling and marketing expenses

Selling and marketing expenses decreased by approximately HK$5.4 million, to approximately HK$78.1 million for the six months ended 30 June 2012 from approximately HK$83.5 million for the six months ended 30 June 2011. The decrease in selling and marketing expenses for the six months ended 30 June 2012 was mainly driven by the reduction in sales commission expenses incurred in relation to our properties sold and delivered, which was partly offset by the increase in promotion expenses during the period.

Administrative expenses

Administrative expenses increased by approximately HK$1.6 million, to approximately HK$197.2 million for the six months ended 30 June 2012 from approximately HK$195.6 million for the six months ended 30 June 2011. The increase was mainly due to an increase in the salaries of our administrative staff offsetting a decrease in legal and professional fee.

Valuation gains on investment properties

Valuation gains on investment properties increased by approximately 10.2 times, to approximately HK$447.4 million for the six months ended 30 June 2012 from approximately HK$40.0 million for the six months ended 30 June 2011. The increase was primarily attributable to the intended use of certain areas in The Spring Land Phase 3 – Fashion Walk being changed to leasing purpose during the six months ended 30 June 2012. The fair value of this retail asset was approximately HK$558.1 million as at 30 June 2012 and the revaluation gain of approximately HK$389.6 million was recognised in the six months ended 30 June 2012 accordingly.

Finance costs

Finance costs increased by approximately 2.2 times, to approximately HK$369.6 million for the six months ended 30 June 2012 from approximately HK$115.7 million for the six months ended 30 June 2011. The increase was primarily attributable to our increased borrowings, in particular the increase in our offshore loans for the six months ended 30 June 2012 as compared with the corresponding period of 2011, for which the relevant interest expenses are not qualified for capitalisation.

Profit before taxation

As a result of the above, our profit before taxation decreased by approximately HK$983.0 million to approximately HK$728.3 million for the six months ended 30 June 2012 from approximately HK$1,711.3 million for the six months ended 30 June 2011.

Income tax

Income tax expenses decreased by approximately 58.9%, to approximately HK$471.9 million for the six months ended 30 June 2012 from approximately HK$1,148.9 million for the six months ended 30 June 2011. The decrease was mainly attributable to a decrease in the profit for the six months ended 30 June 2012 and lower gross profit margin of the properties we sold and delivered in the six months ended 30 June 2012 resulting in a decrease in the provision for PRC Corporate Income Tax and Land Appreciation Tax by approximately HK$403.9 million and HK$695.4 million respectively which more than offset an increase in deferred tax expenses by approximately HK$422.3 million.

Non-controlling interests

The loss for the six months ended 30 June 2012 attributable to non-controlling interests increased by approximately HK$2.1 million to approximately HK$2.4 million for the six months ended 30 June 2012 from approximately HK$0.3 million for the six months ended 30 June 2011. The increase was primarily due to the increase in losses incurred by loss-making non-wholly owned subsidiaries attributable to the non-controlling interests in the six months ended 30 June 2012 as compared to the six months ended 30 June 2011. As at 30 June 2012, 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), 30% equity interest held by an independent third party in Guangzhou Zeji Property Co., Ltd. (廣州市澤基房地產有限公司), 45% equity interest held by an independent third party in Shenzhen Xin Xiang Investment Development Co., Ltd. (深圳市信祥投資發展有限公司) and 42% equity interests held by an independent third party in our 4 subsidiaries in Tianjin.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2012, the carrying amount of the Group's cash and bank deposits was approximately HK$7,523.4 million (as at 31 December 2011: approximately HK$6,231.1 million), representing an increase of approximately 20.7% as compared to that as at 31 December 2011.

For the six months ended 30 June 2012, the Group had net cash from operating activities of approximately HK$485.6 million, net cash used in investing activities of approximately HK$233.4 million and net cash generated from financing activities of approximately HK$760.7 million.

Borrowings and charges on the Group's assets

The Group had an aggregate borrowings (including bank and other loans and a loan from an associate) as at 30 June 2012 of approximately HK$8,730.7 million, of which approximately HK$2,744.0 million is repayable within 1 year, approximately HK$4,028.1 million is repayable after 1 year but within 5 years and approximately HK$1,958.6 million is repayable after 5 years. As at 30 June 2012, the Group's bank loans of approximately HK$7,028.6 million (as at 31 December 2011: approximately HK$5,001.6 million) were secured by investment properties, hotel properties, properties under development for sale, other land and buildings and pledged deposits of the Group with total carrying values of approximately HK$8,436.5 million (as at 31 December 2011: approximately HK$5,537.2 million) and by equity interests in certain subsidiaries within the Group. As at 30 June 2012, the Group's other loans of approximately HK$1,296.5 million (as at 31 December 2011: approximately HK$1,249.8 million) were secured by equity interests in certain subsidiaries within the Group. The carrying amounts of all the Group's bank and other loans were denominated in Renminbi ("RMB") except for certain loan balances with an aggregate amount of approximately HK$847.0 million (as at 31 December 2011: approximately HK$545.9 million) and approximately HK$1,028.8 million (as at 31 December 2011: approximately HK$848.9 million) as at 30 June 2012 which were denominated in Hong Kong dollars and US dollars respectively.

Net gearing ratio

The net 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 net gearing ratio for the six months ended 30 June 2012 and the year ended 31 December 2011 was approximately 33.0% and 34.1% respectively. The net gearing ratio was slightly reduced as a result of the increase in the Group's retained earnings as at 30 June 2012.

Foreign exchange risk

As at 30 June 2012, the Group had cash balances denominated in RMB of approximately RMB5,822.1 million (equivalent to approximately HK$7,110.5 million), and in US dollars of approximately US$10.6 million (equivalent to approximately HK$82.5 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 or US dollars as a result of its investment in the PRC and the settlement of certain of the general and administrative expenses and borrowings in Hong Kong dollars or US 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 2012, save for the guarantees of approximately HK$2,655.5 million (as at 31 December 2011: approximately HK$4,441.9 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.

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 2012, the Group did not have any material acquisitions or disposals of assets save as disclosed in this report.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING ("IPO")

Trading of shares in the Company on The Stock Exchange of Hong Kong Limited (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 2012, the Group had applied approximately HK$1,277.5 million of the net proceeds for acquisition of new projects for development in the PRC and approximately HK$117.2 million for general corporate and work 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 2012, the Group employed a total of 1,234 employees (as at 31 December 2011: 1,119 employees) in the PRC and Hong Kong. Of them, 111 were under the headquarters team, 371 were under the property development division and 752 were under the retail operation and property management division. For the six months ended 30 June 2012, the total staff costs incurred was approximately HK$107.5 million (for the six months ended 30 June 2011: approximately HK$76.7 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.

The Company adopted a pre-IPO share option scheme ("Pre-IPO Share Option Scheme") and a pre-IPO share award scheme ("Pre-IPO Share Award Scheme") on 2 December 2010 under which the Company granted share options and awarded shares to certain eligible employees. During the six months ended 30 June 2012, 1,299,500 (for the six months ended 30 June 2011: Nil) share options had been exercised by the grantees and a total number of 2,954,999 (for the six months ended 30 June 2011: 2,474,999) share options had been cancelled upon the resignation of certain grantees and 27,608,836 (as at 31 December 2011: 31,863,335) share options were outstanding as at 30 June 2012 under the Pre-IPO Share Option Scheme. During the six months ended 30 June 2012, a total number of 608,000 (for the six months ended 30 June 2011: Nil) awarded shares had been cancelled upon resignation of certain awardees and 5,384,000 (as at 31 December 2011: 5,992,000) awarded shares were outstanding as at 30 June 2012 under the Pre-IPO Share Award Scheme.

The Company has also adopted a post-IPO share option scheme on 28 February 2011 ("Post-IPO Share Option Scheme") for the purpose of recognising and acknowledging the contribution that eligible employees have made or may make to the Group. On 26 June 2012, the Company granted 15,720,000 share options under the Post-IPO Share Option Scheme at the exercise price of HK$3.17 per share to directors, senior management and selected employees of the Group.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report ("Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2012, save and except for the following deviation:

Under code provision 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 2012 up to the dispatch date of this report are set out below:

Name of Director	Details of Changes
Mr. LI Zhi Zheng	Resigned as a non-executive Director and appointed as a consultant on 1 September 2012
Mr. WANG Tian Ye	Appointed as an executive Director and the chairman of the Corporate Governance of Committee of the Company on 1 September 2012
Mr. LEE Sai Kai David	Resigned as the chairman of the Corporate Governance of the Committee of the Company on 1 September 2012

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 2012. 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 throughout the six months ended 30 June 2012.

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.

The Company's annual general meeting of Shareholders is a good opportunity for communication between the Board and the Shareholders. Notice of annual general meeting and related documents will be sent to the Shareholders pursuant to the requirements of the Listing Rules, and will be published on the website of the Stock Exchange.

The Company will also meet with the investment community and respond to their inquiries about the status of the Company from time to time, so as to strengthen the contacts and communication between the Company and its investors.

Directors' Report

The Directors are pleased to present the interim financial report for the six months ended 30 June 2012 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 medium 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

To maintain a stable dividend policy, the Board declared the payment of an interim dividend of HK15 cents per share for the six months ended 30 June 2012 (for the six months ended 30 June 2011: HK15 cents per share) to Shareholders whose names appear on the register of members of the Company on Friday, 21 September 2012. The interim dividend will be payable on Friday, 28 September 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 18 September 2012 to Friday, 21 September 2012, 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, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 17 September 2012.

PURCHASE, SALE OR REDEMPTION OF THE 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 six months ended 30 June 2012.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2012, 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	Type of interest	Number and class of securities (Note 1)	Approximate percentage of issued Shares (%)
Mr. WONG Chun Hong ("Mr. Wong") (Note 2)	Interest in a controlled corporation	148,500 Shares (L)	0.01
	Settlor of a trust	627,153,500 Shares (L)	62.61
	Beneficial owner	1,000,000 Shares (L)	0.10
Dr. McCABE Kevin Charles ("Dr. McCabe") (Note 3)	Interest in a controlled corporation	112,500,000 Shares (L)	11.23
	Beneficial owner	509,000 Shares (L)	0.05
Ms. LI Yan Jie ("Ms. Li") (Note 4)	Beneficial owner	300,000 Shares (L)	0.03
Mr. LEE Sai Kai David ("Mr. Lee") (Note 5)	Beneficial owner	4,731,000 Shares (L)	0.47
Mr. LAM Jim ("Mr. Lam") (Note 6)	Beneficial owner	6,000,000 Shares (L)	0.60
Ms. THAM Qian ("Ms. Tham") (Note 7)	Beneficial owner	1,203,667 Shares (L)	0.12
Mr. LI Zhi Zheng ("Mr. Li") (Note 8)	Beneficial owner	1,500,000 Shares (L)	0.15
Mr. ZHANG Yi Jun ("Mr. Zhang") (Note 9)	Beneficial owner	300,000 Shares (L)	0.03

Notes:

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

(2) Kang Jun Limited is held as to 100% by Mr. Wong and by virtue of the SFO, Mr. Wong is deemed to be interest in 148,500 Shares held by Kang Jun Limited, 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 627,153,500 Shares held by Chance Again and Mr. Wong's long position 1,000,000 options granted to him by the Company under the Post-IPO Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2012, were exercisable at the subscription price of HK$3.17 per share during the period from 26 June 2012 to 25 June 2015.

(3) Dr. McCabe is interested in the 112,500,000 Shares held by Scarborough International Holdings B.V., 209,000 Shares beneficially owned by himself and 300,000 options granted to him by the Company under the Post-IPO Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2012, were exercisable at the subscription price of HK$3.17 per Share during the period from 26 June 2012 to 25 June 2015.

(4) Ms. Li's long position in the Shares comprises 300,000 options granted to her by the Company under the Post-IPO Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2012, were exercisable at the subscription price of HK$3.17 per share during the period from 26 June 2012 to 25 June 2015.

(5) Mr. Lee's Long position in the shares comprises 4,431,000 shares beneficially owned by himself and 300,000 options granted to him by the Company under the Post-IPO Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2012, were exercisable at the subscription price of HK$3.17 per share during the period from 26 June 2012 to 25 June 2015.

(6) Mr. Lam's long position in the Shares comprises 5,000,000 options granted to him by the Company under the Pre-IPO Share Option Scheme and 1,000,000 options granted to him by the Company under the Post-IPO Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2012, were exercisable as to (i) 5,000,000 share options at the subscription price of HK$2.492 per share during the period from 23 March 2011 to 22 March 2014, and (ii) 1,000,000 share options at the subscriptions price of HK$3.17 per share during the period from 26 June 2012 to 25 June 2015.

(7) Ms. Tham's long position in the Shares comprises 37,000 Shares beneficially owned by herself and 1,166,667 options granted to her by the Company under the Pre-IPO Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2012, were exercisable at the subscription price of HK$2.492 per share during the period from 23 March 2011 to 22 March 2014.

(8) Mr. Li's long position in the Shares comprises 1,200,000 Shares beneficially owned by himself and 300,000 options granted to him by the Company under the Post-IPO Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2012, were exercisable at the subscription price of HK$3.17 per share during the period from 26 June 2012 to 25 June 2015.

(9) Mr. Zhang's long position in the Shares comprises 300,000 options granted to him by the Company under the Post-IPO Share Option Scheme. These share options, all of which remained exercisable as at 30 June 2012, were exercisable at the subscription price of HK$3.17 per share during the period from 26 June 2012 to 25 June 2015.

(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) Dr. McCabe is interested in the 17,647 shares in TSHL (a subsidiary of Chance Again) held by Scarborough International Holdings B.V..

Save as disclosed above, as at 30 June 2012, 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 Pre-IPO Share Award Scheme under which the Company granted share options and awarded shares to certain eligible employees. During the six months ended 30 June 2012, 1,299,500 (for the six months ended 30 June 2011: Nil) share options had been exercised by the grantees and a total number of 2,954,999 (for the six months ended 30 June 2011: 2,474,999) share options had been cancelled upon the resignation of certain grantees and 27,608,836 (as at 31 December 2011: 31,863,335) share options were outstanding as at 30 June 2012 under the Pre-IPO Share Option Scheme. The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK$3.24. During the six months ended 30 June 2012, a total number of 608,000 (for the six months ended 30 June 2011: Nil) awarded shares had been cancelled upon resignation of certain awardees and 5,384,000 (as at 31 December 2011: 5,992,000) awarded shares were outstanding as at 30 June 2012 under the Pre-IPO Share Award Scheme.

The Company has also adopted a Post-IPO Share Option Scheme for the purpose of recognising and acknowledging the contribution that eligible employees have made or may make to the Group. On 26 June 2012, the Company granted 15,720,000 share options under the Post-IPO Share Option Scheme at the exercise price of HK$3.17 per share to directors, senior management and selected employees of the Group.

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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries were entered into or existed during the period under review.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, 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	627,153,500 Shares (L)	62.61
HSBC International Trustee (Note 2)	Trustee of a trust	627,153,500 Shares (L)	62.61
BVI Co (Note 2)	Interest in a controlled corporation	627,153,500 Shares (L)	62.61
Ms. Liu Choi Lin ("Ms. Liu") (Notes 2 & 3)	Interest of spouse	631,048,000 Shares (L)	63.00
Scarborough International Holdings B.V. (Note 4)	Interest in a controlled corporation	112,500,000 Shares (L)	11.23
Scarborough Property Company Limited (Note 4)	Interest in a controlled corporation	112,500,000 Shares (L)	11.23
Scarborough Group Overseas Holdings Limited (Note 4)	Interest in a controlled corporation	112,500,000 Shares (L)	11.23
Scarborough UK (Note 4)	Interest in a controlled corporation	112,500,000 Shares (L)	11.23
Mrs. Sandra McCabe ("Mrs. McCabe") (Note 5)	Interest of spouse	112,500,000 Shares (L)	11.23
APG Algemene Pensioen Groep NV	Investment manager	60,232,500 Shares (L)	6.01
Metro Holdings Limited (Note 6)	Interest in a controlled corporation	50,500,000 Shares (L)	5.04
Ong Hie Koan (Note 7)	Interest in a controlled corporation	50,500,000 Shares (L)	5.04

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 627,153,500 Shares held by Chance Again.

Such information is extracted from the corporate substantial shareholder notice of each of HSBC International Trustee and BVI Co. filed on 4 May 2012 as shown on the website of the Stock Exchange. However, based on the total number of issued shares of the Company of 1,001,713,000 shares as at 30 June 2012, the approximate percentage of issued shares in which HSBC International Trustee and BVI Co were interested was 62.61% respectively.

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

(4) Scarborough International Holdings B.V., which 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) Dr. McCabe is interested in the 112,500,000 Shares held by Scarborough International Holdings B.V.. 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.

(6) Based on the corporate substantial shareholder notice of Metro Holdings Limited filed on 25 August 2011 as shown on the website of the Stock Exchange, 50,000,000 Shares were held by Crown Investments Limited which was in turn wholly controlled by Metro China Holdings Pte Ltd which was in turn wholly controlled by Metro Holdings Limited. 500,000 Shares were held by Meren Pte Ltd which was in turn wholly controlled by Metro Holdings Limited. By virtue of the SFO, Metro Holdings Limited is deemed to be interested in the 50,000,000 Shares and 500,000 Shares held by Crown Investments Limited and Meren Pte Ltd respectively.

(7) Based on the individual substantial shareholder notice of Ong Hie Koan filed on 25 August 2011 as shown on the website of the Stock Exchange, 50,000,000 Shares were held by Crown Investments Limited which was in turn wholly controlled by Metro China Holdings Pte Ltd which was in turn wholly controlled by Metro Holdings Limited. 500,000 Shares were held by Meren Pte Ltd which was in turn wholly controlled by Metro Holdings Limited. In accordance with the annual report of Metro Holdings Limited dated 13 June 2012, Metro Holdings Limited was 34.42% controlled by Ong Hie Koan. By virtue of the SFO, Ong Hie Koan is deemed to be interested in the 50,000,000 Shares and 500,000 Shares held by Crown Investments Limited and Meren Pte Ltd respectively.

Save as disclosed above, as at 30 June 2012, 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 2012 – unaudited (Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2012 $'000	2011 $'000
Turnover	3 & 4	**2,195,079**	3,103,099
Direct costs		**(1,335,131)**	(1,054,241)
Gross profit		**859,948**	2,048,858
Valuation gains on investment properties		**447,407**	40,042
Other revenue	5	**62,513**	21,643
Other net loss	6	**(826)**	(1,731)
Selling and marketing expenses		**(78,093)**	(83,534)
Administrative expenses		**(197,175)**	(195,602)
Profit from operations		**1,093,774**	1,829,676
Finance costs	7(a)	**(369,647)**	(115,666)
Share of profits less losses of associates		**4,210**	(2,673)
Profit before taxation	7	**728,337**	1,711,337
Income tax	8	**(471,878)**	(1,148,875)
Profit for the period		**256,459**	562,462
Attributable to:			
Equity shareholders of the Company		**258,832**	562,738
Non-controlling interests		**(2,373)**	(276)
Profit for the period		**256,459**	562,462
Basic and diluted earnings per share (HK cents)	9	**25.86**	63.35

The notes on pages 37 to 55 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 16(c).

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012 – unaudited (Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2012	2011
	$'000	$'000
Profit for the period	**256,459**	562,462
Other comprehensive income for the period		
Exchange differences on translation of financial statements of PRC subsidiaries, net of nil tax	**(39,244)**	64,693
Share of other comprehensive income of associates, net of nil tax	**(864)**	1,778
	(40,108)	66,471
Total comprehensive income for the period	**216,351**	628,933
Attributable to:		
Equity shareholders of the Company	**219,743**	629,213
Non-controlling interests	**(3,392)**	(280)
Total comprehensive income for the period	**216,351**	628,933

The notes on pages 37 to 55 form part of this interim financial report.

Consolidated Balance Sheet

At 30 June 2012 (Expressed in Hong Kong dollars)

	Note	At 30 June 2012 (unaudited) $'000	At 31 December 2011 (audited) $'000
Non-current assets			
Fixed assets	10		
– Investment properties		**3,610,161**	2,942,217
– Other property, plant and equipment		**438,484**	479,542
– Interests in leasehold land held for own use under operating leases		**28,567**	29,117
		4,077,212	3,450,876
Interests in associates		**85,323**	81,977
Other financial assets		**31,961**	32,292
Restricted and pledged deposits	13	**488,520**	345,508
Deferred tax assets		**642,901**	719,150
		5,325,917	4,629,803
Current assets			
Inventories	11	**8,779,459**	9,166,826
Other financial assets		**78,163**	169,052
Trade and other receivables	12	**923,776**	526,822
Restricted and pledged deposits	13	**1,537,892**	1,344,771
Cash and cash equivalents		**5,496,975**	4,540,791
		16,816,265	15,748,262
Current liabilities			
Trade and other payables	14	**5,689,787**	5,188,466
Bank loans	15	**2,743,965**	1,720,066
Tax payable		**3,561,112**	3,879,498
		11,994,864	10,788,030
Net current assets		**4,821,401**	4,960,232
Total assets less current liabilities		**10,147,318**	9,590,035
Non-current liabilities			
Bank and other loans	15	**5,750,492**	5,473,006
Loan from an associate		**236,288**	238,738
Derivative financial instruments		**12,118**	13,641
Deferred tax liabilities		**489,633**	344,185
		6,488,531	6,069,570
NET ASSETS		**3,658,787**	3,520,465

	Note	At 30 June 2012 (unaudited) $'000	At 31 December 2011 (audited) $'000
CAPITAL AND RESERVES	16		
Share capital		**100,171**	100,041
Reserves		**3,425,685**	3,319,885
Total equity attributable to equity shareholders of the Company		**3,525,856**	3,419,926
Non-controlling interests		**132,931**	100,539
TOTAL EQUITY		**3,658,787**	3,520,465

The notes on pages 37 to 55 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012 – unaudited (Expressed in Hong Kong dollars)

		Attributable to equity shareholder 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 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
Capitalisation issue		74,976	(74,976)	–	–	–	–	–	–	–	–
Issuance of new shares under IPO, net of issuing expenses		25,041	1,469,178	–	–	–	–	–	1,494,219	–	1,494,219
Contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	15,050	15,050
Equity settled share-based transactions		–	–	39,488	–	–	–	–	39,488	–	39,488
Share options and awarded shares 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

For the six months ended 30 June 2012 – unaudited (Expressed in Hong Kong dollars)

	Note	Attributable to equity shareholder of the Company									Non-controlling interests	Total equity
		Share capital $'000	Share premium $'000	Capital reserve $'000	Exchange reserve $'000	PRC statutory reserves $'000	Property revaluation reserve $'000	Other reserve $'000	Retained profits $'000	Total $'000	$'000	$'000
Balance at 1 January 2012		100,041	1,394,202	83,380	339,020	378,123	49,843	(479,841)	1,555,158	3,419,926	100,539	3,520,465
Changes in equity for the six months ended 30 June 2012:												
Profit/(loss) for the period		–	–	–	–	–	–	–	258,832	258,832	(2,373)	256,459
Other comprehensive income		–	–	–	(39,089)	–	–	–	–	(39,089)	(1,019)	(40,108)
Total comprehensive income for the period		–	–	–	(39,089)	–	–	–	258,832	219,743	(3,392)	216,351
Acquisition of additional interests in subsidiaries from non-controlling shareholders		–	–	–	–	–	–	–	–	–	(1,221)	(1,221)
Contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	37,005	37,005
Equity settled share-based transactions		–	–	33,193	–	–	–	–	–	33,193	–	33,193
Issuance of new shares under Pre-IPO Share Option Scheme	16(a)	130	10,435	(7,329)	–	–	–	–	–	3,236	–	3,236
Share options and awarded shares cancelled		–	–	(10,059)	–	–	–	–	10,059	–	–	–
Dividends approved in respect of the previous year	16(c)	–	–	–	–	–	–	–	(150,242)	(150,242)	–	(150,242)
Balance at 30 June 2012		100,171	1,404,637	99,185	299,931	378,123	49,843	(479,841)	1,673,807	3,525,856	132,931	3,658,787

The notes on pages 37 to 55 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2012 – unaudited (Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2012	2011
	$'000	$'000
Cash generated from/(used in) operations	**1,018,784**	(904,933)
Tax paid:		
– PRC tax paid	**(533,156)**	(286,211)
Net cash generated from/(used in) operating activities	**485,628**	(1,191,144)
Net cash used in investing activities	**(233,432)**	(23,214)
Net cash generated from financing activities	**760,683**	3,015,189
Net increase in cash and cash equivalents	**1,012,879**	1,800,831
Cash and cash equivalents at 1 January	**4,540,791**	3,291,157
Effect of foreign exchange rate changes	**(56,695)**	88,202
Cash and cash equivalents at 30 June	**5,496,975**	5,180,190

Note: Cash and cash equivalents represent cash at bank and in hand.

The notes on pages 37 to 55 form part of this interim financial report.

1 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 Main Board of 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 28 August 2012.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012 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 Top Spring International Holdings Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") since the 2011 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").

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 56.

The financial information relating to the financial year ended 31 December 2011 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 2011 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 29 March 2012.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a few amendments to HKFRSs, including amendments to HKAS 12, *Income taxes – Deferred tax: recovery of underlying assets*, that are first effective for the current accounting period of the Group and the Company. The adoption of the amendments to HKAS 12 has no material impact on this interim financial report as the amended HKAS 12 is consistent with the policies already adopted by the Group. None of the other developments are relevant to the Group's financial statements and 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 reportable segments.

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

– Property investment: this segment leases shopping arcades to generate rental income and to gain from the appreciation in the properties' values in the long term.

– 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 self-developed residential properties and shopping arcades.

(a) Segment results

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

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those 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 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 and amortisation and valuation changes on investment properties.

3 SEGMENT REPORTING (Continued)

(a) Segment results (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 investment		Hotel operations		Property management and related services		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
For the six months ended 30 June										
Revenue from external customers	**2,068,935**	2,985,065	**55,474**	50,472	**35,391**	43,821	**35,279**	23,741	**2,195,079**	3,103,099
Inter-segment revenue	**–**	–	**15,537**	8,029	**–**	–	**23,542**	43,538	**39,079**	51,567
Reportable segment revenue	**2,068,935**	2,985,065	**71,011**	58,501	**35,391**	43,821	**58,821**	67,279	**2,234,158**	3,154,666
Reportable segment profit/ (loss) (adjusted EBITDA)	**634,298**	1,863,584	**61,905**	12,630	**(565)**	14,972	**17,815**	(18,146)	**713,453**	1,873,040
Interest income from bank deposits	**50,019**	14,460	**694**	1,525	**–**	–	**612**	3,206	**51,325**	19,191
Interest expense	**(368,002)**	(32,836)	**(1,006)**	(22,576)	**–**	–	**(639)**	–	**(369,647)**	(55,412)
Depreciation and amortisation for the period	**(8,818)**	(4,925)	**(282)**	(1,577)	**(10,230)**	(14,589)	**(608)**	(1,561)	**(19,938)**	(22,652)
Valuation gains on investment properties	**–**	–	**447,407**	40,042	**–**	–	**–**	–	**447,407**	40,042

3 SEGMENT REPORTING (Continued)

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

	Six months ended 30 June	
	2012	2011
	$'000	$'000
Revenue		
Reportable segment revenue	**2,234,158**	3,154,666
Elimination of inter-segment revenue	**(39,079)**	(51,567)
Consolidated turnover	**2,195,079**	3,103,099
Profit		
Reportable segment profit derived from Group's external customers	**713,453**	1,873,040
Share of profits less losses of associates	**4,210**	(2,673)
Other revenue and net loss	**61,687**	19,912
Depreciation and amortisation	**(25,936)**	(23,306)
Finance costs	**(369,647)**	(115,666)
Valuation gains on investment properties	**447,407**	40,042
Unallocated head office and corporate expenses	**(102,837)**	(80,012)
Consolidated profit before taxation	**728,337**	1,711,337

(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 investment, 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	
	2012	2011
	$'000	$'000
Sale of properties	**2,068,935**	2,985,065
Rental income	**55,474**	50,472
Hotel operations	**35,391**	43,821
Property management and related services income	**35,279**	23,741
	2,195,079	3,103,099

5 OTHER REVENUE

	Six months ended 30 June	
	2012	2011
	$'000	$'000
Bank interest income	**57,546**	19,191
Rental income from operating leases, other than those relating to investment properties	**1,502**	987
Others	**3,465**	1,465
	62,513	21,643

6 OTHER NET LOSS

	Six months ended 30 June	
	2012	2011
	$'000	$'000
Net exchange loss	**(1,974)**	(1,723)
Net loss on disposal of fixed assets	**(329)**	–
Fair value change on derivative financial instruments	**1,523**	–
Others	**(46)**	(8)
	(826)	(1,731)

7 PROFIT BEFORE TAXATION

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

	Six months ended 30 June 2012 $'000	2011 $'000
(a) Finance costs		
Interest on bank loans and other borrowings wholly repayable:		
– within five years	**271,387**	232,509
– after five years	**125,561**	31,934
	396,948	264,443
Interest on loan from an associate wholly repayable within five years	**13,437**	–
Other borrowing costs	**43,199**	9,429
	453,584	273,872
Less: Amount capitalised	**(83,937)**	(158,206)
	369,647	115,666
(b) Staff costs		
Salaries, wages and other benefits	**67,488**	32,471
Contributions to defined contribution retirement plans	**6,863**	4,715
Equity settled share-based payment expenses	**33,193**	39,488
	107,544	76,674
(c) Other items		
Depreciation and amortisation	**26,433**	23,343
Less: Amount capitalised	**(497)**	(37)
	25,936	23,306
Cost of properties sold	**1,254,055**	975,333
Rental income from investment properties	**(55,474)**	(50,472)
Less: Direct outgoings	**3,205**	5,086
	(52,269)	(45,386)
Impairment loss for trade receivables	**–**	11,881
Other rental income less direct outgoings	**(1,502)**	(987)
Operating lease charges: minimum lease payments for land and buildings	**4,295**	4,971

8 INCOME TAX

	Six months ended 30 June	
	2012	2011
	$'000	$'000
Current tax		
Provision for PRC Corporate Income Tax ("CIT")	**115,136**	519,073
Provision for Land Appreciation Tax ("LAT")	**137,715**	833,085
	252,851	1,352,158
Deferred tax		
Origination and reversal of temporary differences	**219,027**	(203,283)
	471,878	1,148,875

Pursuant to the rules and regulations of the British Virgin Islands ("BVI") and 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 did not earn any assessable profits for the six months ended 30 June 2011 and 2012.

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 rate was 25% for the six months ended 30 June 2012 (2011: 24% 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 AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $258,832,000 (2011: $562,738,000) and the weighted average number of 1,000,796,000 shares (2011: 888,297,000 shares) in issue during the period, calculated as follows:

	Six months ended 30 June	
	2012	2011
	'000	'000
Weighted average number of shares		
Issued ordinary shares	**1,000,414**	235
Capitalisation issue	**–**	749,765
Effect of issuance of new shares under IPO	**–**	138,297
Effect of share options exercised	**382**	–
Weighted average number of shares	**1,000,796**	888,297

The weighted average number of shares in issue for the six months ended 30 June 2011 was 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 23 March 2011, being the date of listing of the Company's shares on the Stock Exchange, 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 share options outstanding have no dilutive effects on earnings per share for the six months ended 30 June 2011 and 2012.

There were no other potential dilutive ordinary shares in existence for the six months ended 30 June 2011 and 2012.

10 FIXED ASSETS

(a) Revaluation of investment properties

The Group's investment properties and investment properties under development were revalued at 30 June 2012 by an independent firm of surveyors, 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 Group's investment properties were valued 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. The Group's investment properties under development were valued by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin.

(b) Transfer

During the six months ended 30 June 2012, the Group's completed properties for sale with carrying amount of $171,049,000 were transferred from "Inventories" to "Investment properties" upon the commencement of leasing activities. As a result of the transfer, a revaluation surplus of $389,599,000 has been recognised in consolidated income statement during the period.

(c) The Group's certain investment properties, hotel properties and other land and buildings were pledged against bank loans, details of which are set out in note 15.

11 INVENTORIES

	At 30 June 2012 (unaudited) $'000	At 31 December 2011 (audited) $'000
Leasehold land held for development for sale	**1,182,927**	1,344,066
Properties under development for sale	**6,646,119**	6,461,246
Completed properties for sale	**950,413**	1,361,514
	8,779,459	9,166,826

The Group's certain properties under development for sale were pledged against bank loans, details of which are set out in note 15.

12 TRADE AND OTHER RECEIVABLES

	At 30 June 2012 (unaudited) $'000	At 31 December 2011 (audited) $'000
Debtors, prepayments and deposits	**923,776**	526,822

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 2012 (unaudited) $'000	At 31 December 2011 (audited) $'000
Current or under 1 month overdue	**28,777**	23,956
More than 1 month overdue and up to 3 months overdue	**7,093**	15,343
More than 3 months overdue and up to 6 months overdue	**1,403**	1,051
More than 6 months overdue and up to 1 year overdue	**77**	1,445
More than 1 year overdue	**2,096**	2,201
	39,446	43,996

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.

13 RESTRICTED AND PLEDGED DEPOSITS

	At 30 June 2012 (unaudited) $'000	At 31 December 2011 (audited) $'000
Restricted deposits (note (i))	**472,240**	192,777
Pledged deposits (note (ii))	**1,554,172**	1,497,502
	2,026,412	1,690,279
Less: Non-current portion (note (ii))	**(488,520)**	(345,508)
Current portion	**1,537,892**	1,344,771

Notes:

(i) The Group's certain bank deposits which were restricted for use are as follows:

	At 30 June 2012 (unaudited) $'000	At 31 December 2011 (audited) $'000
Guarantee deposits for construction costs payables	**159,519**	73,063
Guarantee deposits for construction of pre-sold properties	**312,721**	119,714
	472,240	192,777

In accordance with relevant construction contracts, certain Group's subsidiaries with property development projects are required to place in designated bank accounts certain amount of deposits for potential default in payment of construction costs payables. Such guarantee deposits will only be released after the settlement of the construction costs payables.

In addition, in accordance with relevant documents issued by the PRC State-Owned Land and Resource Bureau, certain Group's subsidiaries with property development projects are required to place in designated bank accounts certain amount of pre-sale proceeds of properties as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and the payments of construction fee of the relevant property projects when approval from the PRC State-Owned Land and Resource Bureau is obtained. Such guarantee deposits will only be released after completion of related pre-sold properties or issuance of the real estate ownership certificate, whichever is the earlier.

13 RESTRICTED AND PLEDGED DEPOSITS (Continued)

Notes: (Continued)

(ii) Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to $1,065,652,000 (31 December 2011: $1,151,994,000) have been pledged to secure short-term borrowings and are therefore classified as current assets. The remaining deposits amounting to $488,520,000 (31 December 2011: $345,508,000) 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 2012 (unaudited) $'000	At 31 December 2011 (audited) $'000
Bank loan facilities (note 15)	**1,551,050**	1,496,133
Mortgage loan facilities granted by the banks to purchasers of the Group's properties	**3,122**	1,369
	1,554,172	1,497,502

14 TRADE AND OTHER PAYABLES

	At 30 June 2012 (unaudited) $'000	At 31 December 2011 (audited) $'000
Creditors and accrued charges	**1,260,328**	1,847,526
Rental and other deposits	**69,204**	74,125
Receipts in advance	**4,151,638**	3,099,396
Amounts due to non-controlling shareholders	**208,617**	167,419
	5,689,787	5,188,466

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

	At 30 June 2012 (unaudited) $'000	At 31 December 2011 (audited) $'000
Due within 1 month or on demand	**788,423**	875,490
Due after 1 month but within 3 months	**1,356**	1,548
Due after 3 months but within 6 months	**164,580**	132,161
Due after 6 months but within 1 year	**29,139**	330,118
Due after 1 year	**142,714**	50,475
	1,126,212	1,389,792

15 BANK AND OTHER LOANS

At 30 June 2012, the bank and other loans were analysed as follows:

	At 30 June 2012 (unaudited) $'000	At 31 December 2011 (audited) $'000
Bank loans		
– Secured	**7,028,591**	5,001,611
– Unsecured	**169,401**	941,635
	7,197,992	5,943,246
Other loans		
– Secured	**1,296,465**	1,249,826
	8,494,457	7,193,072

At 30 June 2012, bank and other loans were repayable as follows:

	At 30 June 2012 (unaudited) $'000	At 31 December 2011 (audited) $'000
Within 1 year and included in current liabilities	**2,743,965**	1,720,066
After 1 year and included in non-current liabilities		
After 1 year but within 2 years	**1,877,760**	1,590,406
After 2 years but within 5 years	**1,914,073**	2,432,699
After 5 years	**1,958,659**	1,449,901
	5,750,492	5,473,006
	8,494,457	7,193,072

15 BANK AND OTHER LOANS (Continued)

At 30 June 2012, the bank loans were secured by the following assets:

	At 30 June 2012 (unaudited) $'000	At 31 December 2011 (audited) $'000
Investment properties	**2,548,034**	2,403,554
Hotel properties	**289,411**	–
Other land and buildings	**20,732**	–
Properties under development for sale	**4,027,245**	2,502,994
Pledged deposits	**1,551,050**	630,602
	8,436,472	5,537,150

At 30 June 2012, the other loans provided by independent third parties were interest-bearing at rates ranging from 18.33% to 23.13% (31 December 2011: 18.33% to 23.13%) per annum and were secured by equity interests in certain subsidiaries within the Group.

16 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	At 30 June 2012 (unaudited)		At 31 December 2011 (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	**1,000,414**	**100,041**	234	24
Capitalisation issue	**–**	**–**	749,766	74,976
Issuance of new shares under IPO	**–**	**–**	250,414	25,041
Issuance of new shares under Pre-IPO Share Option Scheme (note (i))	**1,299**	**130**	–	–
At 30 June/31 December	**1,001,713**	**100,171**	1,000,414	100,041

Note:

(i) During the six months ended 30 June 2012, 1,299,500 share options under the Pre-IPO Share Option Scheme were exercised to subscribe for 1,299,500 ordinary shares of the Company at a consideration of $2.49 per share, of which $0.10 was credited to share capital and the balance of $2.39 was credited to the share premium account.

16 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 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 will fully vest after three years from 23 March 2011, being the date of listing of the Company's shares on the Stock Exchange 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.

During the six months ended 30 June 2012, 1,299,500 share options were exercised (see note 16(a)). A total number of 2,954,999 (2011: 2,474,999) share options were cancelled during the six months ended 30 June 2012 and 27,608,836 (31 December 2011: 31,863,335) share options were outstanding at 30 June 2012.

(ii) Pre-IPO Share Award Scheme

Under the Pre-IPO 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 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 awarded shares at nil consideration but subject to a six-month lock-up period. The awarded shares will fully vest after three years from the date of award 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.

No shares were awarded under the Pre-IPO Share Award Scheme during the six months ended 30 June 2011 and 2012. A total number of 608,000 (2011: Nil) awarded shares were cancelled during the six months ended 30 June 2012 and 5,384,000 (31 December 2011: 5,992,000) awarded shares were outstanding at 30 June 2012.

(iii) Post-IPO Share Option Scheme

The Company has a Post-IPO Share Option Scheme which was to recognise and acknowledge the contributions that the employees and directors have made or may make to the Group.

An option under the Post-IPO 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.

On 26 June 2012, 15,720,000 share options were granted for nil consideration to employees of the Company under the Post-IPO Share Option Scheme (no share options were granted during the six months ended 30 June 2011). Each option gives the holder the right to subscribe for one ordinary share of $1.00 each of the Company. These share options will fully vest after three years from the date of grant, and then be exercisable until 2022. The exercise price is $3.17, being the weighted average closing price of the Company's ordinary shares immediately before the grant.

(Expressed in Hong Kong dollars unless otherwise indicated)

16 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Equity settled share-based transactions (Continued)

(iii) Post-IPO Share Option Scheme (Continued)

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumptions

Fair value at measurement date	HK$1.02
Share price	HK$3.15
Exercise price	HK$3.17
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	51%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	10 years
Expected dividends	6.00%
Risk-free interest rate (based on Hong Kong Government Bond)	1.024%

The expected volatility is based on the price volatility of the shares of comparable companies which are listed and publicly traded in the Stock Exchange over the most recent period. Expected dividends are derived based on expected dividend payout ratio of the Company.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

No options were exercised under the Post-IPO Share Option Scheme during the six months ended 30 June 2012 (2011: Nil).

16 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the interim period

	Six months ended 30 June	
	2012	2011
	$'000	$'000
Interim dividend declared after the interim period of 15 cents (2011: 15 cents) per ordinary share	**150,257**	150,062

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

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2012	2011
	$'000	$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 15 cents (2011: $Nil) per ordinary share	**150,242**	–

In respect of the final dividend for the year ended 31 December 2011, there is a difference of $180,000 between final dividend disclosed in the 2011 annual financial statements and amounts approved and paid during the period which represents dividends attributable to new shares issued upon the exercise of 1,200,000 share options, before the closing date of the register of members.

17 CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2012 not provided for in the interim financial report were as follows:

	At 30 June 2012 (unaudited) $'000	At 31 December 2011 (audited) $'000
Contracted for	**1,526,594**	1,419,165
Authorised but not contracted for	**5,630,978**	3,481,418
	7,157,572	4,900,583

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

In addition, the Group was committed at 30 June 2012 to make donations of $4,912,000 (31 December 2011: $6,170,000) to a charitable institution of RMB1,000,000 per annum until 2016.

18 CONTINGENT LIABILITIES

	At 30 June 2012 (unaudited) $'000	At 31 December 2011 (audited) $'000
Guarantees given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties	**2,655,501**	4,441,859

19 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	
	2012	2011
	$'000	$'000
Incentive fee payable to an associate (note (i))	**20,466**	–
Sale of a property to key management personnel	**–**	2,875
Remuneration to key management personnel	**25,294**	24,067

Note:

(i) Incentive fee payable to an associate was determined with reference to the average selling price per square metre of the residential properties of a property development project developed by the Group and an agreed percentage of the actual saleable revenue derived from that property development project during the period.

20 NON-ADJUSTING POST BALANCE SHEET EVENT

After the balance sheet date, the directors declared an interim dividend. Further details are disclosed in note 16(c).

KPMG

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 30 to 55 which comprises the consolidated balance sheet of Top Spring International Holdings Limited as of 30 June 2012 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, *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 2012 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

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

28 August 2012

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)
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