萊蒙國際
TOPSPRING

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

ANNUAL REPORT 2012 年報

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

Contents

Group Introduction

Top Spring International Holdings Limited ("**Top Spring**" or the "**Company**", and together with its subsidiaries, collectively the "**Group**", "**we**" or "**us**") is a real estate property developer in the People's Republic of China ("**PRC**") specialising in the development and operation of urban mixed-use communities and the development and sale of residential properties in the Pearl River Delta, the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC. Based in Hong Kong and Shenzhen and under the leadership of Mr. WONG Chun Hong, our Founder, Chairman and Chief Executive Officer, as at 31 December 2012, we had a total of 16 property projects over 9 cities at various stages of development in Shenzhen, Nanjing, Nanchang, Chengdu, Huizhou, Hangzhou, Dongguan, Tianjin and Changzhou with a net saleable and leasable gross floor area ("**GFA**") of approximately 5,107,706 square meters ("**sq.m.**") with an average cost of approximately RMB2,254.2 per sq.m. (equivalent to approximately HK$2,803.4 per sq.m.), of which, a net saleable and leasable GFA of approximately 3,868,015 sq.m. for which we have entered into land grant contracts and/or obtained land use rights, and a net saleable and leasable GFA of approximately 1,239,691 sq.m. for which we have not yet entered into land grant contracts.

On 23 March 2011, Top Spring listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The listing on the Stock Exchange not only represents a successful establishment of a global financing platform that forms a solid foundation for our long-term development, but will also allow the Company to further its corporate governance standards, to recruit and retain competent employees in the PRC property industry as well as to improve the Company's brand equity and raise its profile among its customers.

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 potential growth. With our low cost land reserve policy and highly trained and dedicated management team, we are fully prepared to become one of the leading property developers in the PRC.

Overview of Our Business

Overview of Our Property Developments

Most of our property projects are developed in multiple phases and each phase may be at a different stage of development. We classify our property projects, for which we have obtained some or all of the land use right certificates or entered into land grant contracts, into the following three categories: completed projects, projects under development and projects held for future development. Other projects, for which we have entered into a land grant contract but have not obtained any land use right certificate, or may or may not have entered into a land grant contract, are classified as projects contracted to be acquired.

During the year ended 31 December 2012, the Group acquired additional commercial and residential land bank in Nanjing, Nanchang, Tianjin and Changzhou. The total plot ratio GFA of new land bank was approximately 1,170,462 sq.m. and the average cost was approximately RMB3,143.5 per sq.m. (equivalent to approximately HK$3,909.3 per sq.m.).

As at 31 December 2012, we had a total of 16 property projects over 9 cities at various stages of development located in Shenzhen, Nanjing, Nanchang, Chengdu, Huizhou, Hangzhou, Dongguan, Tianjin and Changzhou, including a net saleable and leasable GFA of approximately 399,186 sq.m. of completed projects, a net saleable and leasable GFA of approximately 621,071 sq.m. projects under development, a net saleable and leasable GFA of approximately 2,847,758 sq.m. projects held for future development and a net saleable and leasable GFA of approximately 1,239,691 sq.m. project contracted to be acquired (although there can be no assurance that we will be successful in such acquisitions), totaling a net saleable and leasable GFA of approximately 5,107,706 sq.m. with an average cost of approximately RMB2,254.2 per sq.m. (equivalent to approximately HK$2,803.4 per sq.m.).

Overview of Our Business

The following table sets out details of our 16 property projects over 9 cities as at 31 December 2012:

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	4,291	100
1	Shenzhen	Shenzhen Hidden Valley Phase 4	Residential	569	100
2	Shenzhen	The Spring Land Phase 1	Residential/ Commercial	3,357	100
2	Shenzhen	The Spring Land Phase 2	Residential	615	100
2	Shenzhen	The Spring Land Phase 3	Residential/ Commercial	25,804	100
2	Shenzhen	The Spring Land Phase 5 (Note 1)	Residential/ Commercial	22,113	100
3	Shenzhen	Shenzhen Water Flower Garden (Retail assets)	Residential/ Commercial	4,992	100
4	Changzhou	Changzhou Fashion Mark Phase 1 (Note 2)	Commercial	46,627	100
4	Changzhou	Changzhou Fashion Mark Phase 2 (Note 2)	Residential/ Commercial	32,201	100
5	Changzhou	Changzhou Le Leman City Phase 1 (1-A)	Residential/ Commercial	423	100
5	Changzhou	Changzhou Le Leman City Phase 3 (1-C)	Residential	3,644	100
5	Changzhou	Changzhou Le Leman City Phase 4 (3-B)	Residential/ Commercial	2,070	100
5	Changzhou	Changzhou Le Leman City Phase 5 (1-B)	Residential/ Commercial	2,086	100
5	Changzhou	Changzhou Le Leman City Phase 6 (3-A)	Residential	7,187	100
5	Changzhou	Changzhou Le Leman City Phase 9 (2-B)	Residential/ Commercial	54,211	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
8	Chengdu	Chengdu Fashion Mark (Note 2)	Commercial	90,115	100
Subtotal				**399,186**	
Projects Under Development					
2	Shenzhen	The Spring Land Phase 6 (Lot 3) (Note 1)	Residential/ Commercial	70,009	100
2	Shenzhen	The Spring Land Phase 6 (Lot 4) (Note 1)	Residential/ Commercial	56,900	100
4	Changzhou	Changzhou Fashion Mark Phase 4 (Note 2)	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
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
13	Huizhou	Huizhou Waterfront Phase 1	Residential	136,500	100
Subtotal				**621,071**	

Overview of Our Business

Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Projects Held For Future Development					
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	98,855	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, (Lot 5 and 7) and (Lot 8)	Commercial	696,074	58
13	Huizhou	Huizhou Waterfront Phases 2-3	Residential	372,810	100
14	Nanchang	Nanchang Fashion Mark (Note 2)	Residential/ Commercial	795,000	70
15	Nanjing	The Spring Land – Nanjing	Residential	144,625	100
Subtotal				**2,847,758**	
Project Contracted To Be Acquired					
16	Shenzhen	Shenzhen Fashion Mark (Note 2)	Residential/ Commercial	1,239,691	100
Subtotal				**1,239,691**	
TOTAL				**5,107,706**	

Note 1: 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 year ended 31 December 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 (Lot 3) and Phase 6 (Lot 4) respectively.

Note 2: The Group has renamed Changzhou Landmark, Chengdu Landmark, Nanchang Landmark and Shenzhen Landmark (as appearing in the Company's 2012 Interim Report) as Changzhou Fashion Mark, Chengdu Fashion Mark, Nanchang Fashion Mark and Shenzhen Fashion Mark respectively.

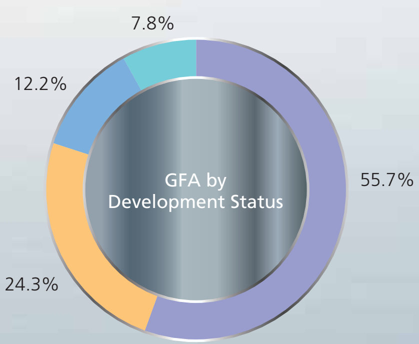
Overview of Our Business

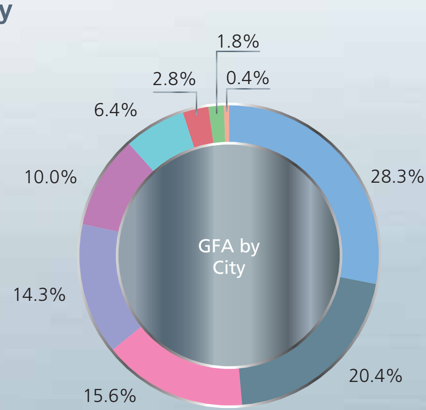
The table below sets forth the net saleable and leasable GFA information of our 16 property projects in terms of planned use of the properties as at 31 December 2012.

	Completed GFA sq.m.	Under Development GFA sq.m.	Held for Future Development GFA sq.m.	Contracted to be Acquired GFA sq.m.
Properties held for sale				
Residential	59,929	560,225	2,282,447	886,661
Hotel/Serviced Apartments	33,858	–	22,904	–
Retail	23,816	47,693	284,407	266,100
Office	51,590	13,153	258,000	86,930
Sub-total	169,193	621,071	2,847,758	1,239,691
Properties held for investment				
Retail	229,993	–	–	–
Sub-total	229,993	–	–	–
Net saleable and leasable GFA	399,186	621,071	2,847,758	1,239,691

Net saleable/leasable GFA by development status and city

as at 31 December 2012





	sq.m.
Completed projects	399,186
Projects under development	621,071
Projects held for future development	2,847,758
Projects contracted to be acquired	1,239,691
Total GFA	5,107,706

	sq.m.
Shenzhen	1,445,107
Nanjing	144,625
Nanchang	795,000
Chengdu	90,115
Huizhou	509,310
Hangzhou	327,592
Donguang	20,217
Tianjin	730,278
Changzhou	1,045,462
Total GFA	5,107,706

Overview of Our Business

Set out below is a map showing the cities where the Group's 16 property projects are located.

Overview of Our Business

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 %
Nanjing	The Spring Land – Nanjing(1)	1,500,000	60,825	145,980	10,275.4	100
Nanchang	Nanchang Fashion Mark(2)	1,919,865	269,455	795,000	2,414.9	70
Tianjin	Tianjin Le Leman City(3) (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
Changzhou	Taihu Hidden Valley(4)	60,000	40,000	30,000	2,000.0	100
Total		3,679,365	503,268	1,170,462	3,143.5	

Notes:

(1) 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. We obtained the land use rights certificate for such parcel of land in December 2012.

(2) In September 2012, the Group won a bid through an online bidding auction regarding five parcels of land in Nanchang at a consideration of approximately RMB1.92 billion (equivalent to approximately HK$2.36 billion). A land grant contract for the land with a total site area of approximately 269,455 sq.m. was signed in November 2012. Up to the date of this report, we have not yet obtained the land use rights certificate for such parcels of land.

(3) 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 not yet obtained the land use rights certificate for such parcel of land.

(4) 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 obtained the land use rights certificate for such parcel of land in May 2012.

Pursuant to a sale and purchase agreement dated 23 January 2013, the Group conditionally agreed to sell the entire issued share capital in Top Spring International (Taihu Bay) Development Limited ("Top Spring Taihu Bay"), which indirectly owns the Taihu Hidden Valley Project, and the loan outstanding and owing by Top Spring Taihu Bay to Top Spring International (BVI) Limited as at the date of completion of the agreement, at a total consideration, subject to certain adjustments, of RMB533.6 million (equivalent to approximately HK$661.7 million) to an independent third party. The completion of the agreement will take place on or before 3 July 2013. For details, please refer to the Company's announcement dated 23 January 2013.

Overview of Our Business

Expected Project Commencement and Completion in 2013

In 2013, the Group intends to commence construction on our five projects with a total net saleable/leasable GFA of approximately 864,070 sq.m.

Details of the projects with expected commencement of construction in 2013 are set out below:

City	Project	Total Saleable/ Leasable GFA sq.m.
Changzhou	Changzhou Le Leman City Phase 8 (5-B)	98,855
Hangzhou	Hangzhou Hidden Valley Phases 2 and 3	72,290
Huizhou	Huizhou Waterfront Phase 2	123,300
Nanchang	Nanchang Fashion Mark	425,000
Nanjing	The Spring Land – Nanjing	144,625
Total		864,070

The Group also intends to complete the construction on four phases among four projects with a total net saleable/ leasable GFA of approximately 308,546 sq.m. in 2013.

Details of the projects with expected completion in 2013 are set out below:

City	Project	Total Saleable/ Leasable GFA sq.m.
Changzhou	Changzhou Fashion Mark Phase 4	92,748
Changzhou	Changzhou Le Leman City Phase 7 (4-B)	104,172
Hangzhou	Hangzhou Hidden Valley Phase 1	41,617
Shenzhen	The Spring Land Phase 6 (Lot 3)	70,009
Total		308,546

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 Director
Dr. McCABE Kevin Charles

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)*
Mr. WONG Chun Hong
Professor WU Si Zong

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

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

AUDITORS
KPMG

HONG KONG LEGAL ADVISERS
Hogan Lovells

COMPLIANCE ADVISER
Investec Capital Asia Limited

REGISTERED OFFICE
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Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Codan Trust Company (Cayman) Limited
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Cayman Islands

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor, Tesbury Centre
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PRINCIPAL BANKERS

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

INVESTOR RELATIONS

Mr. LEUNG Ka Lock Eric

STOCK CODE

03688

BOARD LOT

500 Shares

COMPANY WEBSITE

www.topspring.com

Honors and Awards

2012 China Top 100 Real Estate Developers – Guandian.cn

2012 China Top 30 Listed Real Estate Developers – Guandian.cn

2012 Most Influential Figures in Real Estate Industry in China – WONG Chun Hong – Boao Real Estate Forum

2012 Real Estate Developers with Outstanding Management Team in China – Guandian.cn

2012 Valuable Brands in Real Estate Industry in China – Guandian.cn

2012 Most Influential Real Estate Developers in China – Boao Real Estate Forum

The Spring Land 2012 Top Ten in Sales Area of Single Projects in Shenzhen – SZhome.com

The Spring Land 2012 Top Ten in Sales Amount of Single Projects in Shenzhen – SZhome.com

Water Flower Property 2012 Top Ten Developers (Sales Area) in Shenzhen – SZhome.com

The Spring Land 2012 Third Best-selling Single Project (Sales Area) in Baoan District Shenzhen – SZhome.com

The Spring Land 2012 Top Ten Most Popular Projects in Shenzhen – Soufun.com

The Spring Land 2012 Gold Medal for Best Projects in Shenzhen – Jing Bao by Shenzhen Press Group

The Spring Land 2012 Third Best-selling Single Project (Sales Area) in Baoan District Shenzhen – SZhome.com

Silver Prize for Taxpayers – the People's Government of Wujin District of Changzhou

Shenzhen Water Flower Property Co., Ltd. – Top Ten Developers in Shenzhen – Shenzhen Real Estate Association

Top Ten Enterprises – Bureau of Housing & Construction of Wu Jin

Hangzhou Hidden Valley 2012 Most Influential Project in China – Boao Real Estate Forum

Shenzhen Water Flower Property Co., Ltd. 2012 Top Ten Real Estate Developers (Sales Amount) in Shenzhen – Sina Leju

SZITIC Fashion Island – Show Flat (Tower) for Property Management in Dongguan – Dongguan Housing Authority (東莞市房產管理局)

Le Leman City – Best-selling Project in 2012 Changzhou LEJU Innovation Summit (2012常州LEJU創新峰會) – Sina Leju and Baidu Leju

萊蒙時代 – V Influential Project in 2012 Changzhou LEJU Innovation Summit (2012常州LEJU創新峰會) – Sina Leju and Baidu Leju

Sincere Real Estate Developers in Changzhou – Changzhou Real Estate Association

The Spring Land 2012 Top Ten Typical Projects of Real Estate Developers in China – China Real Estate Research Institute (中國房地產研究會)

Flats with Gardens (Xiaoqu) (園林式花園式單位(小區)) – Shenzhen Urban Management Bureau (深圳市城市管理局)

Honors and Awards

2012 Top Ten Fast-growing Real Estate Developers in China – China Real Estate Research Institute (中國房地產研究會)

9th Listed Developer (Blue-chip) with Greatest Potential in China – The Economic Observer

2012 "Gold Prize" for Real Estate Developers in Shenzhen – Best Real Estate Brand – Shenzhen Economic Daily

2012 Best Urban Community Operator – Gold Prize for Real Estate Developers in China (中國地產金廈獎)

2012 China Top 100 Listed Real Estate Developers – China Real Estate Research Institute (中國房地產研究會)

2012 Shenzhen Top 10 Most Influential Real Estate Developers – Soufun.com

The Spring Land Phase 5–100 Brands of 2012 China Real Estate Developers Brand Value Summit (2012中國房地產品牌價值峰會) – Sohu.com/ China Real Estate Chamber of Commerce

Hidden Valley 2012 Best Residential Project – Focus.cn

Elite Enterprise – Changzhou Municipal People's Government, Changzhou, the PRC

Second Prize of Changzhou Property Service Industry Competition (常州市物業服務行業崗位技能大賽) – Changzhou Property Manangement Association (常州市物業管理協會)

Water Flower Property 2012 Top Ten Developers (Sales Amount) in Shenzhen – SZhome.com

Changzhou Top 20 Property Service Players (Comprehensive Ability) – Changzhou Property Manangement Association (常州市物業管理協會)

The Spring Land 2012 Top Ten Best-selling Real Estate Projects (Sales Amount) in Shenzhen – Sina Leju

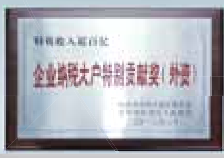
Holiday Inn Changzhou Wujin Hotel (常州武進假日酒店) – 2012 Outstanding Hotel Prize – daodao.com

萊蒙時代 – 2012 Most Popular High-end Property in Changzhou – Soufun.com

Le Leman City – 2012 Top Ten Most Influential Projects in Changzhou – Yangtse Evening Post (揚子晚報)

Le Leman City – 2012 Best-selling Project in Changzhou – house.qq.com

Le Leman City – 2012 Top Ten Best-selling Projects – 2012 Final Selection for Projects in Changzhou (2012 常州樓盤終極評選)



Special Prize for Taxpayers (Foreign-owned) – CPC Committee of Wujin, Changzhou and the People's Government of Wujin District of Changzhou (中共常州市武進區委員會常州市武進區人民政府)

Top Ten Enterprises in Paid-up Foreign Investment (實際到帳外資) – CPC Committee of Wujin, Changzhou and the People's Government of Wujin District of Changzhou (中共常州市武進區委員會常州市武進區人民政府)

Advanced Member Units (先進會員單位) of Changzhou Real Estate Association (常州市房地產業協會) – Changzhou Real Estate Association (常州市房地產業協會)

Advanced Enterprises for Contributions to Housing Provident Fund (住房公積金繳存先進企業) – Changzhou Shi Zhu Fang Gong Ji Jin Guan Li Zhong Xin (常州市住房公積金管理中心)

Hidden Valley – 2012 Best-selling Project – Leju

Corporate Social Responsibility

As an evolving listed company living up its corporate value of "joint efforts in creating and celebrating success", Top Spring spares no effort in fulfilling its social responsibility and has always been proactive in promoting the development of corporate social responsibility.

In 2012, the Group, under the leadership of our Chairman, Mr. WONG Chun Hong, received social recognition for a variety of charitable works including the provision of aids to the weak and the poor, improving the living standard of the society, making contribution in education and cultural industries. Inheriting the tradition since 2010, Top Spring International has once again participated in the China Foundation for Poverty Alleviation – New Great Wall Project with an approximately RMB1.728 million donation. The previous donation has supported 4 years of living expenses for 200 students from poor families to continue their studies from 6 universities in Guangdong province. Mr. WONG Chun Hong, our Chairman, chief executive officer and Executive Director, Mr. WONG, has spent a whole day communicating with the recipient students. The inspiration, love and caring shown by Mr. WONG meant so much to the students' spiritual aspirations. Moreover, the Group cooperated with "Hong Kong Rehabilitation Power", a charitable organisation, by sponsoring "Rehab Power Day 2012" with an amount of HK$150,000, an activity held by Hong Kong Rehabilitation Power. We also participated in the 2nd annual charity bowling event held by the Principal Finance Department of Standard Chartered Bank, the donation would go to "Playtao Foreverland", a social enterprise that provides extra-curricular activities for children from low-income family.

In the past, the Group made over HK$10 million donations and contributions to various charity activities including the donations for the flooding in Eastern China, Wenchuan Earthquake and the Project Hope. Furthermore, Top Spring is also making its effort in social development and harmonious. In 2012, the Group's subsidiaries volunteered to organise a range of charity activities such as a Chung Yeung Festival Hiking for the elderly, the 2nd volunteer tree planting, Spring Festival couplets for youth calligraphers as well as Earth Hour.

In the future, Top Spring will continuously endeavor to be a well-respected company and is always committed to promote a series of Corporate Social Responsibility activities based on the Group's overall strategic development to cope with the developments and needs of the society.

New Great Wall – Top Spring Intl Scholarships Donation Ceremony in Jiangsu

Rehab Power Day 2012 held by Hong Kong Rehabilitation Power

Corporate Social Responsibility

The 2nd Annual Charity Bowling Event Held by the Principal Finance Department of Standard Chartered Bank

Caring for the Elderly – Chung Yeung Festival Hiking

The 2nd Volunteer Tree Planting

Chairman's Statement

The PRC property market saw a strong recovery in both average selling price and transaction volume in the second half of 2012 following the difficult market environment in the first half of the year. In 2012, there was an increase in the transaction value and transaction volume of newly built commodity properties of approximately 10.0% and 1.8% respectively as compared with 2011.

The Group seized the market opportunities and achieved contracted sales of approximately HK$6,279.2 million in 2012, representing an increase of approximately 24.7% over 2011 and record-high for the Group. The satisfactory sales performance, which surpassed the Group's annual sales target range from HK$5.0 billion to HK$6.0 billion set at the beginning of the year, was attributable mainly to the Group's aggressive and timely sales strategy, desirable product mix (i.e. approximately 71.9% of the contracted sales area in 2012 was represented by residential units with unit size of 144 sq.m. or below targeting first-time home buyers and first-time home upgraders), outstanding product quality and innovative product design. More importantly, despite intensifying market competition, the Group's projects have continued to succeed in gaining market recognition. For instance, The Spring Land Phase 5 was ranked the best selling residential project in Shenzhen in the third quarter of 2012. Changzhou Le Leman City was ranked the third in terms of residential sales amount in Changzhou in 2012. Hangzhou Hidden Valley was ranked the best selling terraced house project in terms of number of units sold in Hangzhou in 2012.

In 2012, the Group generated steady growth on its recurring rental income. Rental income reached approximately HK$129.2 million in 2012, representing an increase of approximately 23.4% as compared with 2011. With the commencement of operation of Top Spring Fashion Walk – the brand for community commercial centres of the Group, in Shenzhen in 2012, the total leasable GFA of the Group's investment properties under operation increased to approximately 170,018 sq.m. as at 31 December 2012 from approximately 147,625 sq.m. as at 31 December 2011. This together with the retail asset of Changzhou Le Leman City Phase 9 (2–B) – Fashion Walk and the shopping mall of Chengdu Fashion Mark, both were investment properties completed but yet to operate, the total leasable GFA of the Group's investment properties reached approximately 229,993 sq.m. with a fair value of approximately HK$4,230.8 million (approximately 17.0% of the Group's total assets value) as at 31 December 2012.

In 2012, the Group completed five phases among three projects with a total saleable/leasable GFA of approximately 499,016 sq.m., representing an increase of approximately 75.6% as compared to 2011. Eight phases among six projects with a total saleable/leasable GFA of approximately 621,071 sq.m. were under construction as at 31 December 2012, representing a decrease of approximately 15.8% over 2011.

In view of the Group's relatively rich cash reserves and low net gearing ratio at the start of the year, the Group leveraged opportunities arising from the subdued PRC land market during the first three quarters of the year to further expand the scale and geographical reach of its land bank. Consistent with its anti-cyclical and dual product lines land bank strategy, the Group selectively acquired additional residential and urban mixed-use community projects with a combined plot ratio GFA of approximately 1,170,462 sq.m. in Nanjing, Nanchang, Tianjin and Changzhou at relatively low costs in 2012. The average cost of the newly acquired land bank was approximately RMB3,143.5 per sq.m. (equivalent to approximately HK$3,909.3 per sq.m.). Including the newly added cities of Nanchang and Nanjing, the geographical reach of the Group's land bank was further expanded to 9 cities with a total net saleable/leasable GFA of approximately 5,107,706 sq.m. as at 31 December 2012. As at 31 December 2012, the average land cost of the Group's land bank was approximately RMB2,254.2 per sq.m. (equivalent to approximately HK$2,803.4 per sq.m.).

Chairman's Statement

During the year, the Group devoted significant management focus to further improving its operational efficiency with an aim to further enhancing the Group's asset return and competitiveness in the market. Significant progress was made in areas such as timely completion of key milestones, cost controls, and product standardisation. Moreover, the Group has strengthened its commercial property management team which has laid a strong foundation for the future expansion of its investment property portfolio comprising mainly of shopping malls, community commercial centres, retail shops and car park units.

We believe that numerous market control measures including purchase restriction, mortgage restriction and various taxes will continue to be used by the central and local governments to prevent the over-speculation in the PRC housing market. Nonetheless, we remain cautious but optimistic towards the long-term growth potential of the industry. In our view, the hastening pace of urbanisation, steady growth in household wealth, growing number of smaller families and persistent inflationary pressure should support the continuous growth in demand for good quality and well located residential and retail properties. Meanwhile, we are also mindful of the huge inventory pressure in some Chinese cities, mostly the third-tiered cities or below.

In 2013, the Group will further increase its saleable resources in order to sustain the growth in contracted sales. Given its land bank expansion amid the continuous improvement in operational efficiency, the Group's saleable resources are expected to grow by approximately 30% year over year to approximately HK$11.6 billion in 2013. The Group has set its 2013 annual sales target at HK$8.0 billion, representing a growth of approximately 27% over the actual contracted sales of approximately HK$6.3 billion in 2012. Despite its pursuit of high asset turn and contracted sales growth, the Group will still strike to maintain the right balance between product pricing and sales volume.

The Group will also adjust its product mix to increase the proportion of saleable resources targeted at first-time homebuyers and first-time upgraders. For instance, the newly acquired residential project in Nanjing (The Spring Land – Nanjing) and the residential portion of the newly acquired mixed-use community project in Nanchang (Nanchang Fashion Mark) are both targeted at end-user demand. Approximately 71.2% of the Group's total saleable resources in 2013 are represented by residential units with unit size of 144 sq.m. or below targeting first-time home buyers and first-time home upgraders.

Given its business development plan, the Group will continue to expand and to adjust the geographical focus of its land bank so as to increase the exposure to cities with favorable supply-demand dynamics and strong appreciation potential, in particular the first- and second-tiered cities in the Pearl River Delta and Yangtze River Delta regions with Shenzhen and surrounding areas as our core development regions and Nanjing and surrounding areas as our complementary development regions. The acquisition of the mixed-use community project in Nanchang in September 2012 will not only allow the Group to tap the significant growth potential of Nanchang (the only core city of Jiangxi province) and its vast catchment area in Central China, but will also enable the Group to significantly build up its investment property portfolio. The Group will continue to ensure a sound financial position in its future land bank acquisitions.

Finally, in order to succeed in the increasingly competitive PRC property industry, the Group will further step up its efforts in its project execution capability, sales strategy, cost controls, product design, product quality, idea innovations, property management services, human resources management, etc. in 2013.

Management Discussion and Analysis

Review of Business in 2012

(1) Contracted Sales

In 2012, the Group reached a record high in contracted sales of approximately HK$6,279.2 million, representing an increase of approximately 24.7% over 2011. The contracted saleable gross floor area ("GFA") was approximately 368,839 sq.m., representing an increase of approximately 39.9% over 2011. The increase in both contracted sales and contracted saleable GFA was driven by our enhanced sales efforts as well as the gradual recovery of the PRC property market since the second quarter of 2012. The average selling price ("ASP") of our contracted sales in 2012 was approximately HK$17,024.2 per sq.m. (2011: approximately HK$19,101.0 per sq.m.). The decrease in our overall ASP was mainly due to the higher proportion of contracted sales being attributable to our Changzhou projects with lower ASP. The Group has targeted its total contracted sales in 2013 to be HK$8.0 billion as compared to its saleable resources with value estimated at approximately HK$11.6 billion.

The breakdown of the total contracted saleable GFA and the total contracted sales of the Group during the year ended 31 December 2012 is set out as follows:

City	Project/Phase and Type of Project	Contracted Saleable GFA sq.m.	%	Contracted Sales HK$ million	%	Contracted ASP HK$/sq.m.
Shenzhen	Shenzhen Hidden Valley					
	Phase 3 – residential	1,015	0.3	89.9	1.4	88,571.4
	Phase 4 – residential	3,337	0.9	266.1	4.2	79,742.3
	The Spring Land					
	Phase 1 – residential	703	0.2	16.5	0.3	23,470.8
	Phase 2 – residential	3,259	0.9	87.3	1.4	26,787.4
	Phase 3 – residential	2,820	0.8	73.9	1.2	26,205.7
	Phase 5 – residential	129,002	35.0	3,149.1	50.2	24,411.2
Sub-total		140,136	38.1	3,682.8	58.7	26,280.2
Changzhou	Changzhou Fashion Mark					
	Phase 1 – retail portion	86	0.0	2.3	0.0	26,744.2
	Phase 3 – retail portion	4,565	1.2	36.4	0.6	7,973.7
	Phase 3 – residential portion	573	0.2	4.2	0.1	7,329.8
	Phase 4 – retail portion	3,882	1.0	264.7	4.2	68,186.5
	Phase 4 – residential portion	28,755	7.8	398.2	6.4	13,848.0
	Changzhou Le Leman City					
	Phase 1 (1-A) – retail portion	33	0.0	0.8	0.0	24,242.4
	Phase 3 (1-C) – residential	695	0.2	9.4	0.2	13,525.2
	Phase 4 (3-B) – residential portion	3,486	1.0	24.6	0.4	7,056.8
	Phase 4 (3-B) – retail portion	84	0.0	1.7	0.0	20,238.1
	Phase 5 (1-B) – residential	2,125	0.6	20.6	0.3	9,694.1
	Phase 6 (3-A) – residential	2,324	0.6	52.5	0.8	22,590.4
	Phase 7 (4-A) – residential	40,424	11.0	318.4	5.1	7,876.5
	Phase 7 (4-B) – residential portion	85,003	23.0	599.6	9.5	7,053.9
	Phase 7 (4-B) – retail portion	1,102	0.3	17.7	0.3	16,061.7
	Phase 9 (2-B) – residential	10,853	2.9	84.1	1.3	7,749.0
Sub-total		183,990	49.8	1,835.2	29.2	9,974.5

City	Project/Phase and Type of Project	Contracted Saleable GFA sq.m.	%	Contracted Sales HK$ million	%	Contracted ASP HK$/sq.m.
Chengdu	Chengdu Fashion Mark					
	Tower 1 – office	5,618	1.5	73.0	1.2	12,993.9
	Tower 2 – office	506	0.1	5.5	0.1	10,869.6
	Tower 3 – office	3,049	0.8	38.7	0.6	12,692.7
	Tower 4 – office	15,875	4.3	197.1	3.1	12,415.7
Sub-total		25,048	6.7	314.3	5.0	12,547.9
Hangzhou	Hangzhou Hidden Valley					
	Phase 1 – residential	19,413	5.3	444.6	7.1	22,902.2
Tianjin	Le Leman City					
	Phase 1 – residential	252	0.1	2.3	0.0	9,127.0
Total		368,839	100	6,279.2	100	17,024.2

(2) Projects Completed, Delivered and Booked in 2012

For the year ended 31 December 2012, the Group completed constructions of The Spring Land Phase 5, Chengdu Fashion Mark and Changzhou Le Leman City Phases 4 (3-B), 5 (1-B) and 9 (2-B) with total saleable GFA of approximately 439,041 sq.m.

For the year ended 31 December 2012, the Group's property development business in Shenzhen, Changzhou and Chengdu achieved a turnover, net of sales return, of approximately HK$5,774.5 million with saleable GFA of approximately 375,537 sq.m. being recognised, representing an increase of approximately 2.8% and 69.1%, respectively, over the year ended 31 December 2011. The recognised ASP for the sale of properties was approximately HK$15,376.6 per sq.m. for the year ended 31 December 2012 (for the year ended 31 December 2011: approximately HK$25,293.7 per sq.m.). The approximately 39.2% decrease in recognised ASP is due to the significant rise in proportion of recognised sale area of our lower ASP properties in Changzhou (2012: approximately 54.3% versus 2011: approximately 9.8%) to the Group's total saleable GFA booked.

Details of the projects completion and sale of properties of the Group recognised in 2012 are listed below:

City	Project/Phase and Type of Project	Saleable GFA of Properties Completed sq.m.	Saleable GFA Booked sq.m.	Sale of Properties Recognised HK$ million	Recognised ASP HK$/sq.m.
Shenzhen	Shenzhen Hidden Valley				
	– Phase 3 – residential	–	975	80.1	82,153.8
	– Phase 4 – residential	–	4,585	353.2	77,033.8
	The Spring Land				
	– Phase 1 – residential	–	819	19.1	23,321.1
	– Phase 2 – residential	–	3,321	83.5	25,143.0
	– Phase 3 – residential	–	19,736	453.4	22,973.2
	– Phase 5 – residential	140,079	121,461	2,781.9	22,903.6
	– Phase 5 – retail	3,495	–	–	–
Sub-total		143,574	150,897	3,771.2	24,991.9
Changzhou					
	Changzhou Fashion Mark – residential	–	306	3.1	10,130.7
	Changzhou Fashion Mark – retail	–	4,099	40.1	9,782.9
	Changzhou Le Leman City				
	– Phase 1 (1-A) – retail	–	33	0.7	21,212.1
	– Phase 2 (2-A) – residential	–	596	2.9	4,865.8
	– Phase 3 (1-C) – residential	–	2,637	35.1	13,310.6
	– Phase 4 (3-B) – residential	94,912	94,130	631.1	6,704.6
	– Phase 4 (3-B) – retail	5,441	4,153	97.7	23,525.2
	– Phase 5 (1-B) – residential	60,875	58,950	505.9	8,581.8
	– Phase 5 (1-B) – retail	393	232	4.6	19,827.6
	– Phase 6 (3-A) – residential	–	10,009	192.3	19,212.7
	– Phase 9 (2-B) – residential	61,607	28,846	228.2	7,911.0
Sub-total		223,228	203,991	1,741.7	8,538.1
Chengdu	Chengdu Fashion Mark				
	– office	72,239	20,649	261.6	12,668.9
Total		439,041	375,537	5,774.5	15,376.6

(3) Investment Properties

In addition to the sale of properties developed by us, we also lease out or expect to lease out our investment property portfolio comprising mainly of shopping malls, community commercial centres, retail shops and car park units in The Spring Land, Changzhou Fashion Mark, Changzhou Le Leman City, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden and Chengdu Fashion Mark in the PRC. As at 31 December 2012, the total carrying value of the investment properties of the Group was approximately HK$4,230.8 million, representing approximately 17.0% of the Group's total assets value. The investment property portfolio which we held for the purpose of leasing to third parties had a total 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$3,356.5 million. A supermarket at Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk and a shopping mall with certain car park units of Chengdu Fashion Mark, which were completed but yet to operate as at 31 December 2012, had leasable GFA of approximately 21,450 sq.m. and 38,525 sq.m. respectively and fair value of approximately HK$165.4 million and HK$708.9 million respectively. The Group recorded approximately HK$512.7 million (net of deferred tax) (for the year ended 31 December 2011: approximately HK$270.2 million) as gain in fair value of its investment properties for the year ended 31 December 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 such anchor tenants which include well-known brands, chain cinema operators, major game centres and top operators of catering businesses. As at 31 December 2012, the GFA taken up by our anchor tenants, whose leased GFA was over 10.0% of the total leasable GFA of a single investment property, made up approximately 47.0% (as at 31 December 2011: approximately 33.3%) of our total leasable area in our investment properties.

For the year ended 31 December 2012, we generated steady recurring rental income of approximately HK$129.2 million, representing an increase of approximately 23.4% as a result of an increase in the leasable GFA, from approximately HK$104.7 million for the year ended 31 December 2011. The average monthly rental income of our investment properties under operation for the year ended 31 December 2012 was approximately HK$70.3 per sq.m. (for the year ended 31 December 2011: approximately HK$64.1 per sq.m.). The occupancy rate of all our investment properties under operation achieved approximately 92.9% as at 31 December 2012 (as at 31 December 2011: approximately 92.9%).

The Group also achieved satisfactory results on the pre-leasing of investment properties which have not yet commenced operation. As at 31 December 2012, approximately 97.8% of the leasable GFA of the shopping mall of Chengdu Fashion Mark and 100% of the leasable GFA of the retail asset of Changzhou Le Leman City Phase 9 (2–B) – Fashion Walk, which are expected to commence operation in the first half of 2013 and first half of 2014 respectively, were committed.

Details of the Group's investment properties as at 31 December 2012 and the Group's rental income for the year ended 31 December 2012 are set out as follows:

Investment Properties	Leasable GFA as at 31 December 2012 (Note 6) sq.m.	Fair Value as at 31 December 2012 HK$ million	Rental Income for the year ended 31 December 2012 HK$ million	Average Monthly Rental Income per sq.m. for the year ended 31 December 2012 HK$/sq.m.	Occupancy Rate as at 31 December 2012 %	Term of Lease
Investment Properties under operation						
Changzhou Fashion Mark Phases 1 and 2 (Shopping mall and car park units)	77,581	1,438.9	59.5	65.1	98	Medium-term lease
Dongguan Landmark (Shopping mall and car park units)	20,172	472.6	19.6	81.0	100	Long lease
Hangzhou Landmark (Shopping mall)	24,667	335.8	22.6	76.4	100	Medium-term lease
Shenzhen Water Flower Garden (Retail assets)	4,992	181.5	14.3	238.7	100	Long lease
The Spring Land Phase 1 – Fashion Walk (Retail assets) (Note 1)	3,355	175.3	5.4	193.1	69	Long lease
The Spring Land Phase 3 – Fashion Walk (Retail assets and car park units) (Note 2)	22,393	619.3	6.8	61.6	99	Long lease
Changzhou Le Leman City Phase 11 (Retail asset) (Note 3)	16,858	133.1	1.0	11.0	45	Medium-term lease
Sub-total	170,018	3,356.5	129.2	70.3	92.9	
Investment Properties completed but yet to operate						
Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk (Retail asset) (Note 4)	21,450	165.4	–			Medium-term lease
Chengdu Fashion Mark (Shopping mall and car park units) (Note 5)	38,525	708.9	–			Medium-term lease
Sub-total	59,975	874.3	–			
Total	229,993	4,230.8	129.2			

Note 1: The unoccupied areas of the retailed assets in The Spring Land Phase 1 – Fashion Walk mainly represent The Spring Land's sales centre with leasable 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 and car park units 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 for leasing purpose.

Note 4: The retail asset of Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk is expected to commence operation in the first half of 2014. As at 31 December 2012, 100% of the total leasable GFA was pre-leased to a supermarket store and the expected average monthly rental income would be approximately HK$36.5 per sq.m.

Note 5: The shopping mall and car park units of Chengdu Fashion Mark are expected to commence operation in the first half of 2013. As at 31 December 2012, approximately 97.8% of total leasable GFA was pre-leased to various tenants and the expected average monthly rental income would be approximately HK$80.7 per sq.m.

Note 6: The leasable GFA as at 31 December 2012 excludes car park units.

Financial Review in 2012

In 2012, the Group's consolidated turnover and profit attributable to equity shareholders of the Company reached approximately HK$6,065.0 million and HK$1,199.8 million respectively, increased by approximately 3.5% and 17.4% respectively over the corresponding period of 2011. For the year ended 31 December 2012, the Group's basic earnings per ordinary share of HK$0.10 each in the share capital (the "Share") increased by approximately 11.1% as compared with the corresponding period of 2011 to approximately HK$1.20. Net assets per Share attributable to equity shareholders of the Company increased by approximately 29.4% as compared with approximately HK$3.4 as at 31 December 2011 to approximately HK$4.4 as at 31 December 2012.

In order to maintain a stable dividend policy, the board of directors (the "**Board**") has recommended a final dividend of HK15 cents per Share for the year ended 31 December 2012 subject to the approval by shareholders of the Company at the forthcoming annual general meeting of the Company, together with the 2012 interim dividend of HK15 cents per Share, total dividend declared for 2012 amounted to HK30 cents per Share, and the payout ratio in 2012 was approximately 25.0% (for the year ended 31 December 2011: approximately 29.4%).

Turnover

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.

Our turnover increased by approximately 3.5% to approximately HK$6,065.0 million for the year ended 31 December 2012 from approximately HK$5,861.3 million for the year ended 31 December 2011. This increase was primarily arising from an increase in our sale of properties, rental income and property management and related services income offsetting the decrease in income from hotel operations. The Group has recognised property sales of approximately HK$5,774.5 million, accounting for approximately 95.2% of the total turnover of approximately HK$6,065.0 million. The remaining approximately 4.8% represented rental income, income from hotel operations and property management and related services income.

Turnover from sale of properties increased by approximately 2.8% in 2012 as compared to 2011 primarily due to an increase in total saleable GFA sold and delivered, from approximately 222,095 sq.m. (excluding car park units and net of sales return) in 2011 to approximately 375,537 sq.m. (excluding car park units and net of sales return) in 2012, which offset the decrease in average recognised ASP from approximately HK$25,293.7 per sq.m. in 2011 to approximately HK$15,376.6 per sq.m. in 2012. The increase in total saleable GFA sold and delivered was in turn primarily driven by the higher scheduled deliveries of pre-sold properties of our Changzhou Le Leman City (2012: approximately 199,586 sq.m. in total and 2011: approximately 21,541 sq.m. in total) for the year ended 31 December 2012. Rental income increased primarily due to an increase in both the leasable GFA and average rental rates of our investment properties under operation for the year ended 31 December 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 two reputable hotels which are located in the same region as our hotel property and commenced business in 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 services 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, capitalised 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$2,889.6 million for the year ended 31 December 2012 from approximately HK$1,982.2 million for the year ended 31 December 2011. This increase was primarily attributable to the increase in the saleable GFA of our properties completed and delivered for the year ended 31 December 2012.

Gross profit

Our gross profit decreased by approximately 18.1%, to approximately HK$3,175.4 million for the year ended 31 December 2012 from approximately HK$3,879.1 million for the year ended 31 December 2011. The Group reported a gross profit margin of approximately 52.4% for the year ended 31 December 2012 as compared to approximately 66.2% for the year ended 31 December 2011. The decrease in gross margin was primarily driven by the higher proportion of recognised sales in 2012 being generated from our Changzhou projects, in particular, our Changzhou Le Leman City, which offer relatively lower gross margins.

Other revenue

Other revenue increased by approximately HK$49.7 million, or approximately 60.6%, to approximately HK$131.7 million in 2012 from approximately HK$82.0 million in 2011. The increase was primarily attributable to an increase in bank interest income and a government grant by approximately HK$40.3 million and approximately HK$4.4 million respectively in 2012.

Other net (loss)/income

Other net (loss)/income changed from a net income of approximately HK$48.6 million in 2011 to a net loss of approximately HK$28.4 million in 2012. The change was primarily attributable to a loss from change in fair value of the derivative financial instruments of approximately HK$31.8 million (for the year ended 31 December 2011: gain of appproximately HK$56.7 million) arising from an other borrowing with face value of HK$400 million, which offsets a net exchange gain of approximately HK$10.9 million during the year ended 31 December 2012.

Selling and marketing expenses

Selling and marketing expenses increased by approximately 4.7%, to approximately HK$181.5 million for the year ended 31 December 2012 from approximately HK$173.4 million for the year ended 31 December 2011. The increase was primarily attributable to more promotion expenses incurred for the launch of our new projects in 2012 as compared with 2011. These costs accounted for approximately 2.9% of contracted sales in 2012 (2011: approximately 3.4%).

Administrative expenses

Administrative expenses increased by approximately 3.2%, to approximately HK$511.0 million for the year ended 31 December 2012 from approximately HK$495.0 million for the year ended 31 December 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 89.7%, to approximately HK$683.6 million for the year ended 31 December 2012 from approximately HK$360.3 million for the year ended 31 December 2011. The increase was partly attributable to the intended use of certain areas in The Spring Land Phase 3 – Fashion Walk being changed to leasing purpose during the year ended 31 December 2012. The fair value of this retail asset was approximately HK$619.3 million as at 31 December 2012 and the revaluation gain of approximately HK$393.5 million was recognised in the year ended 31 December 2012 accordingly. The higher fair value of the shopping mall and car park units of Chengdu Fashion Mark, with a fair value of approximately HK$708.9 million as at 31 December 2012, contributed a revaluation gain of approximately HK$184.0 million in 2012.

Finance costs

Finance costs increased by approximately 57.8%, to approximately HK$670.9 million for the year ended 31 December 2012 from approximately HK$425.1 million for the year ended 31 December 2011. The increase was primarily attributable to our increased borrowings, in particular the increase in our offshore loans in 2012 as compared with 2011, for which the relevant interest expenses are not qualified for capitalisation.

Income tax

Income tax expenses decreased by approximately 37.1%, to approximately HK$1,415.7 million for the year ended 31 December 2012 from approximately HK$2,249.8 million for the year ended 31 December 2011. The decrease was mainly attributable to the decrease in gross profit which was in turn driven primarily by the higher proportion of sales being generated from our Changzhou projects with relatively lower gross profit margin for the year ended 31 December 2012. Consequently, there was a decrease in the provision for CIT and LAT by approximately HK$380.9 million and HK$728.5 million respectively.

Profitability

The net profit margin of the Group (profit attributable to equity shareholders of the Company to turnover) was approximately 17.4% in 2011 and was approximately 19.8% in 2012.

Non-controlling interests

The loss attributable to non-controlling interests was approximately HK$11.9 million for the year ended 31 December 2012 (for the year ended 31 December 2011: loss of approximately HK$0.3 million). The increase was primarily due to the increase in the loss incurred by loss-making non-wholly owned subsidiaries attributable to the non-controlling interest in 2012 as compared to 2011. As at 31 December 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), 42% equity interests held by an independent third party in our four subsidiaries in Tianjin (namely, Tianjin Hyperion Construction Co., Ltd. (天津海吉星建設有限公司), Tianjin Hyperion Investment Development Co., Ltd. (天津海吉星投資發展有限公司), Tianjin Jin Jun Investment Development Co., Ltd (天津津俊投資發展有限公司) and Tianjin Hyperion Agricultural Market Management Co., Ltd. (天津海吉星農產品市場管理有限公司)) and 40% equity interests held by an independent third party in our Shenzhen Prosperity Top Spring Investment Fund Management Company Limited (深圳華盛萊蒙投資基金管理有限公司).

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2012, the carrying amount of the Group's cash and bank deposits was approximately HK$6,015.0 million (as at 31 December 2011: approximately HK$6,231.1 million), representing a decrease of approximately 3.5% as compared to that as at 31 December 2011.

For the year ended 31 December 2012, the Group had net cash used in operating activities of approximately HK$263.7 million, net cash used in investing activities of approximately HK$286.9 million and net cash generated from financing activities of approximately HK$752.6 million.

Borrowings and charges on the Group's assets

The Group had an aggregate borrowings (including bank and other borrowings and amounts due to a non-controlling shareholder) as at 31 December 2012 of approximately HK$9,104.6 million, of which approximately HK$3,516.0 million is repayable within 1 year, approximately HK$3,343.9 million is repayable after 1 year but within 5 years and approximately HK$2,244.7 million is repayable after 5 years. As at 31 December 2012, the Group's bank loans of approximately HK$6,771.9 million (as at 31 December 2011: approximately HK$5,001.8 million) were secured by investment properties, hotel properties, other land and buildings, properties under development for sale and pledged deposits of the Group with total carrying values of approximately HK$9,708.7 million (as at 31 December 2011: approximately HK$5,537.2 million). As at 31 December 2012, the Group's other borrowings of approximately HK$1,343.5 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 borrowings were denominated in RMB except for certain borrowings with an aggregate amount of approximately HK$788.0 million (as at 31 December 2011: approximately HK$545.9 million) and HK$1,308.5 million (as at 31 December 2011: approximately HK$848.9 million) as at 31 December 2012 which were denominated in Hong Kong dollars and US dollars respectively.

Cost of borrowings

The Group's average cost of borrowings (calculated by dividing total interest expenses expensed and capitalised by average borrowings during the year) was approximately 11.2% in 2012 (2011: approximately 10.1%).

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 as at 31 December 2012 and 31 December 2011 were approximately 67.5% and 34.1% respectively. The net gearing ratio was increased as a result of the increased capital expenditure incurred on land acquisitions in 2012.

Foreign exchange risk

As at 31 December 2012, the Group had cash balances denominated in RMB of approximately RMB4,465.8 million (equivalent to approximately HK$5,553.8 million), and in US dollars of approximately US$43.7 million (equivalent to approximately HK$338.8 million).

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign currency risk arising from the exposure of RMB against Hong Kong dollars as a result of its investment in the PRC and the settlement of certain of the general and administrative expenses and other 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 31 December 2012, save for the guarantees of approximately HK$2,824.4 million given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties, the Group had no other material contingent liabilities as at 31 December 2012 (as at 31 December 2011: approximately HK$4,441.9 million).

Pursuant to the mortgage contracts, banks require us to guarantee our purchasers' 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 year ended 31 December 2012, the Group did not have any material acquisitions or disposals of assets save as disclosed in this report.

Use of Proceeds From IPO

Trading of Shares on the Stock Exchange commenced on 23 March 2011, and the Group raised net proceeds of approximately HK$1,419.4 million from the IPO. As at 31 December 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$141.9 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.

Employees and Remuneration Policy

As at 31 December 2012, the Group employed a total of 1,369 employees (as at 31 December 2011: 1,119 employees) in the PRC and Hong Kong. Of them, 111 were under the headquarters team, 427 were under the property development division and 831 were under the retail operation and property management division. For the year ended 31 December 2012, the total staff costs incurred was approximately HK$310.5 million (for the year ended 31 December 2011: approximately HK$288.4 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 and a share award scheme on 2 December 2010 under which the Company granted share options and awarded shares to certain eligible employees. During the year ended 31 December 2012, 1,454,500 (for the year ended 31 December 2011: Nil) share options had been exercised by the grantees and a total number of 3,071,666 and 15,000 (for the year ended 31 December 2011: 2,508,332 and nil) share options had been cancelled and lapsed respectively upon the resignation of certain grantees and 27,322,169 (as at 31 December 2011: 31,863,335) share options were outstanding as at 31 December 2012 under the pre-IPO share option scheme, representing approximately 2.7% of the issued share capital of the Company as at the date of this report. During the year ended 31 December 2012, a total number of 608,000 (for the year ended 31 December 2011: 460,000) 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 31 December 2012 under the share award scheme.

The Company has also adopted a post-IPO share option scheme on 28 February 2011 for the purpose of recognising and acknowledging the contribution that eligible employees have made or may make to the Group. On 26 June 2012, the Group 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. During the year ended 31 December 2012, a number of 300,000 share options had been cancelled upon resignation of a grantee and 15,420,000 share options were outstanding as at 31 December 2012 under the post-IPO share option scheme, representing approximately 1.5% of the issued share capital of the Company as at the date of this report.

Property Projects Portfolio




莱蒙领尚
FASHION WALK

Property Projects Portfolio

Shenzhen Water Flower Garden

Key Statistics			
No. of Phases		3	
Site area (sq.m.)		164,764	
Construction start date		March 2002	
Completion date		October 2006	
Total GFA (sq.m.)		294,638	
Total saleable / leasable GFA (sq.m.)		216,545	
Land cost (RMB million)		437	
Development costs incurred (RMB million)		938	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	211,553	4,992	–
Net saleable / leasable GFA (sq.m.) as at 31 December 2012	–	4,992	–

Project Overview

Location Xiangmei Road, Futian District, Shenzhen, Guangdong Province

Property Type Residential, retail, clubhouse

Highlights Situates prominently in the exclusive region of the city centre and offers unique view of the Honey Lake

It was awarded 'Classical Chinese Model Residential Property' in 2003 and 'Real Estate of the Year' in both 2002 and 2003

Shenzhen Water Flower Garden

Property Projects Portfolio

Shenzhen Hidden Valley

Shenzhen Hidden Valley

Key Statistics

No. of Phases		4	
Site area (sq.m.)		143,047	
Construction start date		July 2007	
Completion date		June 2011	
Total GFA (sq.m.)		131,736	
Total saleable / leasable GFA (sq.m.)		83,933	
Land cost (RMB million)		200	
Development costs incurred (RMB million)		1,527	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	83,933	–	–
Net saleable / leasable GFA (sq.m.) as at 31 December 2012	6,626	–	–

Project Overview

Location Yulong Road, Bao'an District, Shenzhen, Guangdong Province

Property Type Residential

Highlights One of the best villa projects in Shenzhen and was awarded "Global International Garden Community Nominations Award" and "China International Garden Community Award"

Offers close proximity to central business district ("**CBD**") (10 minutes drive from Futian CBD) and is surrounded by suburb parks with natural living environment

Phase 1 was launched in May 2008 and became the best selling project in the luxury residential market in Shenzhen in 2009. Phase 2 was launched in September 2008 and was sold out within a short period of time despite the global financial crisis

Property Projects Portfolio

The Spring Land

Key Statistics			
No. of Phases		6	
Site area (sq.m.)		166,979	
Construction start date		May 2009	
Expected completion date		June 2014	
Total GFA (sq.m.)		774,371	
Total saleable / leasable GFA (sq.m.)		558,769	
Land cost (RMB million)		491	
Development costs incurred as at 31 December 2012 (RMB million)		2,407	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	522,066	36,703	–
Net saleable / leasable GFA (sq.m.) as at 31 December 2012	142,095	36,703	–

Project Overview

Location Renmin South Road, Longhua Town, Bao'an District, Shenzhen, Guangdong Province

Property Type Residential, retail

Highlights Locates at the Hongshan Station of Subway Line No. 4

The Spring Land (Phases 1 and 2) and (Phase 3) were ranked the best and the second best-selling projects in Shenzhen for 2010 and 2011, respectively

The Springland (Phase 5) was ranked the best selling residential project in Shenzhen in the third quarter of 2012

The Spring Land

Changzhou Fashion Mark

Changzhou
Fashion Mark

Key Statistics			
No. of Phases		4	
Site area (sq.m.)		120,296	
Construction start date		August 2005	
Expected completion date		June 2013	
Total GFA (sq.m.)		513,404	
Total saleable / leasable GFA (sq.m.)		318,423	
Land cost (RMB million)		250	
Development costs incurred as at 31 December 2012 (RMB million)		2,712	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Office**
Saleable / Leasable GFA (sq.m.)	125,032	180,238	13,153
Net saleable / leasable GFA (sq.m.) as at 31 December 2012	67,615	89,561	13,153

Project Overview

Location Xiyingli, Zhonglou District, Changzhou, Jiangsu Province

Property Type Residential, retail and office

Highlights Locates at the commercial centre of the city

Ranked in "China Top 10 Mainstream Real Estate Projects" in 2005 and Twin Stars (serviced apartments) of the project was awarded "2006 Best International Apartment in China"

Phase 1-3 comprises mainly of retail/apartments while Phase 4 is a large-scale residential project with height over 150 meters

Secured anchor tenants like Wal-Mart, Warner Brothers, KFC

Property Projects Portfolio

Changzhou Le Leman City

Key Statistics			
No. of Phases		11	
Site area (sq.m.)		478,448	
Construction start date		May 2006	
Expected completion date		January 2017	
Total GFA (sq.m.)		1,234,072	
Total saleable / leasable GFA (sq.m.)		944,930	
Land cost (RMB million)		484	
Development costs incurred as at 31 December 2012 (RMB million)		2,575	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Hotel**
Saleable / Leasable GFA (sq.m.)	799,497	111,575	33,858
Net saleable / leasable GFA (sq.m.) as at 31 December 2012	378,398	110,629	33,858

Project Overview

Location Yanzheng Middle Road, Wujin District, Changzhou, Jiangsu Province (Opposite of Wujin District Government Building)

Property Type Residential, retail and hotel

Highlights Situates in the centre of Wujin District and is adjacent to the Wujin District Government Building

Includes numerous amenities including a 4-star hotel, a large-scale commercial centre, an arts and culture centre, a youth and children's centre, a bilingual international kindergarten, etc.

Changzhou Le Leman City was ranked the third in terms of residential sales amount in Changzhou in 2012

Changzhou Le Leman City

Property Projects Portfolio

Taihu Hidden Valley

Taihu Hidden Valley

Key Statistics

Site area (sq.m.)		306,668	
Expected construction start date		September 2013	
Expected completion date		December 2016	
Total GFA (sq.m.)		350,001	
Total saleable / leasable GFA (sq.m.)		350,001	
Land cost (RMB million)		382	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	350,001	–	–

Project Overview

Location Resort Area, West Bay of Taihu Bay, Wujin District, Changzhou, Jiangsu Province

Property Type Low-density residential

Highlights Locates at the junction of Changzhou city and Wuxi city

Facing the Taihu Lake on the south and is surrounded by mountains on the other three sides

This precious parcel of land is only 25-minutes-drive from downtowns of both Changzhou and Wuxi

Future Development Pursuant to a sale and purchase agreement dated 23 January 2013, the Group conditionally agreed to sell the entire issued share capital in Top Spring International (Taihu Bay) Development Limited ("Top Spring Taihu Bay"), which indirectly owns the Taihu Hidden Valley Project, and the loan outstanding and owing by Top Spring Taihu Bay to Top Spring International (BVI) Limited as at the date of completion of the agreement, at a total consideration, subject to certain adjustments, of RMB533.6 million (equivalent to approximately HK$661.7 million) to an independent third party. The completion of the agreement will take place on or before 3 July 2013. For details, please refer to the Company's announcement dated 23 January 2013.

Dongguan Landmark

Key Statistics			
No. of Phases		1	
Site area (sq.m.)		18,738	
Construction start date		June 2006	
Completion date		July 2008	
Total GFA (sq.m.)		79,679	
Total saleable / leasable GFA (sq.m.)		65,107	
Land cost (RMB million)		90	
Development costs incurred (RMB million)		267	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	43,288	21,819	–
Net saleable / leasable GFA (sq.m.) as at 31 December 2012	–	20,217	–

Project Overview

Location No. 88 Hongfu Road, Nancheng District, Dongguan, Guangdong Province

Property Type Residential and retail

Highlights Locates in the CBD of Dongguan, the dramatic setting and accessibility of the mall substantially upgrades the local amenities

Dongguan Landmark

Property Projects Portfolio

Hangzhou Landmark

Hangzhou Landmark

Key Statistics

No. of Phases		1	
Site area (sq.m.)		14,780	
Construction start date		January 2006	
Completion date		July 2007	
Total GFA (sq.m.)		49,989	
Total saleable / leasable GFA (sq.m.)		36,880	
Land cost (RMB million)		21	
Development costs incurred (RMB million)		105	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	–	36,880	–
Net saleable/leasable GFA (sq.m.) as at 31 December 2012	–	26,182	–

Project Overview

Location No. 303 Ouhuazhou Avenue, Linping, Yuhang District, Hangzhou, Zhejiang Province

Property Type Retail

Highlights Close proximity to metro station

Leveraging on 'high growth city' attributes, Linping is set to be one of the three high growth satellite cities of Hangzhou

Secured anchor tenants like Wal-Mart, Watsons, KFC and Nike attracted not only other retailers, but also significant pedestrian traffic

Property Projects Portfolio

Chengdu Fashion Mark

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		20,727	
Construction start date		June 2011	
Completion date		December 2012	
Total GFA (sq.m.)		139,265	
Total saleable / leasable GFA (sq.m.)		110,764	
Land cost (RMB million)		158	
Development costs incurred as at 31 December 2012 (RMB million)		674	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Office**
Saleable / Leasable GFA (sq.m.)	–	38,525	72,239
Net saleable/leaseable GFA (sq.m.) as at 31 December 2012	–	38,525	51,590

Project Overview

Location Hongpailou, Fourth Section of Second Ring Road, Wuhou District, Chengdu, Sichuan Province

Property Type Retail, office and serviced apartment

Highlights Close proximity to Jialing Road Station of Metro line no. 3

Site was secured at approximately RMB1,426.5 per sq.m., significantly lower than the average land cost for comparable projects

In November 2010, the Group entered into a tenancy agreement with Rainbow Department Store Co., Ltd. The GFA of the leased premises is approximately 30,500 sq.m. for a term of 20 years

Chengdu Landmark

Property Projects Portfolio

Hangzhou Hidden Valley

Key Statistics			
No. of Phases		7	
Site area (sq.m.)		287,192	
Construction start date		September 2011	
Expected completion date		September 2017	
Total GFA (sq.m.)		519,561	
Total saleable / leasable GFA (sq.m.)		301,410	
Land cost (RMB million)		1,952	
Development costs incurred as at 31 December 2012 (RMB million)		495	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	301,410	–	–

Project Overview

Location Dongzhou Avenue, Fuyang, Hangzhou, Zhejiang Province

Property Type Low density residential

Highlights Irreplaceable location with scarce resources

19km and 17km away from the Hangzhou CBD and "Riverside" Center, respectively

Hangzhou Hidden Valley was ranked the best selling terraced house project in terms of number of units sold in Hangzhou in 2012

Shenzhen Fashion Mark

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		183,962	
Expected construction start date		May 2014	
Expected completion date		December 2020	
Total GFA (sq.m.)		1,532,696	
Total saleable / leasable GFA (sq.m.)		1,239,691	
Land cost (RMB million)		3,938	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Office**
Saleable / Leasable GFA (sq.m.)	886,661	266,100	86,930

Project Overview

Location Nanlian Community, Shenhui Road, Longgang District, Shenzhen, Guangdong Province

Property Type Residential and retail

Highlights Close proximity to Nanlian Station and Longcheng Plaza Station of Metro Subway Line No. 3

Shenzhen Fashion Mark is an old village redevelopment program

The project will be built as a large-scaled urban mixed-use community with a relatively high proportion of retail area

Shenzhen Landmark

Shenzhen Blue Bay

Shenzhen Blue Bay

Key Statistics

No. of Phases		N/A	
Site area (sq.m.)		11,200	
Expected construction start date		June 2015	
Expected completion date		December 2017	
Total GFA (sq.m.)		23,000	
Total saleable / leasable GFA (sq.m.)		15,000	
Land cost (RMB million)		15	
Interest attributable to us (%)		92%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	15,000	–	–

Project Overview

Location Guanhu Road, Kuichong Town, Longgang District, Shenzhen, Guangdong Province

Property Type Low-density residential

Highlights Expected to comprise a residential development located in Yantian district

The project offers an excellent sea view which is adjacent to a beach facing the South China Sea

Property Projects Portfolio

Tianjin Le Leman City

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		333,666	
Construction start date		June 2012	
Expected completion date		July 2017	
Total GFA (sq.m.)		747,953	
Total saleable / leasable GFA (sq.m.)		730,278	
Land cost (RMB million)		415	
Development costs incurred as at 31 December 2012 (RMB million)		70	
Interest attributable to us (%)		58%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	432,916	13,524	84,356

Project Overview

Location Junction of Beihua Road and Jincang Expressway, Jinhai County, Tianjin

Property Type Commercial, industrial and residential

Highlights Located 20 kilometers away from Tianjin city centre (Nankai District)

Approximately 12 kilometers away from the south station of Beijing-Tianjin high-speed railway and 5 kilometers away from Beijing-Tianjin Expressway

Tianjin Le Leman City

Property Projects Portfolio

Huizhou Waterfront

Huizhou Waterfront

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		254,655	
Construction start date		November 2012	
Expected completion date		October 2016	
Total GFA (sq.m.)		581,590	
Total saleable / leasable GFA (sq.m.)		509,310	
Land cost (RMB million)		248	
Development costs incurred as at 31 December 2012 (RMB million)		211	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	497,910	6,000	5,400

Project Overview

Location Huidong, Huizhou

Property Type Residential

Highlights The Cross-Harbour Bridge, which is an extension of the Guangzhou-Huizhou Highway, is under construction and will start service in late 2012

Once the Bridge is completed, it will be 85 kilometers only away from Shenzhen Luohu (Huangbeiling) with 1.5 hours by drive.

Another national bay district besides of Hainan

All residential units will offer spectacular seaview

Nanjing Spring Land

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		60,825	
Construction start date		January 2013	
Expected completion date		November 2014	
Total GFA (sq.m.)		188,125	
Total saleable / leasable GFA (sq.m.)		144,625	
Land cost (RMB million)		1,594	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	138,742	5,883	–

Project Overview

Location Hexi CBD, Jianye District, Nanjing, Jiangsu Province

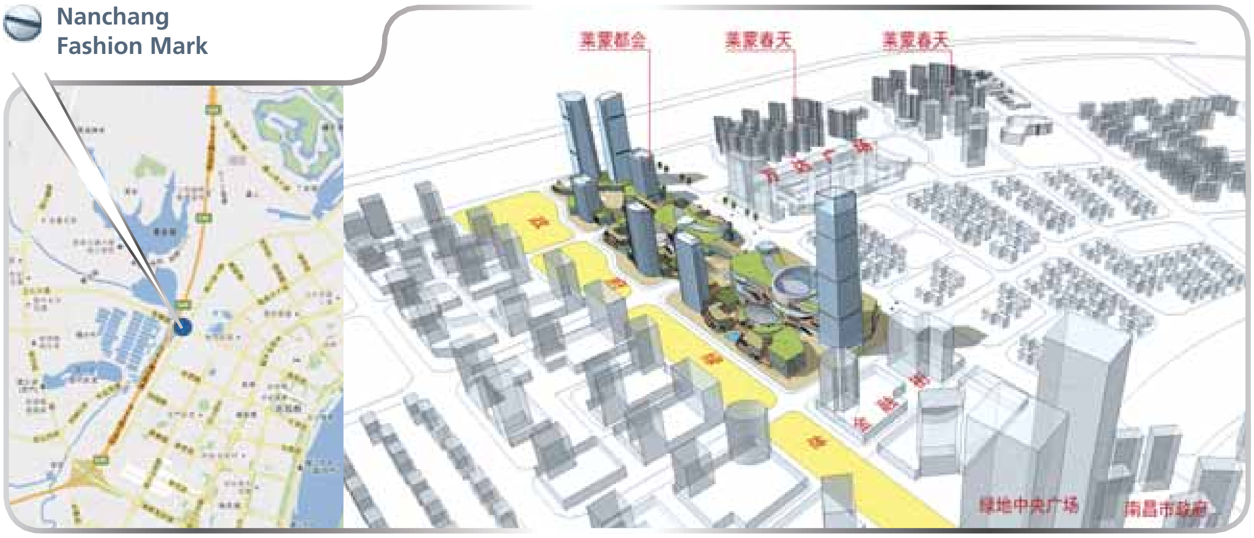
Property Type Residential and retail

Highlights Located in the central area of Hexi CBD

Hexi CBD has been planned to be a modern area integrates trade, business, culture and sports in the city connecting with Shanghai in the Yangtze River Delta

Property Projects Portfolio

Nanchang Fashion Mark



Key Statistics

No. of Phases		N/A	
Site area (sq.m.)		269,455	
Expected construction start date		May 2013	
Expected completion date		December 2017	
Total GFA (sq.m.)		978,760	
Total saleable / leasable GFA (sq.m.)		795,000	
Land cost (RMB million)		1,978	
Interest attributable to us (%)		70%	
	Residential	**Retail**	**Other**
Saleable / Leasable GFA (sq.m.)	312,000	225,000	258,000

Project Overview

Location Hong Gu Tan CBD, Nanchang, Jiangxi Province

Property Type Residential, office and shopping mall

Highlights A joint-venture project with a Singapore-listed company Metro Holdings Limited which indirectly holds 30% stake

Hong Gu Tan's CBD was initially established about ten years ago

Lots of domestic financial institutions have established presences in the area

Vast catchment area in the Central China region

Corporate Governance Report

Corporate Governance Principles and Practices

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Company and its subsidiaries as we believe that effective corporate governance practices are fundamental to safeguarding interests of shareholders and other stakeholders and enhancing shareholder value. Accordingly, the Company has adopted and applied sound corporate governance principles that emphasise a quality Board, effective internal controls, stringent disclosure practices and transparency and accountability. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

The Stock Exchange of Hong Kong Limited made certain amendments to the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and renamed it the Corporate Governance Code (the "**Revised Code**", together with the former code as the "**CG Code**") with effect from 1 April 2012.

The Company has, throughout the year ended 31 December 2012 and since the listing of the Company on the Main Board of the Stock Exchange on 23 March 2011 (the "**Listing Date**"), complied with all the code provisions of the CG Code applicable during the year, other than the exception of Code provisions A.2.1, A.6.7 and E.1.2, as explained in the paragraphs headed "Chairman and Chief Executive Officer" and "Directors' attendance at meetings" respectively below. The reasons for deviation are explained below in this report.

The Board of Directors

The Board is responsible for supervising and overseeing all major matters of the Company, including the formulation and approval of overall management and operation strategies, reviewing the internal control and risk management systems, reviewing financial performance, considering dividend policies and monitoring the performance of the senior management, while the management is responsible for the daily management and operations of the Group.

The Board comprises five executive Directors, namely Mr. WONG Chun Hong, Ms. LI Yan Jie, Mr. LEE Sai Kai David, Mr. LAM Jim and Mr. WANG Tian Ye, one non-executive Director, namely Dr. McCABE Kevin Charles, an alternate Director to Dr. McCABE Kevin Charles, namely Ms. THAM Qian and three independent non-executive Directors, namely Mr. BROOKE Charles Nicholas, Mr. CHENG Yuk Wo and Professor WU Si Zong.

There is no relationship, including financial, business, family or other material/relevant relationships, among the members of the Board.

During the year under review, the Board held five Board meetings (exclusive of meetings of Board committee constituted by the Board held during the period). The attendance of each Director is set out in the table below:

	Number of attendance/Total
Executive Directors	
Mr. WONG Chun Hong (chairman and chief executive officer)	5/5
Ms. LI Yan Jie	5/5
Mr. LEE Sai Kai David	5/5
Mr. LAM Jim	5/5
Mr. WANG Tian Ye (Note)	2/5
Non-executive Director	
Dr. McCABE Kevin Charles	4/5
Independent non-executive Directors	
Mr. BROOKE Charles Nicholas	5/5
Mr. CHENG Yuk Wo	5/5
Professor WU Si Zong	5/5

Note:

Mr. WANG Tian Ye was appointed as executive Director on 1 September 2012.

Training and Commitment

Upon appointment to the Board, Directors are provided with a comprehensive induction to the businesses of the Group by the Company's legal advisers.

The Company provides Continuous Professional Development ("**CPD**") training and relevant reading materials to Directors to help ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. In addition, attendance at external forums or briefing sessions (including delivery of speeches) on the relevant topics also counts toward CPD training.

The Directors are required to provide the Company with details of the CPD training undertaken by them from time to time. Based on the details so provided, the CPD training undertaken by the Directors in 2012 is summarised as follows.

	Areas		
Name of Director	Legal, regulatory and corporate governance	Businesses of the Group	Directors' roles, functions and duties
Executive Directors			
Mr. WONG Chun Hong	✓	✓	✓
Ms. LI Yan Jie	✓	✓	✓
Mr. LEE Sai Kai David	✓	✓	✓
Mr. LAM Jim	✓	✓	✓
Mr. WANG Tian Ye	✓	✓	✓
Non-executive Director			
Dr. McCABE Kevin Charles	✓	✓	✓
Independent non-executive Directors			
Mr. BROOKE Charles Nicholas	✓	✓	✓
Mr. CHENG Yuk Wo	✓	✓	✓
Professor WU Si Zong	✓	✓	✓

Confirmation is received from the Directors that they have provided sufficient time and attention to the affairs of the Group. Besides, Directors disclose to the Company their interests as director and other office in other public companies and organisations in a timely manner and update the Company on any subsequent changes.

Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG 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 year under review, Mr. WONG Chun Hong performed his duties as the chairman as well as the chief executive officer of the Company. The Board believes that the serving by the same individual as the 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.

Directors' attendance at meetings

In respect of Code Provision A.6.7 of the CG Code, Ms. LI Yan Jie, the executive Director and Professor WU Si Zong, the independent non-executive Director, were unable to attend the annual general meeting of the Company held on 23 May 2012 due to other engagements.

Mr. WONG Chun Hong, Mr. LEE Sai Kai David, Mr. LAM Jim, executive Directors, Dr. McCABE Kevin Charles, the non-executive Director, Ms. THAM Qian, the alternate Director of Dr. McCABE Kevin Charles and Mr. BROOKE Charles Nicholas and Mr. CHENG Yuk Wo, the independent non-executive Directors attended the annual general meeting of the Company on 23 May 2012.

In respect of Code Provision E.1.2 of the CG Code, Professor WU Si Zong, the Chairman of the Nomination Committee, was unable to attend the annual general meeting of the Company held on 23 May 2012 due to other engagement, Mr. WONG Chun Hong and Mr. CHENG Yuk Wo, the other members of the Nomination Committee, attended the annual general meeting of the Company on 23 May 2012.

Non-Executive Directors and Independent Non-Executive Directors

The non-executive Director (and the alternate to the non-executive Director) and the independent non-executive Directors, was appointed by the Company for a term of three years commencing on 1 December 2010 unless terminated by not less than three months' notice in writing served by either the Company or the respective Director.

Each of the independent non-executive Directors has confirmed by written confirmation that he has complied with the independence requirements set out in Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent under these independence requirements.

Independent non-executive Directors possess appropriate professional qualifications and experience or appropriate accounting or relevant financial management expertise. Independent non-executive Directors are able to provide their independent judgment in respect of matters such as the Group's strategy, policy and performance at Board and Board committee meetings, and to make significant contributions to the affairs of the Group.

Remuneration Committee

During the year under review, Mr. WONG Chun Hong was the chairman of the remuneration committee of the Company (the "**Remuneration Committee**"). With effect from 29 March 2012, Mr. WONG ceased to be the Chairman and Mr. CHENG Yuk Wo was appointed as the Chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's structure for remuneration of Directors and senior management and on the establishment of formal and transparent procedures for developing such remuneration policy.

In determining the remuneration of the Directors and the senior management, the Remuneration Committee would consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and the senior management, performance and contributions of the Directors and the senior management and the change in market conditions.

The Remuneration Committee held two meetings during the year under financial review. The attendance of each member of the Remuneration Committee is set out in the table below:

	Number of attendance/Total
Mr. CHENG Yuk Wo	2/2
Mr. WONG Chun Hong	2/2
Professor WU Si Zong	2/2

For the year under review, the Remuneration Committee reviewed the terms (in particular, the remuneration package) of the service contracts of Mr. WANG Tian Ye and recommended to the Board to approve the revision of the remuneration package of Mr. WONG Chun Hong, Mr. LEE Sai Kai David, Mr. LAM Jim, Ms. THAM Qian, Mr. CHENG Yuk Wo and Professor WU Si Zong. The Remuneration Committee also made recommendations to the Board on the year-end bonus of executive and non-executive Directors and senior management of the Company for 2012. The Remuneration Committee also recommended to grant certain Options to certain directors and senior management of the Company during the year under review. No Director was involved in deciding his own remuneration.

Nomination Committee

During the year under review, Mr. WONG Chun Hong was the Chairman of the nomination committee of the Company (the "**Nomination Committee**"). With effect from 29 March 2012, Mr. WONG ceased to be the Chairman and Professor WU Si Zong was appointed as the Chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis, to make recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors, and to assess the independence of the independent non-executive Directors. In considering the nomination of new Directors, the Nomination Committee will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates as well as the independence requirement in the case of an independent non-executive Director.

The Company has adopted procedures for nomination of a new Director, pursuant to which (i) an interview will be conducted with the prospective candidates; and (ii) the Board will consider and, if thought fit, approve the appointment of a new Director by way of Board meeting or written resolution. To ensure that a newly appointed Director will have a proper understanding of the operations and business of the Company and is fully aware of his responsibilities under all applicable laws and regulations (including the Listing Rules), he will be provided with a comprehensive, tailored made and formal induction on the first occasion of his appointment.

The Nomination Committee held one meeting during the year under review. The attendance of each member of the Nomination Committee is set out in the table below:

	Number of attendance/Total
Professor WU Si Zong	1/1
Mr. WONG Chun Hong	1/1
Mr. CHENG Yuk Wo	1/1

Audit Committee

The chairman of the audit committee of the Company (the "**Audit Committee**") is Mr. CHENG Yuk Wo.

The Audit Committee reports to the Board and is authorised by the Board to assess matters relating to the financial statements of the Company. The Audit Committee oversees all financial reporting procedures and the effectiveness of the Company's internal controls, to advise the Board on the appointment and re-appointment of external auditors, and to review and oversee the independence and objectivity of external auditors.

The Audit Committee is responsible for recommending to the Board on matters related to the appointment, re-appointment and removal of the external auditors, which is subject to the approval of the Board and the Shareholders at a general meeting of the Company. For the year under review, the Board has not taken a different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors.

The Audit Committee held two meetings during the year under review. The attendance of each member of the Audit Committee in person or by his alternate is set out in the table below:

	Number of attendance/Total
Mr. CHENG Yuk Wo (Chairman)	2/2
Mr. BROOKE Charles Nicholas	2/2
Dr. McCABE Kevin Charles	1/2
Ms. THAM Qian (Alternate director to Dr. McCABE Kevin Charles)	2/2

At the above meetings, the Audit Committee has considered, reviewed and discussed the accounting principles and practice adopted by the Company, the annual results of the Group for the year ended 31 December 2011, the interim results of the Group for the six months ended 30 June 2012 and the effectiveness of financial reporting, internal control, consultancy services and risk management systems.

Corporate Governance Committee

To facilitate more effective implementation of corporate governance practices, a corporate governance committee of the Board (the "**Corporate Governance Committee**") has been established on 29 March 2012 with specific written terms of reference which deal clearly with the committee's authority and duties. The Corporate Governance Committee consists of three executive Directors, namely Mr. LEE Sai Kai David, Mr. LAM Jim and Mr. WANG Tian Ye (appointed on 1 September 2012), and an independent non-executive Director, namely Mr. CHENG Yuk Wo. During the year under review, Mr. LEE Sai Kai David was the chairman of the Corporate Governance Committee, with effect from 1 September 2012, Mr. LEE Sai Kai David ceased to be the Chairman and Mr. WANG Tian Ye was appointed as the Chairman of the Corporate Governance Committee.

Follow with terms of reference, the Corporate Governance Committee reviewed and monitored the Company's policies and practices on corporate governance which complied with legal and regulatory requirements and make recommendation to the Board. The Corporate Governance Committee also reviewed and monitored the training and continuous professional development of the Directors and the senior management.

Advisory Committee

The Company established an advisory committee (the "**Advisory Committee**") on 2 December 2010. The Advisory Committee consists of two executive Directors, namely, Mr. WONG Chun Hong and Ms. LI Yan Jie.

The primary duties of the Advisory Committee are to make all determinations and provide directions to the trustees of the Pre-IPO Share Option Scheme, the Share Award Scheme and the Post-IPO Share Option Scheme adopted by the Company.

The Advisory Committee did not hold any meeting during the year under review.

Auditors' Remuneration

For the year ended 31 December 2012, the total fees paid/payable to the external auditors of the Company, KPMG, in respect of audit and non-audit services are set out below:

	For the year ended 31 December 2012 HK$'000
Audit services	4,842
Non-audit services (Note)	1,056
Total	5,898

Note: Apart from the provision of annual audit services, KPMG, the Group's external auditors, also provided review services on the consolidated financial statements of the Group for the six months ended 30 June 2012 and other advisory services.

Directors' Responsibility on the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2012, and confirm that the financial statements give a true and fair view for the year under review, and are prepared in accordance with the applicable statutory requirements and accounting standards. The statement of the external auditors of the Company, KPMG, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 81 of this annual report.

Internal Control

The Board is fully responsible for maintaining proper and effective internal control system and for regularly reviewing the operational efficiency of the financial, operational, compliance controls, risk management and other aspects of the system in order to safeguard the investment of Shareholders and the assets of the Company. During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Group covering the above aspects. The Board has also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget during the year under review.

The internal audit department of the Company is responsible for regular review and audit of the Group's major finance and operating activities. The purpose of such work is to ensure the normal operation of internal control and the playing of its due role.

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. The Model Code has been updated to reflect the recent amendments to the Listing Rules which took effect in 2013. 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 during the year ended 31 December 2012, except for Mr. WONG Chun Hong and Mr. LEE Sai Kai David, the executive Directors, who entered into securities transactions of the Company during the trading hours on 30 March 2012 which was the date when the announcement of annual results of the Company for the year ended 31 December 2011 was published (the "**2011 Results Announcement**"). As the 2011 Results Announcement was published before the commencement of the trading hours on 30 March 2012, both of Mr. WONG Chun Hong and Mr. LEE Sai Kai David confirmed that they did not deal in the Company's securities when they were in possession of any unpublished price-sensitive information of the Company. To ensure compliance, all Directors were requested to send a notice of intention to deal with the Company's securities to the chairman of Corporate Governance Committee and should obtain an approval from the chairman of Corporate Governance Committee to deal with securities of the Company. The Directors also participated in a directors' training regarding insider dealing.

Relevant 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 for the year ended 31 December 2012.

Company Secretary

The Company Secretary, Ms. LUK Po Chun is responsible to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and the timely preparation and dissemination to Directors of comprehensive meeting agendas and papers. Minutes of all Board meetings and Board Committees are prepared and maintained by the Company Secretary to record in sufficient details the matters considered and decisions reached by the Board or Committee, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board meetings and meetings of Board Committees are sent to Directors and Committee members respectively for comments and records and are available for inspection by any Director upon request.

The Company Secretary is responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments relating to the Group and that it takes these into consideration when making decisions for the Group. From time to time, she organises seminars on specific topics of significance and interest and disseminate reference materials to the Directors for their information.

The Company Secretary is also directly responsible for the compliance of the Group with all obligations of the Listing Rules and Codes on Takeovers and Mergers and Share Repurchases, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, the timely dissemination to shareholders and the market of information relating to the Group.

Furthermore, the Company Secretary advises the Directors on their obligations for disclosure of interests and dealings in securities of the Company, connected transactions and price-sensitive/inside information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the annual report of the Company.

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 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 Shareholders pursuant to the requirements of the Listing Rules, and will be published on the website of the Stock Exchange.

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to article 66 of the Articles of Association of the Company, any shareholder holding one vote for every fully paid share at general meetings of the Company has statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by shareholders by sending to the Board or the Company Secretary at the principal place of business a written request for such general meetings duly signed by the shareholders concerned together with the proposed agenda items and such meeting shall be held within two months of the deposit of such requisition. All substantive resolutions at general meetings are decided on a poll which is conducted by the Company Secretary and scrutinised by the Hong Kong Share Registrar of the Company. The results of the poll are published on the websites of the Company and HKEx. Regularly updated financial, business and other information on the Group is made available on the website of the Company for shareholders and stakeholders.

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.

Biography of Directors and Senior Management

Directors

Executive Directors

Mr. WONG Chun Hong (黃俊康), aged 58

Chairman and Chief Executive Officer

Mr. WONG is the founder of the Group and was appointed as an executive Director, the Chairman and the Chief Executive Officer of the Company on 25 August 2009. He is responsible for the strategic planning, board management and overall management of the Group. He is also a director of various subsidiaries within the Group. In addition, he is also the second largest controlling shareholder and vice chairman of the board of directors of Rainbow Department Store Co., Ltd. ("**Rainbow**"), a company listed on the Shenzhen Stock Exchange. He has over two decades of experience in the real estate business in the PRC and Hong Kong and has profound accomplishments in the finance and retail fields, Mr. WONG's career milestones prior to the establishment of the Group are set out in the following table:

Date	Career milestones
1988	• Xin An Lake, Shenzhen — Mr. WONG's first PRC commercial/ residential complex development project. • Xin An Lake has a total GFA of approximately 500,000 sq.m.
1990	• Top Spring Development Limited ("**TSD**") — a joint venture company formed by Mr. WONG with COFCO (Hong Kong) Limited (formerly known as Top Glory Holding Company Limited ("**Top Glory**")), a wholly-owned subsidiary of China National Cereals, Oils & Foodstuffs Import and Export Corporation ("**COFCO**") to engage in property development and investment in Hong Kong and the PRC. • TSD was owned as to 70% by Top Glory and 30% by Mr. WONG through his controlled entity, respectively. • Mr. WONG managed all the property projects of TSD group and Top Glory group across China, covering cities such as Hong Kong, Shenyang, Xiamen, Beijing, Guangzhou and Shenzhen.
1993	• Mr. WONG formulated and implemented the transfer of the property interests of TSD and Top Glory to a listed company (now privatised), Top Glory International Holdings Limited (formerly known as World Trade Center Group Limited) ("**TGI**"). • Mr. WONG became the deputy managing director and the second largest shareholder of TGI and was in charge of many major property projects including Top Glory Tower and Carnation Court in Hong Kong, Beijing Capital Paradise, Shenyang Top Spring Plaza, Guangzhou Top Spring Development Building, Xiamen Top Spring Plaza and Xin An Lake in Shenzhen. • Mr. WONG was the vice chairman of China Foods Limited (then known as China Foods Holdings Limited) ("**China Foods**"), a company listed on the Stock Exchange and a subsidiary of COFCO.

Date	Career milestones
1996	• According to Mr. WONG, he disposed of all his interest in TGI and ceased to work at TGI and China Foods.
1996-2001	• Mr. WONG obtained a controlling stake in and became a major shareholder, chairman and chief executive officer of ITC Properties Group Limited (formerly known as Cheung Tai Hong Holdings Limited ("**CTH**")), a company listed on the Stock Exchange.
	• Mr. WONG was in charge of the development of detached or semi-detached luxury villas (with garden) at a development site at Wenyu River Tourism and Villa Development Zone, Shunyi County, Beijing, and commercial/residential properties at a site in Sheung Wan, Hong Kong.
2001	• According to Mr. WONG, he disposed of all his interest in CTH and focused on developing the Group's business until now.
2010	• Mr. WONG was awarded 2010 年度風雲人物 (2010 Person of the Year) by China Real Estate Information Corporation (中國房產信息集團) and 新浪樂居 (Sina House).

Mr. WONG also attended the Global CEO Programme for China in 2007 which was co-organized by IESE Business School and Harvard Business School. He is a member of 廣州政治協商會常委 (Guangzhou Chinese People's Political Consultative Conference).

Chance Again Limited ("**Chance Again**"), which is the Controlling Shareholder (as defined in the Listing Rules) of the Company, 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. Mr. WONG is also a director of Chance Again. Save as mentioned above, Mr. WONG does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Ms. LI Yan Jie (李艷洁), aged 42
Executive Director

Ms. LI joined the Group in December 2000 and was appointed as an executive Director on 25 August 2009. She also serves as a director of various subsidiaries within the Group, including Changzhou Top Spring Landmark Real Estate Co., Ltd. She was formerly the chief operating officer of the Company. She is in charge of the day-to-day operations of the Group and supervises all the senior vice presidents, vice presidents and general managers of the project companies. Ms. LI has extensive experience in sales and marketing and has a well-established client base. In 2004, Ms. LI was a director of Rainbow, a company which is now listed on the Shenzhen Stock Exchange. From 1994 to 2000, she was the general manager of 深圳市土地房產交易中心 (Shenzhen Land & Real Estate Exchange Center) (formerly known as 深圳市房地產交易中心 (Shenzhen Real Estate Exchange Center). Ms. LI studied an executive training course on real estate development and finance at 清華大學 (Tsinghua University) in 2006. Ms. LI does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Biography of Directors and Senior Management

Mr. LEE Sai Kai David (李世佳), aged 47
Executive Director

Mr. LEE joined the Group in September 2002 and was appointed as an executive Director on 25 August 2009. He is also a director of various subsidiaries within the Group. Mr. LEE oversees internal audit and corporate governance aspects of the Group and has extensive experience in finance and senior management. He began his career at Deloitte Touche Tohmatsu in 1988 and became a senior accountant of a Hong Kong listed company, namely, China Everbright Limited in 1991. Previously, he acted as the deputy financial controller of TGI, a company then listed on the Stock Exchange and the financial controller of China Foods, a company listed on the Stock Exchange. In 1996, he took up executive directorship at ITC Properties Group Limited, a company listed on the Stock Exchange. He now serves as a director of Rainbow, a company listed on the Shenzhen Stock Exchange. Mr. LEE received his Bachelor of Arts (Hons.) degree in Accountancy from The Hong Kong Polytechnic University. He is an associate of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants and a fellow of the Association of Chartered Certified Accountants. Mr. LEE does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Mr. LAM Jim (林戰), aged 42
Executive Director and Chief Financial Officer

Mr. LAM joined the Group as the chief financial officer of the Company in May 2010 and was appointed as an executive Director on 4 July 2011. Prior to joining the Group, Mr. LAM acted as the chief financial officer, company secretary and qualified accountant of Greentown China Holdings Limited, a company listed on the Stock Exchange. Mr. LAM also worked for an international audit firm and various international investment banks and has over 15 years of experience in the field of auditing, equity research, investment and financial management. Mr. LAM received his Bachelor's degree in business administration from the Chinese University of Hong Kong in 1992 and a Master's degree in accounting and finance from the London School of Economics and Political Science in 1996. He is also a member of the Hong Kong Institute of Certified Public Accountants. Mr. LAM does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Mr. WANG Tian Ye (王天也), aged 54
Executive Director

Mr. WANG joined the Group as a consultant of the Company in August 2012 and was appointed as an executive director on 1 September 2012. He is also a director of various subsidiaries within the Group. Mr. WANG oversees the retail and property management business of the Group. Prior to joining the Group, Mr. WANG was an executive director and the chief executive officer of Central China Real Estate Limited, a company listed on the Stock Exchange from 2004 to 2012. He worked in various positions in Bank of China Group from 1980 to 1997 and was the deputy general manager of Bank of China, Sydney Branch from 1993 to 1997 and a senior associate of the Australian Institute of Banking and Finance. From 1998 to 2004, Mr. WANG was the representative of Guangdong Development Bank, Hong Kong representative office and the general manager of an investment company established by the bank. Mr. WANG has over 30 years of experience in finance and investment and approximately 15 years of experience in the real estate sector. He has obtained a Diploma in International Finance from the Peoples University of China in 1985 and a Masters degree in Applied Finance from Macquarie University in 1996. He completed the Global CEO Program for China in China Europe International Business School in June 2007. Mr. WANG was an independent non-executive director of CNPV Solar Power SA, a company listed on New York Stock Exchange Euronext, and was an independent non-executive director of each of National Investments Fund Limited, China Investment Development Limited and Aurum Pacific (China) Group Limited, all of which are companies listed on the Stock Exchange. Mr. WANG does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Non-executive Director

Dr. McCABE Kevin Charles, aged 64

Non-executive Director and Non-executive Vice Chairman

Dr. McCABE joined the Group in June 2008 and was appointed as a non-executive Director and the non-executive vice chairman of the Company on 25 August 2009. He is a former director of two of the Group's subsidiaries, Le Leman International (Yuhang) Limited and Top Spring International (Yuhang) Landmark Co., Ltd.

Dr. McCABE was a non-executive director of a listed company on the ASX, Valad Property Group Limited, from August 2007 to November 2009. He is also the chairman of Sheffield United PLC, a company previously listed company on the AIM market in London and was the chairman of Teesland plc, a company previously listed on the London Stock Exchange.

Dr. McCABE commenced his career in property and construction in 1964. After leaving Sheffield in 1973, he joined and became a director of Teesland Development Co. Ltd ("**Teesland**"). In 1976, he left Teesland to set up his own property group and in 1980 he formed Scarborough Property Group plc, the forerunner of Scarborough Group International Limited ("**Scarborough UK**"), which is still wholly owned by the McCABE Family and of which he is currently the chairman. As at 28 February 2009, Scarborough UK and its subsidiaries (collectively, the "**Scarborough Group**") had total assets of over £570 million.

With over 40 years of experience in business, Dr. McCABE has grown and listed a number of companies while creating significant shareholder wealth in the process. Scarborough UK is now a global company with interests in the UK, Europe, Hong Kong and China. Dr. McCABE either personally or via other connected corporations also has real estate interests in India, Canada and Australia. Dr. McCABE is also a director of Sheffield United Realty B.V., Scarborough International Holdings B.V., Scarborough Property Company Limited, Scarborough Group Holdings Limited, Scarborough Group Limited and Scarborough UK.

Dr. McCABE is also a member of the Royal Institution of Chartered Surveyors and the Institute of Arbitrators. In July 2010, Dr. McCABE was conferred a degree of Doctor of Letters, honoris causa, from the University of Sheffield in the United Kingdom. Dr. McCABE does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Alternate Director to Dr. McCABE Kevin Charles

Ms. THAM Qian (譚謙), aged 49

Ms. THAM joined the Group in December 2003 and was appointed as an alternate Director to Dr. McCABE Kevin Charles on 25 August 2009. She is a former director of various subsidiaries within the Group. She joined the Scarborough Group in 2001 and was involved in numerous property development and investment projects in the UK. In 2003, she spearheaded the growth of the Scarborough Group's property business in China and Hong Kong and since then, she has initiated co-investment transactions with many Chinese developers, the first of which was with Top Spring Group Holdings Limited ("**TSGHL**"). Ms. THAM has over ten years of experience in property investment and property management. She commenced her career in import, export and wholesale businesses in the UK. Ms. THAM was also involved in diverse businesses including supermarkets, properties and large scale catering businesses in the UK. In 1999, she co-founded the JNT Group, a football promotion agency firm, which gave many Chinese footballers the opportunity to play football overseas. Furthermore, she is the first Asian lady to have obtained a football agent licence from the Fédération Internationale de Football Association (FIFA). She was active in the football promotion agency business for China and Europe. In 1991, Ms. THAM received her Master of Business Administration degree from the University of Sheffield in the United Kingdom.

Given that Dr. McCABE Kevin Charles is residing outside Hong Kong and is not ordinarily based in Hong Kong, Ms. THAM Qian was appointed as an alternate Director to Dr. McCABE to facilitate the performance and discharge of his fiduciary duties and obligations as a Director. Ms. THAM does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Independent Non-executive Directors

Mr. BROOKE Charles Nicholas, aged 71

Independent Non-executive Director

Mr. Brooke was appointed as an independent non-executive Director on 30 November 2010. He is also the chairman and a non-executive Director of VinaLand Limited which is listed on the London Stock Exchange. Mr. Brooke is the chairman of Professional Property Services Limited which specialises in real estate consultancy and is based in Hong Kong, providing clients with a selected range of advisory services across the Asia Pacific region. He is a Justice of the Peace. He is also the chairman of the Hong Kong Harbourfront Commission and the chairman of the Hong Kong Science and Technology Parks Corporation. He is a member of the Innovation and Technology Steering Committee and the Steering Committee on the Promotion of Electric Vehicles. He is also a member of Commission on Strategic Development, Working Group on Intellectual Property Trading and the Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries for Economic Development Commission. Mr. Brooke was awarded Silver Bauhinia Star (SBS) in 2012. He is a Trustee of the International Valuation Standards Council (IVSC) and is an honorary member of the American Institute of Architects, an honorary professor at the University of Hong Kong and Chongqing University and an honorary fellow of the College of Estate Management in UK. He is the former President of the Royal Institution of Chartered Surveyors, a former member of the Hong Kong Town Planning Board, a former vice-chairman of the Metro Planning committee and a former member of the Hong Kong Housing Authority. In 2004, Mr. Brooke was admitted as a Freeman of the City of London. He is a Fellow of the Royal Institution of Chartered Surveyors and of the Hong Kong Institute of Surveyors. In 1963, Mr. Brooke graduated from the University of London with a Bachelor of Science degree in Estate Management. Mr. Brooke does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Mr. CHENG Yuk Wo (鄭毓和), aged 52

Independent Non-executive Director

Mr. CHENG was appointed as an independent non-executive Director on 30 November 2010. Mr. CHENG worked at PricewaterhouseCoopers (formerly known as Coopers and Lybrand) in London in 1984 and at UBS AG (formerly known as Swiss Bank Corporation) in Toronto in 1989. He is also the co-founder of Centurion Corporate Finance Limited. In 1999, he became the sole proprietor of Erik CHENG & Co., Certified Public Accountants. Mr. CHENG received his Master of Sciences (Econ) in Accounting and Finance from The London School of Economics and Political Science in 1984, and his Bachelor of Arts (Hons.) in Accounting from the University of Kent in 1983. Mr. CHENG is currently a member of the Institute of Chartered Accountants of Ontario, Canada. He is also a fellow of the Institute of Chartered Accountants in England and Wales and a Certified Public Accountant practising in Hong Kong. Mr. CHENG does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The table below sets out Mr. CHENG's directorships in a number of companies listed in Hong Kong:

Name of the listed company	Position
21 Holdings Limited	Executive director
Chong Hing Bank Limited	Independent non-executive director
C.P. Lotus Corporation (formerly known as Chia Tai Enterprises International Limited)	Independent non-executive director
CPMC Holdings Limited	Independent non-executive director
CSI Properties Limited (formerly known as Capital Strategic Investment Limited)	Independent non-executive director
Goldbond Group Holdings Limited	Independent non-executive director
HKC (Holdings) Limited	Independent non-executive director
Imagi International Holdings Limited	Independent non-executive director
South China Land Limited	Independent non-executive director
Henry Group Holdings Limited (formerly known as Zida Computer Technologies Limited)	Former independent non-executive director, non-executive director and vice chairman from May 2005 to August 2008

Professor WU Si Zong (吳泗宗), aged 61
Independent Non-executive Director

Professor WU was appointed as an independent non-executive Director on 30 November 2010. Since 1997 and until now, he has been a professor, a doctoral tutor, the secretary of the Party Committee and the vice dean of the Economic and Management School at 同濟大學 (Tongji University). Professor WU is the vice-chairman of 上海市市場學會 (Shanghai Marketing Society) and the standing director of 中國市市場學會 (China Marketing Society). Professor WU lectures in economics and international trade. His main research fields are business management, marketing and international trade. From 1994 to 1997, he was the Head of Affairs Committee of the International Trade Faculty at 江西財經大學 (Jiangxi University of Finance and Economics). From 2001 to 2008, Professor WU published several theses and was involved in various research projects in his fields of expertise. He also published many books in marketing, commerce and trade from 2000 to 2007. Professor WU received his Bachelor's degree in Economics from 江西財經大學 (Jianxi University of Finance and Economics) in 1982. In 1995, he received his Master's degree in Economics at 上海財經大學 (Shanghai University of Finance and Economics). Professor WU does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Save as disclosed above, there is no other information in respect of the Directors required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

Senior Management

Mr. CHEN Feng Yang (陳風楊), aged 49

Chief Operating Officer

Mr. CHEN joined the Group in February 2006 and was promoted to the position of senior vice president in October 2010 and later appointed as the Chief Operating Officer of the Company in June 2011. He is the director of several subsidiaries of the Group. Mr. CHEN was in charge of the operation of the Group. During the period between 2002 and 2006, he worked as the vice president of 中國寶安集團股份有限公司 (China Bao' an Group Co. Ltd.) and the chairman of 深圳恒安房地產開發有限公司 (Hengan Property Development (Shenzhen) Ltd.). Mr. CHEN graduated from 武漢工業大學 (Wuhan Institute of Technology) in 1989 with a master degree in Structural Engineering. Mr. CHEN does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Mr. LUO Wen Jun (羅文俊), aged 56

Vice President

Mr. LUO joined the Group in May 2006 and was appointed as a vice president of the Company in June 2009. Mr. LUO is in charge of the supervision and management of the Group's business in Changzhou and Shanghai. Prior to joining the Group, Mr. LUO possessed extensive experience in property development and business administration. During the period between 1985 and 1999, he worked as the deputy sector chief and assistant to the manager of 上海市閘北區人民政府財貿辦公室 (Shanghai Zhabei District People's Government Finance and Trade Office), the general manager of 上海市新新百貨公司 (Shanghai Xin Xin Department Store), the deputy general director of business construction of Shanghai train station (上海鐵路新客站商業建設副總指揮) the deputy general manager of 上海心族農工商總公司 (Shanghai Xin Zu Nong Industrial and Commercial Company Limited) and the managing director of 上海明天廣場有限公司 (Shanghai Tomorrow Square Company Limited). From 2002 to 2006, he was the director and executive deputy general manager of 上海不夜城股份有限公司 (Shanghai Everbright Company Limited). In addition, Mr. LUO was elected as the vice chairman of the Federation of Industry and Commerce of Zhonglou District of Changzhou and the deputy to the National People's Congress of Zhonglou District of Changzhou respectively in 2011 and 2012. In August 2012, he was appointed as the standing director of Jiangsu Hong Kong-Invested Company Service Association (江蘇省港商投資企業服務協會). Mr. LUO completed a Business Management course at 上海電視大學 (Shanghai TV University) in 1986. Mr. LUO does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Ms. SHI Ning (石寧), aged 57

Vice President

Ms. SHI joined the Group in June 2008 and was in charge of the Group's administrative and cost control affairs. Prior to joining the Group, she took up various positions including the deputy general manager of Shenzhen Investment Limited (深圳控股有限公司) the general manager of China projects of Sino Land Company Limited and the lecturer of Capital University of Economics and Business. Ms. SHI holds a bachelor degree in economics of Capital University of Economics and Business and a degree in Business Administration (Finance) of Murdoch University in Australia. Ms. SHI does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Mr. HE Da Chuan (賀大川), aged 51
Vice President

Mr. HE joined the Group in July 2012 and was appointed as the general manager of a subsidiary in Changzhou. He was appointed as a vice president of the Company in February 2013 and is the chairman of a subsidiary in Nanjing. Prior to joining the Group, he was the manager of marketing department of 中海(上海)房地產公司, the general manager of 上海合生房地產公司, the general manager of Chengdu's business department of Greenland Group in Shanghai and the vice president of Rong Qiao Group (融僑集團股份有限公司). Mr. HE graduated from Wuhan Institute of Building Materials (武漢建材學院). Mr. HE does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Mr. LIANG Rui Chi (梁瑞池), aged 41
Assistant President

Mr. LIANG joined the Group in February 2006 and was appointed as the assistant president of the Company and the general manager of a subsidiary in Tianjin in 2013. Mr. LIANG is the director of several subsidiaries of the Group. From 2006 to 2012, he worked as the general manager of strategic investment department and operations management department of the Group, the assistant to the chief operating officer, the executive vice president of a subsidiary in Shenzhen and the assistant to the chairman of the Group. Prior to joining the Group, he was a branch manager of Shenzhen Development Bank, the assistant to the general manager of Shenzhen Dongjiang Environmental Company Limited (深圳市東江環保股份有限公司), a company listed on the Stock Exchange. Mr. LIANG graduated from Central University of Finance and Economics. Mr. LIANG does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Ms. LUK Po Chun (陸寶珍), aged 43
Company Secretary

Ms. LUK joined the Group in 2007 and was appointed as the company secretary of the Company in August 2009. She is responsible for the Group's company secretarial affairs. Having worked for various listed companies in Hong Kong and overseas, Ms. LUK has extensive experience in company secretarial matters, accounting and financial management. Prior to joining the Group, Ms. LUK was the chief accountant of China Water Affairs Group Limited, which is listed on the Stock Exchange. She was also the chief accountant of S.A. Cimenteries CBR, a subsidiary of Heidelberg Cement Group, a listed company in Germany. Ms. LUK holds a master degree in Corporate Finance of Hong Kong Polytechnic University. She is also an associate of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants. Ms. LUK does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Mr. CHEUNG Koon Wan Johnson (張冠寰), aged 54
Chief Architect

Mr. CHEUNG joined the Group as the chief architect in February 2012 and was in charge of the design and management of the Group's projects. Prior to joining the Group, he worked for Henderson Land Development Company Limited, Chun Wo (China) Limited, Pacific Concord Holding Limited and 康帕斯專業顧問有限公司, a wholly owned subsidiary of Sun Hung Kai Properties Limited and has extensive experience in project management. He also worked for the Hong Kong Jockey Club and CLP Power Hong Kong Limited, where he was in charge of asset and facility management. Mr. CHEUNG is a member of Royal Institute of British Architects, Royal Institution of Chartered Surveyors, the Hong Kong Institute of Architects and the Hong Kong Institute of Surveyors. He also holds a bachelor degree in architecture of McGill University in Canada and a master degree in Real Estate Development of Hong Kong University. Mr. CHEUNG does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Directors' Report

The Directors are pleased to present their annual report and the audited financial statements of the Company for the year ended 31 December 2012.

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 residential properties in the Yangtze River Delta, the Pearl River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC. Details of the principal activities of the subsidiaries are set out in note 14 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results and Dividends

The Group's profit for the year ended 31 December 2012 and the state of affairs of the Group at that date are set out in the financial statements on pages 82 to 160 of this annual report. The Board has recommended the payment of final dividend of HK15 cents per Share for the year ended 31 December 2012 (for the year ended 31 December 2011: HK15 cents) to shareholders whose names appear on the register of members of the Company on 24 May 2013. Upon approval by the shareholders at the forthcoming annual general meeting of the Company to be held on 15 May 2013 ("**2013 AGM**"), the final dividend will be payable on or around 7 June 2013.

Closure of Register of Members

The Register of Members of the Company will be closed during the following periods:

(i) For determining the eligibility of the shareholders of the Company to attend and vote at the AGM:

Latest time to lodge transfer documents for registration	4:30 p.m. on Friday, 10 May 2013
Closure of register of members	Monday, 13 May 2013 to Wednesday, 15 May 2013
Record date	Wednesday, 15 May 2013

(ii) For determining the entitlement of the shareholders of the Company to the proposed final dividend:

Latest time to lodge transfer documents for registration	4:30 p.m. on Tuesday, 21 May 2013
Closure of register of members	Wednesday, 22 May 2013 to Friday, 24 May 2013
Record date	Friday, 24 May 2013

Summary Financial Information

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on pages 161 to 164 of this annual report. This summary does not form part of the audited financial statements.

Property and Equipment and Investment Properties

Details of movements in the property and equipment and investment properties of the Group during the year are set out in note 13 to the financial statements, respectively. Further details of the Group's major investment properties are set out on page 22.

Properties Under Development for Sale

Details of the properties under development for sale of the Group during the year are set out in note 18 to the financial statements. Further details of the Group's major properties under development are set out on page 4.

Completed Properties for Sale

Details of the completed properties for sale of the Group during the year are set out in note 18 to the financial statements. Further details of the Group's major completed properties held for sale are set out on page 4.

Leasehold Land Held for Development for Sale

Details of the leasehold land held for development for sale of the Group during the year are set out in note 18 to the financial statements. Further details of the Group's major leasehold properties held for development for sale are set out on page 5.

Share Capital

Details of movements in the Company's share capital during the year are set out in note 27(c) to the financial statements.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

Tax Relief and Exemption

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date up to and including 31 December 2012.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 27(a) to the financial statements and in the consolidated statement of changes in equity.

Distributable Reserves

As at 31 December 2012, the aggregate amount of the Company's reserves available for distribution to equity shareholders of the Company, as calculated in accordance with the Companies Law of the Cayman Islands and the Company's memorandum and articles of association, was HK$1,981,951,000 (2011: HK$1,637,269,000). Under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders subject to the provisions of its memorandum and articles of association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's articles of association, dividends shall be distributed out of the retained profits or other reserves, including share premium and contributed surplus, of the Company.

Bank and other Borrowings

Particulars of bank borrowings of the Group as at 31 December 2012 are set out in note 23 to the financial statements.

Charitable Donations

The charitable donations made by the Group during the year amounted to HK$3,518,000 (2011: HK$2,719,000).

Major Customers and Suppliers

For the year ended 31 December 2012, sales to the Group's five largest customers accounted for approximately 2.4% of the Group's revenue for the year and sales to the largest customer included therein amounted to approximately 0.8% of the Group's revenue for the year.

For the year ended 31 December 2012, purchases from the Group's five largest suppliers accounted for approximately 15.0% of the Group's purchases for the year and purchases from the largest supplier included therein amounted to approximately 9.2% of the Group's purchases for the year.

None of the Directors or any of their associates or any Shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the any of the five largest customers and suppliers of the Group.

Directors

The Directors during the year and up to the date of this report were:

	Date of appointment	Date of resignation
Executive Directors		
Mr. WONG Chun Kong (Chairman and Chief Executive Officer)	25 August 2009	N/A
Ms. LI Yan Jie	25 August 2009	N/A
Mr. LEE Sai Kai David	25 August 2009	N/A
Mr. LAM Jim (Chief Financial Officer)	4 July 2011	N/A
Mr. WANG Tian Ye	1 September 2012	N/A
Non-executive Directors		
Dr. McCABE Kevin Charles	25 August 2009	N/A
Mr. LI Zhi Zheng	4 July 2011	1 September 2012
Mr. ZHANG Yi Jun	4 July 2011	17 December 2012
Alternate Director to Dr. McCABE Kevin Charles		
Ms. THAM Qian	25 August 2009	N/A
Independent non-executive Directors		
Mr. BROOKE Charles Nicholas	30 November 2010	N/A
Mr. CHENG Yuk Wo	30 November 2010	N/A
Professor WU Si Zong	30 November 2010	N/A

In accordance with article 84(1) of the Company's articles of association, at each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

In accordance with article 83(3) of the Company's articles of association, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Mr. WANG Tian Ye was appointed as an executive Director by the Board on 1 September 2012.

By virtue of article 83(3) of the Company's articles of association, Mr. WANG Tian Ye will retire from office and, being eligible, will offer himself for re-election at the 2013 AGM.

By virtue of article 84(1) of the Company's articles of association, Mr. LEE Sai Kai David, Mr. BROOKE Charles Nicholas and Professor WU Si Zong will retire from office and, being eligible, will offer themselves for re-election at the 2013 AGM.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that, as at the date of this annual report, all of the independent non-executive Directors are independent.

Directors' and Senior Managements Biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 56 to 63 of this annual report.

Directors' Service Contracts

Each of the executive Directors and non-executive Director (including alternate Director to non-executive Director) (except Mr. WANG Tian Ye and Mr. LAM Jim) has entered into a service contract with the Company for an initial term of three years commencing on 1 December 2010 upon expiration of which the service contract shall lapse and expire. The service contract may also be terminated in accordance with the provisions therein contained by either party giving to the other not less than three months' prior notice in writing. Mr. WANG Tian Ye and Mr. LAM Jim entered into a service contract with the Company for an initial term of three years commencing on 1 September 2012 and 4 July 2011 respectively upon expiration of which the service contract shall lapse and expire. The service contract may also be terminated in accordance with the provisions therein contained by either party giving to the other not less than three months' prior notice in writing.

Each of the independent non-executive Directors has been appointed by the Company for an initial term of three years commencing on 1 December 2010 upon expiration of which the appointment shall lapse and expire. The appointment may also be terminated by either party giving to the other not less than three months' prior notice in writing.

No Director proposed for re-election at the 2013 AGM has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' Remuneration

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to Directors' duties, responsibilities, performance, the results of the Group and the change in market conditions.

Directors' Interests in Contracts

Save as disclosed in note 8 to the financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party, subsisted at the end of the year under review or at any time during the year under review.

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

As at 31 December 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**")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("**Model Code**") contained in the Listing Rules, 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)	62.60
	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. CHENG Yuk Wo ("**Mr. CHENG**") (Note 8)	Beneficial owner	300,000 Shares (L)	0.03
Mr. BROOKE Charles Nicholes ("**Mr. BROOKE**") (Note 9)	Beneficial owner	300,000 Shares (L)	0.03
Mr. WANG Tian Ye ("**Mr. WANG**") (Note 10)	Beneficial owner	120,000 Shares (L)	0.01
Professor WU Si Zong ("**Professor WU**") (Note 11)	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 31 December 2012, are 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 31 December 2012, are 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 31 December 2012, are 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 31 December 2012, are 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 31 December 2012, are 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 31 December 2012, are exercisable at the subscription price of HK$2.492 per share during the period from 23 March 2011 to 22 March 2014.

(8) Mr. CHENG'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 31 December 2012, are exercisable at the subscription price of HK$3.17 per share during the period from 26 June 2012 to 25 June 2015.

(9) Mr. BROOKE'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 31 December 2012, are exercisable at the subscription price of HK$3.17 per share during the period from 26 June 2012 to 25 June 2015.

(10) Mr. WANG's long position in the Shares comprises 120,000 Shares beneficially owned by himself.

(11) Professor WU'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 31 December 2012, are 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

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).

Save as disclosed above, as at 31 December 2012, none of the Directors and chief executives of the Company had or was deemed to have 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) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii), which were required to be 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 annual report, at no time during the year 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 year under review, save as disclosed in the section headed "Relationship with our Controlling Shareholders and the Scarborough Group" in the Prospectus, none of the Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

Share Option Schemes

The Company adopted a pre-IPO share option scheme and a share award scheme on 2 December 2010 under which the Company granted share options and awarded shares to certain eligible employees, respectively. As at 31 December 2012, 1,454,500 share options had been exercised by the grantees and a total number of 3,071,606 and 15,000 share options have been cancelled and lapsed respectively upon the resignation of certain grantees and 27,322,169 share options were outstanding as at 31 December 2012 under the pre-IPO share option scheme. The Company has also adopted a post-IPO share option scheme on 28 February 2011 for the purpose of recognising and acknowledging the contribution that eligible employees have made or may make to the Group. On 26 June 2012, the Group 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 employes of the Group, During the year ended 31 December 2012, a number of 300,000 share options had been cancelled upon resignation of a grantee and 15,420,000 share options were outstanding as at 31 December 2012 under the post-IPO share option scheme.

(a) Pre-IPO Share Option Scheme

(i) Purpose and Participants of the Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme on 2 December 2010 to recognise and acknowledge the contributions that certain of its employees or employees of companies in which the Group holds an interests (excluding the subsidiaries of the Group) ("**Invested Entities**") have made or may make to the Group.

(ii) Implementation

On 3 December 2010, options to subscribe for a total of 34,371,667 Shares were granted to 98 employees of the Group and an Invested Entity ("**Selected Grantees**") under the Pre-IPO Share Option Scheme. Up to 31 December 2012, 1,454,500 Shares options had been exercised by the grantees and a total of 5,579,998 and 15,000 Shares options had been cancelled and lapsed respectively upon the resignation of certain grantees and became not exercisable as a result of their ceasing to be employed by the Group. As at 31 December 2012, there were options to subscribe for a total of 27,322,169 Shares granted to 86 Selected Grantees under the Pre-IPO Share Option Scheme and remaining outstanding ("**Pre-IPO Options**"). Further details of the options granted under the Pre-IPO Share Option Scheme and remaining outstanding at the end of the year under review are set out in note 26(a) to the financial statements.

The Pre-IPO Options were transferred to Great Canyon Investment Limited, a special purpose vehicle incorporated in the British Virgin Islands under the Share Option Trust which holds the Pre-IPO Options on trust for the benefit of the Selected Grantees prior to the vesting of the Pre-IPO Options in accordance with the terms and conditions of the Pre-IPO Share Option Scheme and instrument constituting the Share Option Trust. For the implementation of the Pre-IPO Share Option Scheme, the Share Option Trust was established on 3 December 2010 for the benefit of the Selected Grantees and HSBC Trustee (Hong Kong) Limited ("**HSBC Trustee**") acts as the trustee thereof.

All the Pre-IPO Options were granted at a consideration of HK$1.00 paid by each Selected Grantee and no further options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date.

(iii) Vesting of the Pre-IPO Options

- Subject to applicable laws and regulations and the paragraphs below, the Pre-IPO Options are to be exercised on or after the Listing Date and are subject to a vesting period of three years commencing from the Listing Date during which 30% of the total Pre-IPO Options granted to a Selected Grantee will vest on each of the first and second anniversary dates of the Listing Date and 40% of the total Pre-IPO Options granted to such Selected Grantee will vest on the third anniversary date of the Listing Date.

- Notwithstanding the foregoing paragraph, unless it is provided for in the employment contract with the relevant Selected Grantee and/or written documents for granting an offer, any Pre-IPO Option granted to a Selected Grantee whose employment with the Group or an Invested Entity is less than one year as at the Listing Date shall be subject to the vesting period of three years from the first anniversary date of the employment commencement date of such Selected Grantee, during which 30% of the total Pre-IPO Options granted to such Selected Grantee will vest on each of the second and third anniversary dates of the employment commencement date and 40% of the total Pre-IPO Options granted to such Selected Grantee will vest on the fourth anniversary date of the employment commencement date.

- Any vesting date of a Selected Grantee is subject to postponement of one year in the event that the performance appraisal of such Selected Grantee is rated at the lowest range for two consecutive years. Notwithstanding the postponement of the vesting date, the vesting period shall remain as a period of three years from the Listing Date or, as the case may be, the first anniversary date of the employment commencement date, and any Pre-IPO Option granted to a Selected Grantee but not vested at the end of the vesting period shall be deemed to have been surrendered by such Selected Grantee forthwith.

- The Pre-IPO Options will become exercisable for a period to be notified by a committee established and authorised by the Board ("**Advisory Committee**") to each Selected Grantee and will not be more than 10 years from the date on which the Pre-IPO Option is deemed to have been granted in the manner as stipulated in the Pre-IPO Share Option Scheme.

(iv) Exercise price of the Pre-IPO Options

The exercise price payable upon the exercise of any Pre-IPO Options is fixed at HK$2.492 per Share, subject to any adjustment made in the manner as contemplated under the Pre-IPO Share Option Scheme.

(v) Other material terms of the Pre-IPO Share Option Scheme

The terms of the Pre-IPO Share Option Scheme are similar to those of the Post-IPO Share Option Scheme except in respect of the following material terms:

- the Pre-IPO Share Option Scheme is not conditional upon listing of Shares of the Company on the Main Board of the Stock Exchange and is not subject to any other conditions;

- the provisions on the granting of options to connected persons (as defined in the Listing Rules) were not included; and

- the Advisory Committee may only grant options under the Pre-IPO Share Option Scheme at any time on a business day (as defined in the Listing Rules) during a period commencing on 2 December 2010 and before the Listing Date. No further options (other than options to subscribe for a total of 34,371,667 Shares already granted under the Pre-IPO Share Option Scheme, of which 27,322,169 options remained outstanding as at 31 December 2012) will be offered under the Pre-IPO Share Option Scheme and accordingly, the Pre-IPO Share Option Scheme does not contain provision relating to the "refreshing" of the 10% limit or the seeking of separate approval for granting options beyond the 10% limit as anticipated in Note 1 of Rule 17.03(3) of the Listing Rules, or the restrictions on the number of shares issued or to be issued under options in any 12-month period to any participant of the Pre-IPO Share Option Scheme not exceeding 1% of the Shares in issue as anticipated in the Note to Rule 17.03(4) of the Listing Rules.

(b) Post-IPO Share Option Scheme

(i) Purpose of the Post-IPO Share Option Scheme

The Company has adopted the Post-IPO Share Option Scheme on 28 February 2011 to recognise and acknowledge the contributions that Eligible Persons (as defined in paragraph (ii) below) have made or may make to the Group.

(ii) Participants of the Post-IPO Share Option Scheme

The Board may at its discretion grant options to: (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company ("**Affiliate**"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially and wholly owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate ("**Eligible Persons**").

(iii) Subscription price of Shares

The subscription price for any Share under the Post-IPO Share Option Scheme will be a price determined by the Board and notified to each grantee and will be not less than the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day as defined in the Listing Rules; (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days (as defined in the Listing Rules) immediately preceding the date of grant of the relevant option; and (iii) the nominal value of a Share. The subscription price shall also be subject to any adjustments made in a situation contemplated under the Post-IPO Share Option Scheme.

(iv) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company shall not, in aggregate, exceed 100,000,000 Shares, being 10% of the issued share capital of the Company as at the Listing Date unless Shareholders' approval has been obtained.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company must not, in aggregate, exceed 30% of the Shares in issue from time to time.

(v) Maximum entitlement of each Eligible Person

No option may be granted to any Eligible Person which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the share options already granted or to be granted to such Eligible Person under the Post-IPO Share Option Scheme (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company as at the date of such new grant. Any grant of further share options above this limit shall be subject to certain requirements provided under the Listing Rules.

Any grant of options to any Director, chief executive (as defined in the Listing Rules) or substantial Shareholder (as defined in the Listing Rules) or any their respective associates (as defined in the Listing Rules) must be approved by the independent non-executive Directors (but excluding, for all purposes, any independent non-executive Director who is a proposed grantee).

Where any grant of options to a substantial Shareholder or an independent non-executive Director or their respective associates would result in the total number of the Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of the grant:

(a) representing in aggregate over 0.1% of the Shares in issue; and

(b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5.0 million,

such further grant of options must be approved by the Shareholders.

(vi) Time of exercise of the Options

Subject to certain restrictions contained in the Post-IPO Share Option Scheme, an option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than 10 years from the date of grant of option.

(vii) Payment on acceptance of Option offer

HK$1.00 is payable by the Eligible Person to the Company on acceptance of the option offered as consideration for the grant. The offer of a grant of share options may be accepted within 21 business days from the date of offer.

(viii) Remaining life of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will remain valid for a period of 10 years commencing on the effective date of the Post-IPO Share Option Scheme, i.e. 22 March 2011, after which no further options will be issued but the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Scheme.

(ix) Present status of the Post-IPO Share Option Scheme

No share options had been granted under the Post-IPO Share Option Scheme since the scheme has become effective.

Share Award Scheme

(i) Purpose and Participants of the Share Award Scheme

The Company has adopted the Share Award Scheme on 2 December 2010 to recognise and acknowledge the contributions of certain of its employees or employees of the Invested Entities, especially those whom the Company considers have contributed to the early development and growth of the Group and to align their interests with those of the Shareholders.

(ii) Implementation

Pursuant to the Share Award Scheme, a total of 35 employees of the Group and the Invested Entity ("**Selected Employees**") were awarded 6,452,000 Shares (after the Capitalisation Issue (as defined in the Prospectus)) ("**Awarded Shares**"). None of the Awarded Shares was awarded to the Directors. On 3 December 2010, 2,024 Shares were contributed and transferred by Chance Again to the Selected Employees which were immediately transferred to Marble World Holdings Limited ("**Marble World**"), a special purpose vehicle incorporated in the British Virgin Islands under the Share Award Trust which holds such Shares and will hold further Shares to be issued to it pursuant to the Capitalisation Issue on trust for the benefit of the Selected Employees prior to the vesting of the Awarded Shares in accordance with the terms and conditions of the Share Award Scheme and instrument constituting the Share Award Trust. For the implementation of the Share Award Scheme, the Share Award Trust was established on 3 December 2010 for the benefit of the Selected Employees and HSBC Trustee acts as the trustee thereof.

As at 31 December 2012, two Selected Employees have ceased to be employed by the Group. A total of 1,068,000 Awarded Shares granted to them were deemed to have been surrendered by then and will be reallocated at the discretion of the Advisory Committee.

(iii) Vesting of the Awarded Shares

- Prior to the vesting of the Awarded Shares, the Selected Employees are not entitled to any rights attaching to the unvested Awarded Shares, including but not limited to voting rights, rights to dividends or other distributions.

- Subject to the following paragraphs and the terms of the Share Award Scheme, the grant of the Awarded Shares to a Selected Employee is subject to a vesting period of three years commencing from the relevant date on which the Awarded Share(s) was/were awarded ("**Date of Award**"), during which 30% of the total Awarded Shares granted to such Selected Employee will vest on each of the first and second anniversary dates of the Date of Award and 40% of the total Awarded Shares granted to such Selected Employee will vest on the third anniversary date of the Date of Award.

- Unless it is provided for in the employment contract with the relevant Selected Employee, any Awarded Shares granted to a Selected Employee whose employment with the Group or an Invested Entity is less than one year at the Date of Award shall be subject to the vesting period of three years from the first anniversary date of the employment commencement date of such Selected Employee, during which 30% of the total Awarded Shares granted to such Selected Employee will vest on each of the second and third anniversary dates of the employment commencement date and 40% of the total Awarded Shares granted to such Selected Employee will vest on the fourth anniversary date of the employment commencement date.

- The vesting date is subject to postponement of one year in the event that the performance appraisal of such Selected Employee is rated at the lowest range for two consecutive years.

- Notwithstanding the postponement of the vesting date, the vesting period shall remain as a period of three years from the Date of Award or, as the case may be, the first anniversary date of the employment commencement date, and any Awarded Shares granted to a Selected Employee but not vested at the end of the vesting period shall be deemed to have been surrendered by such Selected Employee forthwith.

- The Awarded Shares will be vested to each Selected Employee at nil consideration.

- As at the vesting of the Awarded Shares, the Awarded Shares together with all the dividends and other distributions accrued thereon from the Date of Award to the vesting date of the relevant Awarded Shares (both dates inclusive), and all rights and benefits deriving from such Awarded Shares on or after such vesting will be vested in the relevant Selected Employees.

Further details of the share award scheme are disclosed in note 26(b) to the financial statements.

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 year under review.

No contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries was entered into.

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 year under review.

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

As at 31 December 2012, so far as is known by any Director or chief executive of the Company, the following person (other than a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any other members of the Group:

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)	62.60
HSBC International Trustee (Note 2)	Trustee of a trust	627,153,500 Shares (L)	62.60
BVI Co (Note 2)	Interest in a controlled corporation	627,153,500 Shares (L)	62.60
Ms. LIU Choi Lin ("**Ms. LIU**") (Notes 2 & 3)	Interest of spouse	631,048,000 Shares (L)	62.99
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 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 1,001,868,000 shares as at 31 December 2012, the approximate percentage of issued shares in which HSBC International Trustee and BVI Co were interested was 62.60% 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 Overseas Holdings 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 Overseas Holdings 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 31 December 2012, no person (other than a Director or chief executives 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.

Compliance of Non-Competition Undertakings

To protect the Group from potential competition, Mr. WONG entered into a deed of non-competition ("**Deed of Non-Competition**") with the Company pursuant to which he represents, warrants and undertakes to the Company (for itself and for the benefit of the other members of the Group), among other things, that other than through the Group, neither he nor any of his associates is currently interested, involved or engaged, or is likely to be interested, involved or engaged, directly or indirectly, in any business which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the Group's business. Details of the Deed of Non-Competition have been set out in the paragraph headed "Non-Competition Undertakings from Mr. WONG" in the section headed "Relationship with our Controlling Shareholders and the Scarborough Group" of the Prospectus.

The Company has received the annual confirmation from Mr. WONG in respect of his compliance with the terms of the Deed of Non-Competition.

In order to ensure compliance by Mr. WONG of the Deed of Non-Competition and to manage any potential conflict of interests arising from the business of the controlling Shareholders and the Scarborough Group (i.e. Scarborough UK and its subsidiaries) and to safeguard the interests of the Shareholders, the Company has adopted the following corporate governance measures (the "Corporate Governance Measures"):

(a) the independent non-executive Directors have reviewed, on an annual basis, the compliance with the undertakings by Mr. WONG under the Deed of Non-Competition;

(b) Mr. WONG provided all information requested by the Company which is necessary for the annual review by the independent non-executive Directors of his compliance with the Deed of Non-Competition such as: (i) information on business opportunities including project names, amount of investment and the geographical location which may be identified by him or any of his associate(s); and (ii) information on any property developments conducted by him or any of his associate(s) during the year or a negative confirmation, as appropriate;

(c) the Company disclosed decisions on matters reviewed by the independent non-executive Directors relating to (where applicable) (i) compliance and enforcement of Mr. Wong's non-competition undertakings; (ii) the exercise of the pre-emption rights where a business opportunity is referred to the Group; and/or (iii) any decision on the enforcement of breaches of his non-competition undertakings either through the annual reports of the Company, or by way of announcement to the public;

(d) Mr. WONG made an annual declaration on compliance with his non-competition undertakings in the annual report of the Company and ensure that the disclosure of details of his compliance with and the enforcement of his non-competition undertakings is consistent with the principles of voluntary disclosure in the Corporate Governance Report contained in Appendix 23 to the Listing Rules;

(e) Mr. WONG abstained from voting in all meetings of the shareholders and/or the Board where there is any actual or potential conflicting interest;

(f) the Board has a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong element on the Board that can effectively exercise independent judgment. With expertise in different professional fields, the Company believes that the independent non-executive Directors have the necessary caliber and expertise to form and exercise independent judgment in the event that conflicts of interest between the Group, the Controlling Shareholders and the Scarborough Group arise;

(g) in the event that potential conflicts of interest may materialize, i.e. where a Director has an interest in a company that would enter into an agreement with the Group, the Director(s) with an interest in the relevant transaction(s) was not be present at the relevant Board meeting, and was excluded from the Board deliberation and abstain from voting and was not be counted towards quorum in respect of the relevant resolution(s) at such Board meeting;

(h) in the event that potential conflicts of interest may materialize, the Controlling Shareholders and the Scarborough Group (as the case may be) abstained from voting in the Shareholders' meeting of the Company with respect to the relevant resolution(s); and

(i) the Group is administratively independent from the Controlling Shareholders and the Scarborough Group as it has its own company secretary, authorised representatives and administrative personnel.

The Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Controlling Shareholders, the Scarborough Group and their respective associates and the Group and to protect the interests of the Shareholders, in particular, the minority Shareholders.

The Directors confirm that each of the Corporate Governance Measures has been performed satisfactorily during the financial year ended 31 December 2012.

Events after the Reporting Period

Details of the significant events of the Group after the reporting period are set out in note 32 to the financial statements.

Sufficiency of Public Float

As announced by the Company on 28 January 2013, the public float of the Company has fallen below 25% of the entire issued share capital of the Company, that is, the minimum percentage required to be maintained under Rules 8.08(1)(a) and 13.32(1) of the Listing Rules. The Company became aware of the insufficiency of the public float on 25 January 2013 (after trading hours) when the Company was reviewing its shareholding structure. The Company found out that the 5.04% shareholding held by Metro Holdings Limited should not have been regarded as being held by the public since the establishment of a joint venture company of the Group on 20 December 2012.

On 27 March 2013, the Board announced a feasible and practical solution to restore the minimum public float of the Shares by way of proposing a bonus issue of Shares to the qualifying Shareholders whose names appear on the register of members of the Company on 24 May 2013 on the basis of two bonus shares for every five Shares held with an option to elect to receive bonus perpetual subordinated convertible securities of the Company in lieu of all or part of their entitlements to the bonus shares of the Company. For details, please refer to the Company's announcement entitled "Proposed Bonus Issue of Shares and Issue of Bonus Perpetual Subordinated Convertible Securities, Proposed Restoration of Public Float and Proposed Amendments to Articles of Association" dated 27 March 2013.

Auditors

KPMG will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD
TOP SPRING INTERNATIONAL HOLDINGS LIMITED

WONG Chun Hong
Chairman

Hong Kong
27 March 2013

Independent Auditor's Report

KPMG

Independent auditor's report to the shareholders of
Top Spring International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Top Spring International Holdings Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 82 to 160, which comprise the consolidated and Company balance sheets as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

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

27 March 2013

Consolidated Income Statement

For the year ended 31 December 2012
(Expressed in Hong Kong dollars)

	Note	2012 $'000	2011 $'000
Turnover	3	**6,064,954**	5,861,312
Direct costs		**(2,889,555)**	(1,982,177)
Gross profit		**3,175,399**	3,879,135
Valuation gains on investment properties	13(a)	**683,567**	360,295
Other revenue	4	**131,672**	81,998
Other net (loss)/income	5	**(28,365)**	48,640
Selling and marketing expenses		**(181,492)**	(173,426)
Administrative expenses		**(510,983)**	(495,018)
Profit from operations		**3,269,798**	3,701,624
Finance costs	6(a)	**(670,915)**	(425,084)
Share of profits less losses of associates		**4,826**	(5,113)
Profit before taxation	6	**2,603,709**	3,271,427
Income tax	7(a)	**(1,415,745)**	(2,249,825)
Profit for the year		**1,187,964**	1,021,602
Attributable to:			
Equity shareholders of the Company		**1,199,841**	1,021,900
Non-controlling interests		**(11,877)**	(298)
Profit for the year		**1,187,964**	1,021,602
Earnings per share			
Basic	11	**$1.20**	$1.08
Diluted	11	**$1.19**	$1.08

The notes on pages 90 to 160 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 27(b).

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012
(Expressed in Hong Kong dollars)

	Note	**2012 $'000**	2011 $'000
Profit for the year		**1,187,964**	1,021,602
Other comprehensive income for the year			
Surplus on revaluation of other land and buildings, net of tax	13(d)	**–**	49,843
Exchange differences on translation of financial statements of PRC subsidiaries, net of nil tax		**56,473**	160,245
Share of other comprehensive income of associates and jointly controlled entities, net of nil tax		**1,646**	1,917
		58,119	212,005
Total comprehensive income for the year		**1,246,083**	1,233,607
Attributable to:			
Equity shareholders of the Company		**1,254,082**	1,231,394
Non-controlling interests		**(7,999)**	2,213
Total comprehensive income for the year		**1,246,083**	1,233,607

The notes on pages 90 to 160 form part of these financial statements.

Consolidated Balance Sheet

At 31 December 2012

(Expressed in Hong Kong dollars)

	Note	2012 $'000	2012 $'000	2011 $'000	2011 $'000
Non-current assets					
Fixed assets	13(a)				
– Investment properties			**4,230,817**		2,942,217
– Other property, plant and equipment			**450,588**		479,542
– Interests in leasehold land held for own use under operating leases			**28,833**		29,117
			4,710,238		3,450,876
Interest in associates	15		**–**		81,977
Interest in jointly controlled entities	16		**160,378**		–
Other financial assets	17		**32,545**		32,292
Restricted and pledged deposits	20		**124,363**		345,508
Deferred tax assets	7(c)(ii)		**853,492**		719,150
			5,881,016		4,629,803
Current assets					
Inventories	18	**11,628,155**		9,166,826	
Other financial assets	17	**9,949**		169,052	
Trade and other receivables	19	**1,520,168**		526,822	
Restricted and pledged deposits	20	**989,365**		1,225,057	
Cash and cash equivalents	21(a)	**4,901,251**		4,660,505	
		19,048,888		15,748,262	
Current liabilities					
Trade and other payables	22	**6,390,764**		5,188,466	
Bank and other borrowings	23	**3,293,358**		1,720,066	
Derivative financial instruments	25	**45,436**		–	
Tax payable	7(c)(i)	**4,512,217**		3,879,498	
		14,241,775		10,788,030	
Net current assets			**4,807,113**		4,960,232
Total assets less current liabilities			**10,688,129**		9,590,035
Non-current liabilities					
Bank and other borrowings	23	**5,588,611**		5,473,006	
Loan from an associate	24	**–**		238,738	
Derivative financial instruments	25	**–**		13,641	
Deferred tax liabilities	7(c)(ii)	**520,214**		344,185	
			6,108,825		6,069,570
NET ASSETS			**4,579,304**		3,520,465

Consolidated Balance Sheet

At 31 December 2012
(Expressed in Hong Kong dollars)

	Note	2012 $'000	2012 $'000	2011 $'000	2011 $'000
CAPITAL AND RESERVES	27				
Share capital			**100,187**		100,041
Reserves			**4,355,198**		3,319,885
Total equity attributable to equity shareholders of the Company			**4,455,385**		3,419,926
Non-controlling interests			**123,919**		100,539
TOTAL EQUITY			**4,579,304**		3,520,465

Approved and authorised for issue by the board of directors on 27 March 2013

WONG Chun Hong
Director

LEE Sai Kai David
Director

The notes on pages 90 to 160 form part of these financial statements.

Balance Sheet

At 31 December 2012
(Expressed in Hong Kong dollars)

	Note	2012 $'000	2012 $'000	2011 $'000	2011 $'000
Non-current assets					
Fixed assets	13(b)		**792**		1,108
Investments in subsidiaries	14		**114,450**		69,839
			115,242		70,947
Current assets					
Other receivables	19	**4,173,189**		3,280,555	
Cash and cash equivalents	21(a)	**238,327**		53,076	
		4,411,516		3,333,631	
Current liability					
Other payables	22	**1,870,746**		1,279,385	
Net current assets			**2,540,770**		2,054,246
Total assets less current liabilities			**2,656,012**		2,125,193
Non-current liability					
Other borrowings	23		**573,874**		387,883
NET ASSETS			**2,082,138**		1,737,310
CAPITAL AND RESERVES	27				
Share capital			**100,187**		100,041
Reserves			**1,981,951**		1,637,269
TOTAL EQUITY			**2,082,138**		1,737,310

Approved and authorised for issue by the board of directors on 27 March 2013

WONG Chun Hong
Director

LEE Sai Kai David
Director

The notes on pages 90 to 160 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company										
	Note	Share capital $'000	Share premium $'000	Capital reserve $'000	Exchange reserve $'000	PRC statutory reserves $'000	Property revaluation reserve $'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 2011:												
Profit/(loss) for the year		–	–	–	–	–	–	–	1,021,900	1,021,900	(298)	1,021,602
Other comprehensive income		–	–	–	159,651	–	49,843	–	–	209,494	2,511	212,005
Total comprehensive income		–	–	–	159,651	–	49,843	–	1,021,900	1,231,394	2,213	1,233,607
Capitalisation issue	27(c)	74,976	(74,976)	–	–	–	–	–	–	–	–	–
Issuance of new shares under initial public offering ("IPO"), net of issuing expenses	27(c)	25,041	1,469,178	–	–	–	–	–	–	1,494,219	–	1,494,219
Equity settled share-based transactions		–	–	81,508	–	–	–	–	–	81,508	–	81,508
Share options and awarded shares forfeited		–	–	(4,288)	–	–	–	–	4,288	–	–	–
Contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	20,487	20,487
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	77,839	77,839
Transfer to PRC statutory reserves		–	–	–	–	363,304	–	–	(363,304)	–	–	–
Dividend declared in respect of the current year	27(b)	–	–	–	–	–	–	–	(150,062)	(150,062)	–	(150,062)
Balance at 31 December 2011		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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company										
	Note	Share capital $'000	Share premium $'000	Capital reserve $'000	Exchange reserve $'000	PRC statutory reserves $'000	Property revaluation reserve $'000	Other reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'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 2012:												
Profit for the year		–	–	–	–	–	–	–	1,199,841	1,199,841	(11,877)	1,187,964
Other comprehensive income		–	–	–	54,241	–	–	–	–	54,241	3,878	58,119
Total comprehensive income		–	–	–	54,241	–	–	–	1,199,841	1,254,082	(7,999)	1,246,083
Issuance of new shares under the Pre-IPO Share Option Scheme	27(c)	146	11,682	(8,203)	–	–	–	–	–	3,625	–	3,625
Equity settled share-based transactions		–	–	68,925	–	–	–	–	–	68,925	–	68,925
Share options and awarded shares forfeited		–	–	(10,927)	–	–	–	–	10,927	–	–	–
Disposal of partial interest in a subsidiary		–	–	–	–	–	–	9,326	–	9,326	(4,405)	4,921
Acquisition of additional interests in subsidiaries from non-controlling shareholders		–	–	–	–	–	–	–	–	–	(1,221)	(1,221)
Contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	37,005	37,005
Transfer to PRC statutory reserves		–	–	–	–	144,886	–	–	(144,886)	–	–	–
Dividend approved in respect of the previous year	27(b)	–	–	–	–	–	–	–	(150,242)	(150,242)	–	(150,242)
Dividend declared in respect of the current year	27(b)	–	–	–	–	–	–	–	(150,257)	(150,257)	–	(150,257)
Balance at 31 December 2012		100,187	1,405,884	133,175	393,261	523,009	49,843	(470,515)	2,320,541	4,455,385	123,919	4,579,304

The notes on pages 90 to 160 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2012
(Expressed in Hong Kong dollars)

	Note	2012 $'000	2011 $'000
Operating activities			
Cash generated from operations	21(b)	**503,291**	83,660
Tax paid:			
– PRC tax paid		**(766,991)**	(497,240)
Net cash used in operating activities		**(263,700)**	(413,580)
Investing activities			
Payment for purchase of fixed assets		**(31,578)**	(42,025)
Proceeds from sale of fixed assets		**4,332**	3,408
Proceeds from disposal of associates		**–**	144,613
Net cash inflow from acquisition of subsidiaries	21(c)	**28,090**	103,023
Proceeds from sale of available-for-sale investments		**177,185**	96,409
Payment for purchase of available-for-sale investments		**(9,843)**	(165,100)
Payment for acquisition of additional interests in subsidiaries		**(1,221)**	–
Interest received		**96,166**	56,042
Expenditure on development projects		**(349,271)**	(90,141)
Increase in restricted and pledged deposits		**(42,031)**	(73,063)
Capital contributions to jointly controlled entities		**(158,732)**	–
Capital contributions to associates		**–**	(191,191)
Net cash used in investing activities		**(286,903)**	(158,025)
Financing activities			
Proceeds from new bank and other borrowings		**5,061,720**	6,204,790
Repayment of bank loans		**(3,786,069)**	(5,724,528)
Proceeds from loan from an associate		**–**	233,157
Decrease in restricted and pledged deposits		**506,151**	390,162
Interest and other borrowing costs paid		**(774,205)**	(695,759)
Proceeds from disposal of partial interest in subsidiaries		**4,921**	–
Contributions from non-controlling shareholders		**37,005**	20,487
Proceeds from issuance of shares		**3,625**	1,560,076
Share issue expenses		**–**	(65,857)
Dividends paid to equity shareholders of the Company	27(b)	**(300,499)**	(150,062)
Net cash generated from financing activities		**752,649**	1,772,466
Net increase in cash and cash equivalents		**202,046**	1,200,861
Cash and cash equivalents at 1 January	21(a)	**4,660,505**	3,291,157
Effect of foreign exchange rate changes		**38,700**	168,487
Cash and cash equivalents at 31 December	21(a)	**4,901,251**	4,660,505

The notes on pages 90 to 160 form part of these financial statements.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 General information

Top Spring International Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 25 August 2009 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 March 2011 (the "Listing Date").

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are property development, property investment, hotel operations and provision of property management and related services in the People's Republic of China ("PRC").

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). A summary of the significant accounting policies adopted by the Company and its subsidiaries (collectively referred to as "the Group") is set out below.

The HKICPA has issued several 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 these financial statements 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.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2012 comprise the Group and the Group's interest in associates and jointly controlled entities.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investment properties (see note 2(h)(i)); and

– derivative financial instruments (see note 2(g)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 Significant accounting policies (Continued)

(b) Basis of preparation of the financial statements (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 34.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in accordance with notes 2(n) or (o) depending on the nature of the liability.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate or a jointly controlled entity (see note 2(d)).

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(k)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2 Significant accounting policies (Continued)

(d) Associates and jointly controlled entities

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the jointly controlled entity.

Unreaslied profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate or joint control over a jointly controlled entity, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate (see note 2(d)).

2 Significant accounting policies (Continued)

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(k)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, associates and jointly controlled entities, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs. These investments are subsequently accounted for as follows, depending on their classification:

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(k)).

Investments in securities which do not fall into any of the above category are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. When these investments are derecognised or impaired (see note 2(k)), the cumulative gain or loss is reclassified from equity to profit or loss.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(g) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

2 Significant accounting policies (Continued)

(h) Fixed assets

(i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the balance sheet date and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(t)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(j)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(j).

(ii) Other property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation (see note 2(i)) and impairment losses (see note 2(k)):

– hotel properties;

– other land and buildings; and

– furniture, fixtures and other fixed assets.

Changes arising on the revaluation of properties held for own use are generally dealt with in other comprehensive income and are accumulated separately in equity in the property revaluation reserve.

The cost of self-constructed items of property, plant and equipment includes the cost of development, materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of borrowing costs (see note 2(v)) and other direct expenses.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the property revaluation reserve to retained profits and is not reclassified to profit or loss.

2 Significant accounting policies (Continued)

(i) Depreciation of fixed assets

(i) Investment properties and investment properties under development

No depreciation is provided on investment properties and investment properties under development.

(ii) Properties under development for own use

No depreciation is provided until such time as the relevant assets are complete and put into use.

(iii) Hotel properties

Depreciation is calculated to write off the cost of hotel properties using the straight-line method over their estimated useful lives of 5 to 33 years.

(iv) Other land and buildings

Depreciation is provided on the cost of the leasehold land of properties over the unexpired terms of the leases. Costs of buildings thereon are depreciation on a straight-line basis over the unexpired terms of the respective leases or 25 years if shorter.

(v) Furniture, fixtures and other fixed assets

Depreciation is calculated to write off the cost of furniture, fixtures and other fixed assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives of 4 to 8 years.

Where parts of an item of furniture, fixtures and other fixed assets have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(j) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(h)(i)); and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

2 Significant accounting policies (Continued)

(j) Leased assets (Continued)

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(h)(i)) or is held for development for sale (see note 2(l)).

(k) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in subsidiaries, associates and jointly controlled entities (including those recognised using the equity method (see note 2(d))), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 2(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(k)(ii).

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

2 Significant accounting policies (Continued)

(k) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– fixed assets (other than properties carried at revalued amounts);

– pre-paid interests in leasehold land classified as being held under an operating lease; and

– goodwill.

2 Significant accounting policies (Continued)

(k) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(l) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost and net realisable value are determined as follows:

(i) Leasehold land held for development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition and the premium, if any, payable to the relevant government authorities. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(ii) Properties under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate portion of overheads and borrowing costs capitalised (see note 2(v)). Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs of completion and costs to be incurred in selling the property.

2 Significant accounting policies (Continued)

(l) Inventories (Continued)

(iii) Completed properties for sale

Cost is determined by apportionment of the total land and development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs to be incurred in selling the property.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(k)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(s)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

2 Significant accounting policies (Continued)

(q) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of the Group participate in retirement plans (defined contribution retirement plans) managed by respective local governments of the municipalities in which the Group operates in the PRC. The contribution to the retirement plan is calculated based on fixed rates of the employees' salaries cost and charged to profit or loss as and when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense. The Group has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

(ii) Share-based payments

The fair values of share options and awarded shares granted to employees are recognised as employee costs with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using valuation techniques, taking into account the terms and conditions upon which the options and awarded shares were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair values of the options and awarded shares are spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options and awarded shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options and awarded shares that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option and awarded share is exercised (when it is transferred to the share premium account) or the option or awarded share expires (when it is released directly to retained profits).

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2 Significant accounting policies (Continued)

(r) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(h)(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the balance sheet date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income tax that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2 Significant accounting policies (Continued)

(r) Income tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantee issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(s)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(s) Financial guarantees issued, provisions and contingent liabilities (Continued)

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue arising from the sale of properties is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the properties are completed and delivered to the buyers. Revenue from the sale of properties is net of business tax and other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties and prior to the date of revenue recognition are included in the balance sheet as receipts in advance.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Hotel operations

Income from hotel operations is recognised when services are provided.

(iv) Property management and related services income

Property management and related services income is recognised when services are provided.

(v) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Significant accounting policies (Continued)

(t) Revenue recognition (Continued)

(vii) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

2 Significant accounting policies (Continued)

(w) Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (w)(a).

(vii) A person identified in (w)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

3 Turnover

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 year, net of business tax and other sales related taxes and discounts allowed, and is analysed as follows:

	2012 $'000	2011 $'000
Sale of properties	5,774,503	5,617,559
Rental income	129,234	104,682
Hotel operations	69,800	93,696
Property management and related services income	91,417	45,375
	6,064,954	5,861,312

4 Other revenue

	2012 $'000	2011 $'000
Bank interest income	96,113	55,857
Other interest income	53	185
Rental income from operating leases, other than those relating to investment properties	6,032	4,807
Government grant (Note)	23,786	19,368
Others	5,688	1,781
	131,672	81,998

Note: During the years ended 31 December 2011 and 2012, the Group received government subsidies from local government authorities as recognition of the Group's investments in the relevant districts in the PRC.

5 Other net (loss)/income

	2012 $'000	2011 $'000
Net gain on deemed disposal of associates (note 15)	5,102	–
Net gain on disposal of associates	–	5,685
Net (loss)/gain on sale of fixed assets	(370)	116
Net exchange gain/(loss)	10,908	(14,192)
Goodwill written off	(18,038)	–
Fair value change on derivative financial instruments	(31,795)	56,711
Net gain on sale of available-for-sale investments	8,632	–
Others	(2,804)	320
	(28,365)	48,640

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

6 Profit before taxation

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

(a) Finance costs

	2012 $'000	2011 $'000
Interest on bank and other borrowings wholly repayable:		
– within five years	640,659	560,193
– after five years	164,447	77,502
	805,106	637,695
Interest on loan from an associate	27,593	577
Interest on amounts due to a non-controlling shareholder	18,358	–
Other borrowing costs	74,339	57,487
	925,396	695,759
Less: Amount capitalised (Note)	(254,481)	(270,675)
	670,915	425,084

Note: The borrowing costs have been capitalised at rates ranging from 6.40% to 8.61% (2011: 4.86% to 11.15%) per annum for the year ended 31 December 2012.

(b) Staff costs

	2012 $'000	2011 $'000
Salaries, wages and other benefits	226,791	195,967
Contributions to defined contribution retirement plans	14,792	10,964
Equity settled share-based payment expenses	68,925	81,508
	310,508	288,439

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

6 Profit before taxation (Continued)

(c) Other items

	2012 $'000	2011 $'000
Depreciation and amortisation	**44,110**	50,145
Less: Amount capitalised	**(531)**	(86)
	43,579	50,059
Cost of properties sold	**2,717,919**	1,813,511
Rental income from investment properties (Note)	**(129,234)**	(104,682)
Less: Direct outgoings	**4,434**	11,927
	(124,800)	(92,755)
Impairment loss for trade receivables	**–**	16,024
Auditors' remuneration		
– audit services	**4,842**	4,512
– other services	**1,056**	1,851
Operating lease charges:		
– minimum lease payments for land and buildings	**10,844**	12,389

Note: Included contingent rental income of $14,060,000 (2011: $13,738,000) for the year ended 31 December 2012.

7 Income tax

(a) Income tax in the consolidated income statement represents:

	2012 $'000	2011 $'000
Current tax		
Provision for PRC Corporate Income Tax ("CIT")	**560,914**	941,789
Provision for Land Appreciation Tax ("LAT")	**782,606**	1,511,068
Withholding tax	**28,079**	38,098
	1,371,599	2,490,955
Deferred tax		
Origination and reversal of temporary differences	**44,146**	(241,130)
	1,415,745	2,249,825

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

No provision was made for Hong Kong Profits Tax as the Group's Hong Kong subsidiaries did not earn any assessable profits for the years ended 31 December 2011 and 2012.

7 Income tax (Continued)

(a) Income tax in the consolidated income statement represents: (Continued)

The provision for CIT is based on the respective applicable CIT rates on the estimated assessable profits of the PRC subsidiaries within the Group as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rate was 25% for the year ended 31 December 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.

Withholding taxes are levied on the Group's Hong Kong subsidiaries in respect of dividend distributions arising from profit of the PRC subsidiaries within the Group earned after 1 January 2008 at 5%.

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2012 **$'000**	2011 $'000
Profit before taxation	**2,603,709**	3,271,427
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned	**734,208**	844,727
Effect of non-taxable income	**(669)**	(2,036)
Effect of non-deductible expenses	**26,254**	28,424
Effect of deemed interest income	**(15,058)**	114,913
Effect of prior years' unrecognised tax losses utilised	**(59,593)**	(2,301)
Effect of unrecognised temporary differences now utilised	**(1,417)**	(1,371)
Effect of unused tax losses and temporary differences not recognised	**30,680**	49,369
Withholding tax on dividend distribution by PRC subsidiaries	**28,079**	38,098
Deferred tax effect on LAT accrual	**(109,345)**	(331,066)
LAT	**782,606**	1,511,068
Actual income tax expense	**1,415,745**	2,249,825

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

7 Income tax (Continued)

(c) Income tax in the consolidated balance sheet represents:

(i) Current taxation

	2012 $'000	2011 $'000
CIT		
Provision for the year	**560,914**	941,789
CIT paid in respect of provision for the year	**(108,141)**	(58,362)
Exchange adjustments	**7,144**	37,855
	459,917	921,282
Balance of tax provision relating to prior years	**866,355**	266,569
Tax payable	**1,326,272**	1,187,851
LAT		
Provision for the year	**782,606**	1,511,068
LAT paid in respect of provision for the year	**(157,209)**	(99,645)
Exchange adjustments	**20,967**	84,514
	646,364	1,495,937
Balance of tax provision relating to prior years	**2,473,404**	1,157,612
Tax payable	**3,119,768**	2,653,549
Withholding tax		
Provision for the year	**28,079**	38,098
Balance of tax provision relating to prior years	**38,098**	–
Tax payable	**66,177**	38,098
	4,512,217	3,879,498

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

7 Income tax (Continued)

(c) Income tax in the consolidated balance sheet represents: (Continued)

(ii) Deferred tax assets and liabilities recognised

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation $'000	Unrealised gain on intra-group transactions $'000	Revaluation of properties $'000	Temporary differences on LAT provision $'000	Accruals $'000	Unused tax losses $'000	Others $'000	Total $'000
Deferred tax arising from:								
At 1 January 2011	15,670	(40,306)	193,107	(261,627)	(32,639)	(39,838)	23,747	(141,886)
Charged/(credited) to profit or loss	7,612	20,118	90,074	(331,066)	(22,740)	(12,936)	7,808	(241,130)
Charged to reserves	–	–	16,614	–	–	–	–	16,614
Acquisition of subsidiaries	–	–	–	–	–	–	1,495	1,495
Exchange adjustments	837	(1,112)	9,997	(17,382)	(1,929)	(1,898)	1,429	(10,058)
At 31 December 2011 and 1 January 2012	24,119	(21,300)	309,792	(610,075)	(57,308)	(54,672)	34,479	(374,965)
Charged/(credited) to profit or loss	8,027	8,640	170,892	(109,345)	(2,695)	(31,837)	464	44,146
Exchange adjustments	276	(73)	4,277	(5,963)	(478)	(773)	275	(2,459)
At 31 December 2012	32,422	(12,733)	484,961	(725,383)	(60,481)	(87,282)	35,218	(333,278)

	2012 $'000	2011 $'000
Net deferred tax assets recognised in the consolidated balance sheet	**(853,492)**	(719,150)
Net deferred tax liabilities recognised in the consolidated balance sheet	**520,214**	344,185
	(333,278)	(374,965)

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

7 Income tax (Continued)

(d) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	The Group	
	2012	2011
	$'000	$'000
Deductible temporary differences	**348,235**	331,423
Unused tax losses		
– Hong Kong (Note (i))	**3,008**	3,008
– PRC (Note (ii))	**116,658**	254,787
	467,901	589,218

Notes:

(i) The unused tax losses do not expire under the current tax legislation.

(ii) The unused tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose. The unused tax losses expired between 2013 and 2017.

The Group has not recognised deferred tax assets in respect of deductible temporary differences and unused tax losses of certain subsidiaries as it is not probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

(e) Deferred tax liabilities not recognised:

The Corporate Income Tax Law and its implementation rules impose a withholding tax at 10%, unless reduced by a treaty or agreement, for dividends, distributed by a PRC-resident enterprise to its immediate holding company outside the PRC for profits generated beginning on 1 January 2008 and undistributed profits generated prior to 1 January 2008 are exempt from such withholding tax. According to the China-Hong Kong tax arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of a PRC enterprise is entitled to a reduced withholding tax rate of 5%. The Group did not provide for deferred tax liabilities on profits generated by certain of its PRC subsidiaries after 1 January 2008 amounting to $91,429,000 (2011: $81,489,000) since the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

8 Directors' remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Sub-Total $'000	Share-based payments (Note) $'000	2012 Total $'000
Executive directors							
Wong Chun Hong	–	6,971	5,925	34	12,930	175	13,105
Li Yan Jie	–	2,359	3,774	34	6,167	53	6,220
Lee Sai Kai David	–	2,614	4,235	13	6,862	53	6,915
Lam Jim	–	2,178	2,934	13	5,125	9,575	14,700
Wang Tian Ye (appointed on 1 September 2012)	–	947	1,968	4	2,919	–	2,919
Non-executive directors							
McCABE Kevin Charles	120	–	–	–	120	53	173
Tham Qian (alternate director to McCABE Kevin Charles)	552	–	–	13	565	1,097	1,662
Li Zhi Zheng (resigned on 1 September 2012)	400	–	–	–	400	53	453
Zhang Yi Jun (resigned on 17 December 2012)	576	–	–	–	576	48	624
Independent non-executive directors							
Brooke Charles Nicholas	480	–	–	–	480	53	533
Cheung Yuk Wo	249	–	–	–	249	53	302
Wu Si Zong	255	–	–	–	255	53	308
	2,632	15,069	18,836	111	36,648	11,266	47,914

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(Expressed in Hong Kong dollars unless otherwise indicated)

8 Directors' remuneration (Continued)

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Sub-Total $'000	Share-based payments (Note) $'000	2011 Total $'000
Executive directors							
Wong Chun Hong	–	6,078	5,804	17	11,899	–	11,899
Li Zhi Zheng (from 1 January 2011 to 3 July 2011)*	–	1,085	–	–	1,085	–	1,085
Li Yan Jie	–	2,286	3,981	20	6,287	–	6,287
Lee Sai Kai David	–	2,275	4,235	12	6,522	–	6,522
Lam Jim	–	964	2,410	12	3,386	4,700	8,086
Non-executive directors							
McCABE Kevin Charles	120	–	–	–	120	–	120
Tham Qian (alternate director to McCABE Kevin Charles)	480	–	–	12	492	2,193	2,685
Li Zhi Zheng (from 4 July 2011 onwards)*	300	–	–	–	300	–	300
Zhang Yi Jun	300	–	–	–	300	–	300
Independent non-executive directors							
Brooke Charles Nicholas	480	–	–	–	480	–	480
Cheung Yuk Wo	222	–	–	–	222	–	222
Wu Si Zong	217	–	–	–	217	–	217
	2,119	12,688	16,430	73	31,310	6,893	38,203

* Mr. Li Zhi Zheng, an executive director of the Company, was re-designated as a non-executive director of the Company with effect from 4 July 2011.

Note: These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(q)(ii).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in note 26.

9 Individuals with highest emoluments

(a) Five highest paid individuals

Of the five individuals with the highest emoluments, two (2011: two) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2012 **$'000**	2011 $'000
Salaries, allowances and benefits in kind	**3,834**	4,738
Discretionary bonuses	**12,359**	11,345
Share-based payments	**13,380**	10,547
Retirement scheme contributions	**140**	58
	29,713	26,688

The emoluments of the above individuals with the highest emoluments are within the following bands:

	2012 **Number of individuals**	2011 Number of individuals
$6,500,001 – $7,000,000	**–**	1
$7,000,001 – $7,500,000	**1**	–
$8,000,001 – $8,500,000	**1**	1
$11,000,001 – $11,500,000	**–**	1
$14,000,001 – $14,500,000	**1**	–

(b) Emoluments of senior management

Other than the emoluments of directors and five highest paid individuals disclosed in notes 8 and 9(a), the emoluments of the remaining senior management fell within the following bands:

	2012 **Number of individuals**	2011 Number of individuals
$1,500,001 – $2,000,000	**2**	–
$2,000,001 – $2,500,000	**1**	–
$3,000,001 – $3,500,000	**1**	–
$4,000,001 – $4,500,000	**–**	2
$4,500,001 – $5,000,000	**1**	–
$6,000,001 – $6,500,000	**–**	1

10 Profit attributable to equity shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a profit of $583,496,000 (2011: $349,660,000) which has been dealt with in the financial statements of the Company.

Details of dividends paid and payable to equity shareholders of the Company are set out in note 27(b).

11 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $1,199,841,000 (2011: $1,021,900,000) and the weighted average number of 1,001,283,000 shares (2011: 944,816,000 shares) in issue during the year, calculated as follows:

	2012 '000	2011 '000
Weighted average number of shares		
Issued ordinary shares	**1,000,414**	235
Capitalisation issue (note 27(c)(i))	**–**	749,765
Effect of issuance of new shares under IPO (notes 27(c)(ii) and (iii))	**–**	194,816
Effect of share options exercised (note 27(c)(iv))	**869**	–
Weighted average number of shares	**1,001,283**	944,816

The weighted average number of shares in issue for the year ended 31 December 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 the Listing Date, 250,000,000 shares issued under IPO and 413,500 shares issued upon the exercise of the over-allotment option in connection with the IPO.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of $1,199,841,000 (2011: $1,021,900,000) and the weighted average number of 1,004,543,000 shares (2011: 944,816,000 shares) in issue during the year, calculated as follows:

	2012 '000	2011 '000
Weighted average number of shares (diluted)		
Weighted average number of shares	**1,001,283**	944,816
Effect of deemed issue of shares under the Company's share options scheme for nil consideration (note 26)	**3,260**	–
Weighted average number of shares (diluted)	**1,004,543**	944,816

12 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 and club houses to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located entirely in the PRC.

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

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

(a) Segment results, assets and liabilities

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

Segments assets include all tangible, non-current and current assets with the exception of interest in associates, interest in jointly controlled entities, investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include trade and other payables attributable to the operating activities of the individual segments and bank and other borrowings managed directly by the segments.

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, valuation changes on investment properties and additions to non-current segment assets used by the segments in their operations.

12 Segment reporting (Continued)

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

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

2011

	Property development $'000	Property investment $'000	Hotel operations $'000	Property management and related services $'000	Total $'000
Revenue from external customers	5,617,559	104,682	93,696	45,375	5,861,312
Inter-segment revenue	–	19,235	–	133,482	152,717
Reportable segment revenue	5,617,559	123,917	93,696	178,857	6,014,029
Reportable segment profit/(loss) (adjusted EBITDA)	3,335,109	86,302	36,783	(46,782)	3,411,412
Interest income from bank deposits	48,282	504	–	345	49,131
Interest expense	(416,233)	(8,851)	–	–	(425,084)
Depreciation and amortisation for the year	(11,580)	(60)	(28,757)	(1,751)	(42,148)
Valuation gains on investment properties	–	360,295	–	–	360,295
Reportable segment assets	15,539,281	3,287,583	374,807	27,667	19,229,338
Additions to non-current segment assets during the year	55,228	93,935	1,062	5,632	155,857
Reportable segment liabilities	(12,106,840)	(441,563)	–	(22,097)	(12,570,500)

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(Expressed in Hong Kong dollars unless otherwise indicated)

12 Segment reporting (Continued)

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

2012

	Property development $'000	Property investment $'000	Hotel operations $'000	Property management and related services $'000	Total $'000
Revenue from external customers	5,774,503	129,234	69,800	91,417	6,064,954
Inter-segment revenue	–	14,402	–	152,103	166,505
Reportable segment revenue	**5,774,503**	**143,636**	**69,800**	**243,520**	**6,231,459**
Reportable segment profit/(loss) (adjusted EBITDA)	**2,615,424**	**95,606**	**(2,120)**	**(21,866)**	**2,687,044**
Interest income from bank deposits	80,093	1,232	–	1,146	82,471
Interest expense	(637,373)	(20,076)	–	(1,977)	(659,426)
Depreciation and amortisation for the year	(11,416)	(545)	(17,998)	(587)	(30,546)
Valuation gains on investment properties	–	683,567	–	–	683,567
Reportable segment assets	**18,597,550**	**4,389,190**	**335,237**	**326,404**	**23,648,381**
Additions to non-current segment assets during the year	29,345	568,448	1,005	10,632	609,430
Reportable segment liabilities	**(14,766,076)**	**(331,950)**	**–**	**(84,017)**	**(15,182,043)**

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(Expressed in Hong Kong dollars unless otherwise indicated)

12 Segment reporting (Continued)

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

	2012 $'000	2011 $'000
Revenue		
Reportable segment revenue	**6,231,459**	6,014,029
Elimination of inter-segment revenue	**(166,505)**	(152,717)
Consolidated turnover	**6,064,954**	5,861,312
Profit		
Reportable segment profit derived from Group's external customers	**2,687,044**	3,411,412
Share of profits less losses of associates	**4,826**	(5,113)
Other revenue and net (loss)/income	**103,307**	130,638
Depreciation and amortisation	**(43,579)**	(50,059)
Finance costs	**(670,915)**	(425,084)
Valuation gains on investment properties	**683,567**	360,295
Unallocated head office and corporate expenses	**(160,541)**	(150,662)
Consolidated profit before taxation	**2,603,709**	3,271,427
Assets		
Reportable segment assets	**23,648,381**	19,229,338
Interest in associates	**–**	81,977
Interest in jointly controlled entities	**160,378**	–
Other financial assets	**42,494**	201,344
Deferred tax assets	**853,492**	719,150
Unallocated head office and corporate assets	**225,159**	146,256
Consolidated total assets	**24,929,904**	20,378,065
Liabilities		
Reportable segment liabilities	**(15,182,043)**	(12,570,500)
Tax payable	**(4,512,217)**	(3,879,498)
Deferred tax liabilities	**(520,214)**	(344,185)
Derivative financial instruments	**(45,436)**	(13,641)
Unallocated head office and corporate liabilities	**(90,690)**	(49,776)
Consolidated total liabilities	**(20,350,600)**	(16,857,600)

(c) Geographic information

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

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(Expressed in Hong Kong dollars unless otherwise indicated)

13 Fixed assets

(a) The Group

	Investment properties $'000	Investment properties under development $'000	Sub-total $'000	Hotel properties $'000	Properties under development for own use $'000	Other land and buildings $'000	Furniture, fixtures and other fixed assets $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost or valuation:										
At 1 January 2011	2,153,241	99,980	2,253,221	444,676	70,286	48,444	60,564	623,970	21,234	2,898,425
Exchange adjustments	100,244	9,201	109,445	18,791	1,268	2,298	3,336	25,693	1,127	136,265
Additions	–	69,598	69,598	1,062	–	10,150	42,025	53,237	9,331	132,166
Transfer from/(to) inventories	26,259	–	26,259	–	(12,680)	–	–	(12,680)	–	13,579
Cost adjustment (Note)	(1,932)	–	(1,932)	(3,988)	–	–	–	(3,988)	–	(5,920)
Reclassification	125,331	–	125,331	–	(58,874)	(66,457)	–	(125,331)	–	–
Disposals	–	–	–	–	–	–	(6,528)	(6,528)	–	(6,528)
Surplus on revaluation	222,721	137,574	360,295	–	–	–	–	–	–	360,295
Surplus on revaluation upon reclassification	–	–	–	–	–	66,457	–	66,457	–	66,457
At 31 December 2011	2,625,864	316,353	2,942,217	460,541	–	60,892	99,397	620,830	31,692	3,594,739
Representing:										
Cost	–	28,840	28,840	460,541	–	60,892	99,397	620,830	31,692	681,362
Valuation	2,625,864	287,513	2,913,377	–	–	–	–	–	–	2,913,377
	2,625,864	316,353	2,942,217	460,541	–	60,892	99,397	620,830	31,692	3,594,739

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(Expressed in Hong Kong dollars unless otherwise indicated)

13 Fixed assets (continued)

(a) The Group (continued)

	Investment properties $'000	Investment properties under development $'000	Sub-total $'000	Hotel properties $'000	Properties under development for own use $'000	Other land and buildings $'000	Furniture, fixtures and other fixed assets $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Accumulated amortisation and depreciation:										
At 1 January 2011	–	–	–	53,998	–	7,490	28,742	90,230	1,715	91,945
Exchange adjustments	–	–	–	2,979	–	394	1,542	4,915	94	5,009
Charge for the year	–	–	–	28,757	–	3,197	17,425	49,379	766	50,145
Written back on disposals	–	–	–	–	–	–	(3,236)	(3,236)	–	(3,236)
At 31 December 2011	–	–	–	85,734	–	11,081	44,473	141,288	2,575	143,863
Net book value:										
At 31 December 2011	2,625,864	316,353	2,942,217	374,807	–	49,811	54,924	479,542	29,117	3,450,876

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

13 Fixed assets (continued)

(a) The Group (continued)

	Investment properties $'000	Investment properties under development $'000	Sub-total $'000	Hotel properties $'000	Other land and buildings $'000	Furniture, fixtures and other fixed assets $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost or valuation:									
At 1 January 2012	2,625,864	316,353	2,942,217	460,541	60,892	99,397	620,830	31,692	3,594,739
Exchange adjustments	37,532	(935)	36,597	3,348	571	1,027	4,946	251	41,794
Additions	8,163	341,108	349,271	1,005	–	30,573	31,578	–	380,849
Acquisition of subsidiaries	–	–	–	–	–	797	797	–	797
Reclassification	656,526	(656,526)	–	–	–	–	–	–	–
Transfer from inventories	219,165	–	219,165	–	8,637	–	8,637	–	227,802
Cost adjustment (Note)	–	–	–	(25,059)	–	–	(25,059)	–	(25,059)
Disposals	–	–	–	–	–	(6,610)	(6,610)	–	(6,610)
Surplus on revaluation	683,567	–	683,567	–	–	–	–	–	683,567
At 31 December 2012	4,230,817	–	4,230,817	439,835	70,100	125,184	635,119	31,943	4,897,879
Representing:									
Cost	–	–	–	439,835	70,100	125,184	635,119	31,943	667,062
Valuation	4,230,817	–	4,230,817	–	–	–	–	–	4,230,817
	4,230,817	–	4,230,817	439,835	70,100	125,184	635,119	31,943	4,897,879
Accumulated amortisation and depreciation:									
At 1 January 2012	–	–	–	85,734	11,081	44,473	141,288	2,575	143,863
Exchange adjustments	–	–	–	866	117	565	1,548	28	1,576
Charge for the year	–	–	–	17,998	2,778	22,827	43,603	507	44,110
Written back on disposals	–	–	–	–	–	(1,908)	(1,908)	–	(1,908)
At 31 December 2012	–	–	–	104,598	13,976	65,957	184,531	3,110	187,641
Net book value:									
At 31 December 2012	4,230,817	–	4,230,817	335,237	56,124	59,227	450,588	28,833	4,710,238

Note: Cost adjustment represents the finalisation of the development costs with contractors during the year in respect of properties completed in prior years.

Notes to the Financial Statements
(Expressed in Hong Kong dollars unless otherwise indicated)

13 Fixed assets (continued)

(b) The Company

	Furniture, fixtures and other fixed assets $'000
Cost:	
At 1 January 2011 and 31 December 2011	1,582
Accumulated depreciation:	
At 1 January 2011	158
Charge for the year	316
At 31 December 2011	474
Net book value:	
At 31 December 2011	1,108

	Furniture, fixtures and other fixed assets $'000
Cost:	
At 1 January 2012 and 31 December 2012	1,582
Accumulated depreciation:	
At 1 January 2012	474
Charge for the year	316
At 31 December 2012	790
Net book value:	
At 31 December 2012	792

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(Expressed in Hong Kong dollars unless otherwise indicated)

13 Fixed assets (continued)

(c) Revaluation of investment properties

The Group's investment properties and investment properties under development were revalued at 31 December 2012 by an independent firm of surveyors, DTZ Debenham Tie Leung Limited, 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.

At 31 December 2011, included in the Group's investment properties under development amounted to $28,840,000 were carried at cost less accumulated impairment losses, if any, as the directors are of the opinion that its fair value cannot be reliably determined due to the development project was still under initial stage.

(d) During the year ended 31 December 2011, the intended use of a property previously held for own use has been changed to leasing purpose. This property with carrying amount of $125,331,000, being the fair value of the property at the date of change in use, was transferred from "other land and buildings" to "investment properties" accordingly. As a result of the transfer, a revaluation surplus, after tax effect of $16,614,000 (note 7(c)(ii)), of $49,843,000 on other land and buildings has been recognised in other comprehensive income and accumulated in the property revaluation reserve.

(e) The analysis of net book value of the properties is as follows:

	2012 **$'000**	2011 $'000
In the PRC		
– under long leases	**1,386,643**	762,586
– under medium-term leases	**3,264,368**	2,633,366
	4,651,011	3,395,952

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(Expressed in Hong Kong dollars unless otherwise indicated)

13 Fixed assets (continued)

(f) Fixed assets leased out under operating leases

The Group leases out a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 20 years, with an option to renew the lease after that date at which time all terms are renegotiated.

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2012 $'000	2011 $'000
Within 1 year	**176,685**	97,172
After 1 year but within 5 years	**492,887**	262,611
After 5 years	**756,343**	185,359
	1,425,915	545,142

(g) 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 23.

14 Investments in subsidiaries

	The Company 2012 $'000	2011 $'000
Unlisted shares, at cost	**12**	12
Capital contribution in respect of equity settled share-based transactions	**114,438**	69,827
	114,450	69,839

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Investments in subsidiaries (continued)

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest			
Name of subsidiary	Place of incorporation/ establishment and operation and type of legal entity	Issued and paid-up capital/ registered capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Top Spring Real Estate (Shenzhen) Co., Ltd. (萊蒙房地產(深圳)有限公司)	PRC#	$320,000,000	100%	–	100%	Property development and investment
Shenzhen Top Spring Business Management Co., Ltd. (深圳市萊蒙商業管理有限公司)	PRC*	RMB20,000,000	100%	–	100%	Provision of property management and related services
Changzhou Top Spring Property Services Co., Ltd. (常州市萊蒙物業服務有限公司)	PRC*	RMB5,000,000	100%	–	100%	Provision of property management and related services
Changzhou Top Spring Business Management Co., Ltd. (常州萊蒙商業管理有限公司)	PRC*	RMB500,000	100%	–	100%	Provision of property management and related services
Changzhou Top Spring Advertising Co., Ltd. (常州萊蒙廣告有限公司)	PRC*	RMB500,000	100%	–	100%	Provision of advertising services
Hangzhou Top Spring Business Management Co., Ltd. (杭州萊蒙商業管理有限公司)	PRC*	RMB500,000	100%	–	100%	Provision of property management and related services
Shenzhen Top Spring Investment Holding Company (深圳萊蒙投資控股有限公司)	PRC*	RMB100,000,000	100%	–	100%	Investment holding
Shenzhen SZITIC Property Development Co., Ltd. (深圳深國投房地產開發有限公司)	PRC*	RMB340,100,000	100%	–	100%	Investment holding, property development and investment
Changzhou Top Spring Water Flower Property Development Co., Ltd. (常州萊蒙水榭花都房地產開發有限 公司)	PRC*	US$90,000,000	100%	–	100%	Property development and investment
Shenzhen City Hua Long Property Development Co., Ltd. (深圳市華龍房地產開發有限公司)	PRC*	RMB50,000,000	100%	–	100%	Property development and investment
Dongguan SZITIC Property Development Co., Ltd. (東莞市深國投房地產開發有限公司)	PRC*	RMB20,000,000	100%	–	100%	Property development and investment
Shenzhen Water Flower Property Co., Ltd. (深圳市水榭花都 房地產有限公司)	PRC*	RMB331,384,021	100%	–	100%	Property development and investment

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Investments in subsidiaries (continued)

			Proportion of ownership interest			
Name of subsidiary	Place of incorporation/ establishment and operation and type of legal entity	Issued and paid-up capital/ registered capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Changzhou Top Spring Landmark Real Estate Co., Ltd. (常州萊蒙都會置業有限公司)	PRC#	US$44,999,934	100%	–	100%	Property development and investment
Top Spring Realty (Chengdu) Co., Ltd. (萊蒙置業(成都)有限公司)	PRC#	US$18,750,000	100%	–	100%	Property development and investment
Top Spring International (Yuhang) Landmark Co., Ltd. (萊蒙國際(余杭)置業有限公司)	PRC#	US$10,000,000	100%	–	100%	Property development and investment
Shenzhen Top Spring Property Services Co., Ltd. (深圳市萊蒙物業服務有限公司)	PRC*	RMB3,000,000	100%	–	100%	Provision of property management service
Changzhou Top Spring Taihu Bay Property Development Co., Ltd. (常州萊蒙鵬源太湖灣房地產開發有限公司)	PRC#	US$64,800,000	100%	–	100%	Property development and investment
Top Spring Landmark (Fuyang) Co., Ltd. (萊蒙置業(富陽)有限公司)	PRC△	US$221,480,000	100%	–	100%	Property development and investment
Shenzhen Prosperity Top Spring Investment Fund Management Company Limited (深圳華盛萊蒙投資基金管理有限公司)	PRC□	RMB10,000,000	60%	–	60%	Investment holding and provision of investment management services
Tianjin Hyperion Construction Co., Ltd. (天津海吉星建設有限公司)	PRC□	RMB50,000,000	58%	–	58%	Property development and investment
Tianjin Hyperion Investment Development Co., Ltd. (天津海吉星投資發展有限公司)	PRC□	RMB100,000,000	58%	–	58%	Property development and investment
Tianjin Jin Jun Investment Development Co., Ltd. (天津津俊投資發展有限公司)	PRC□	RMB50,000,000	58%	–	58%	Property development and investment

limited liability company (wholly-owned by Taiwan, Hong Kong and Macau legal persons)
* limited liability company (wholly-owned by legal persons)
△ limited liability company (Sino-foreign equity joint venture)
□ limited liability company

15 Interest in associates

	The Group 2012 $'000	2011 $'000
Share of net assets	–	81,977

Particulars of the Group's interest in associates are as follow:

Name of associate	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Shenzhen Prosperity Top Spring Investment Fund Management Company Limited (深圳華盛萊蒙投資基金管理有限公司)("Shenzhen PTi Fund Management") (Note)	– (2011: 40%)	–	– (2011: 40%)	Investment holding and provision of investment management services
Tianjin Top Spring Tian Gui Equity Investment Funds Partnership (天津萊蒙天貴股權投資基金合夥企業(有限合夥)) ("Tianjin Top Spring Tian Gui") (Note)	– (2011: 24.6%)	–	– (2011: 24.6%)	Equity investment and provision of investment consultancy services

Summary financial information on associates

	Assets $'000	Liabilities $'000	Equity $'000	Loss $'000
2011				
100 per cent	310,311	(5,314)	304,997	(8,673)
Group's effective interest	83,405	(1,428)	81,977	(2,331)

Notes:

(a) In December 2011, the Group, through a wholly-owned subsidiary, invested RMB4,000,000 (equivalent to approximately $4,820,000), representing 40% equity interest in Shenzhen PTi Fund Management, which owns a wholly-owned subsidiary, Tianjin Prosperity Top Spring Equity Investment Fund Management Company Limited (天津華盛萊蒙股權投資基金管理有限公司) ("Tianjin PTi Fund Management"). Both Shenzhen PTi Fund Management and Tianjin PTi Fund Management are established in the PRC with limited liability.

Shenzhen PTi Fund Management and Tianjin PTi Fund Management are principally in the business of investment holding and provision of investment management services to Tianjin Top Spring Tian Gui, which is limited partnership established in the PRC. Apart from the provision of investment management services, Shenzhen PTi Fund Management is the general partner and investment manager and Tianjin PTi Fund Management is the general partner of Tianjin Top Spring Tian Gui. The Group made contributions in the sum of RMB57,660,000 (equivalent to approximately $69,487,000) through its wholly-owned subsidiaries to Tianjin Top Spring Tian Gui, representing 24.6% of the total contributions received by Top Spring Tian Gui.

The directors are of the opinion that based on the investment structure and pursuant to (i) the Articles of Associations of Shenzhen PTi Fund Management and Tianjin PTi Fund Management; and (ii) the limited partnership agreements of Tianjin Top Spring Tian Gui, the Group has significant influence, but not control or joint control, over Shenzhen PTi Fund Management and Tianjin Top Spring Tian Gui and therefore they are accounted for as associates of the Group.

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15 Interest in associates (continued)

Notes: (continued)

(b) On 25 July 2012, the Group, through a wholly-owned subsidiary, entered into agreements with independent third parties in relation to the acquisitions of equity interests in Shenzhen PTi Fund Management at a total consideration of RMB6,220,000 (equivalent to approximately $7,735,000) and its effective interest in Shenzhen PTi Fund Management was increased from 40% to 100%. Following the acquisitions, the Group obtained the control over Shenzhen PTi Fund Management and Tianjin Top Spring Tian Gui and therefore they are accounted for as subsidiaries of the Group. As a result, the Group recognised a net gain of $5,102,000 (see note 5)

On 6 November 2012, the Group, through a wholly-owned subsidiary, entered into an agreement with an independent third party in relation to the disposal of its 40% equity interest in Shenzhen PTi Fund Management at a consideration of RMB4,000,000 (equivalent to approximately $4,921,000) and its effective interest in Shenzhen PTi Fund Management was decreased from 100% to 60%.

16 Interest in jointly controlled entities

	The Group	
	2012	2011
	$'000	$'000
Share of net assets	**160,378**	–

Particulars of the Group's interest in the jointly controlled entities are as follows:

	Proportion of ownership interest			
Name of entity	Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Shenzhen Top Spring Hui Yu Investment Partnership (深圳萊蒙滙餘投資合伙企業(有限合伙))	24%	–	24%	Equity investment and provision of investment consultancy services
Shenzhen Top Spring Li Yu Investment Partnership (深圳萊蒙利餘投資合伙企業(有限合伙))	24%	–	24%	Equity investment and provision of investment consultancy services
Shenzhen Top Spring Hui Fu Investment Partnership (深圳萊蒙滙富投資合伙企業(有限合伙))	24%	–	24%	Equity investment and provision of investment consultancy services
Shenzhen Top Spring Hui Ying Investment Partnership (深圳萊蒙滙盈投資合伙企業(有限合伙))	24%	–	24%	Equity investment and provision of investment consultancy services

16 Interest in jointly controlled entities (continued)

In December 2012, Shenzhen PTi Fund Management invested RMB128,959,000 (equivalent to approximately $158,732,000), representing 24% of the total contributions, in 4 limited partnerships which are established in the PRC and principally engaged in the business of equity investment and provision of investment consultancy services.

Based on the investment structure and pursuant to the relevant limited partnership agreements, the 4 limited partnerships have been accounted for as jointly controlled entities of the Group.

Summary financial information on jointly controlled entities – Group's effective interest:

	The Group	
	2012	2011
	$'000	$'000
Current assets	**668,242**	–
Non-current liabilities	**(507,864)**	–
Net assets	**160,378**	–

17 Other financial assets

	The Group	
	2012	2011
	$'000	$'000
Available-for-sale investments, unlisted	**42,494**	201,344
Less: Non-current portion	**(32,545)**	(32,292)
Current portion	**9,949**	169,052

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18 Inventories

	The Group	
	2012	2011
	$'000	$'000
Leasehold land held for development for sale	**2,496,953**	1,344,066
Properties under development for sale	**7,534,587**	6,461,246
Completed properties for sale	**1,596,615**	1,361,514
	11,628,155	9,166,826

(a) The analysis of carrying value of properties is as follows:

	The Group	
	2012	2011
	$'000	$'000
In the PRC		
– under long leases	**10,084,487**	7,813,549
– under medium-term leases	**1,543,668**	1,353,277
	11,628,155	9,166,826
Including:		
– Properties expected to be completed after more than one year	**7,372,372**	5,432,537

(b) The Group's certain properties under development for sale were pledged against bank loans, details of which are set out in note 23.

19 Trade and other receivables

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Debtors, prepayments and deposits (Note (ii))	**1,390,396**	526,822	**2,731**	2,540
Amounts due from subsidiaries (Note (iii))	**–**	–	**4,170,458**	3,278,015
Amounts due from a related company (Note (iii))	**44,450**	–	**–**	–
Amounts due from a non-controlling shareholder (Note (iii))	**85,322**	–	**–**	–
	1,520,168	526,822	**4,173,189**	3,280,555

Notes:

(i) The Group's credit policy is set out in note 28(a).

(ii) The Group's balances at 31 December 2012 included deposits and prepayments for acquisition of land use rights of $944,534,000 (2011: $74,038,000).

(iii) The balances are unsecured, interest-free and recoverable on demand. The balances are neither past due nor impaired.

(iv) All of the Group's trade debtors was not impaired, of which 95% and 97% at 31 December 2011 and 2012 respectively was not past due or less than 1 year past due.

Receivables which were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables which were past due but not impaired relate to independent customers, for which have a good track record of trading with the Group or sufficient rental deposits are held to cover potential exposure to credit risk. Based on past experience, management considers that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

(v) Ageing analysis
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:

	2012	2011
	$'000	$'000
Current or under 1 month overdue	**26,041**	23,956
More than 1 month overdue and up to 3 months overdue	**2,026**	15,343
More than 3 months overdue and up to 6 months overdue	**2,417**	1,051
More than 6 months overdue and up to 1 year overdue	**698**	1,445
More than 1 year overdue	**955**	2,201
	32,137	43,996

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20 Restricted and pledged deposits

	2012 $'000	2011 $'000
Restricted deposits (Note (i))	**116,121**	73,063
Pledged deposits (Note (ii))	**997,607**	1,497,502
	1,113,728	1,570,565
Less: Non-current portion (Note (ii))	**(124,363)**	(345,508)
Current portion	**989,365**	1,225,057

Notes:

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

(ii) Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to $873,244,000 (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 $124,363,000 (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:

	2012 $'000	2011 $'000
Bank loan facilities (note 23)	**983,708**	1,496,133
Mortgage loan facilities granted by the banks to purchasers of the Group's properties	**13,899**	1,369
	997,607	1,497,502

21 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Cash at banks and in hand	**4,901,251**	4,660,505	**238,327**	53,076

At 31 December 2012, cash at banks and in hand included proceeds from the pre-sale of properties totalling RMB97,670,000 (equivalent to approximately $121,465,000) (2011: RMB97,016,000 (equivalent to approximately $119,714,000)) placed in designated bank accounts by certain of the Group's PRC subsidiaries in accordance with relevant documents issued by local government authorities. Such deposits can only be used for purchases of construction materials and the payments of construction fees of the relevant property development projects when approval from the designated bank is obtained. Such deposits will be released after the completion of the pre-sale of the relevant properties.

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	**2012** **$'000**	2011 $'000
Profit before taxation		**2,603,709**	3,271,427
Adjustments for:			
Interest income	4	**(96,166)**	(56,042)
Finance costs	6(a)	**670,915**	425,084
Depreciation and amortisation	6(c)	**43,579**	50,059
Valuation gains on investment properties	13(a)	**(683,567)**	(360,295)
Net loss/(gain) on sale of fixed assets	5	**370**	(116)
Net gain on sale of available-for-sale investments	5	**(8,632)**	–
Net gain on deemed disposal of associates	5	**(5,102)**	–
Net gain on disposal of associates	5	**–**	(5,685)
Fair value change on derivative financial instruments	5	**31,795**	(56,711)
Equity settled share-based payment expenses	6(b)	**68,925**	81,508
Share profits less losses of associates		**(4,826)**	5,113
Goodwill written off	5	**18,038**	–
Net foreign exchange gain		**9,607**	(33,317)
Changes in working capital:			
Increase in inventories		**(1,674,625)**	(2,942,257)
(Increase)/decrease in trade and other receivables		**(971,759)**	540,565
Increase/(decrease) in trade and other payables		**501,030**	(835,673)
Cash generated from operations		**503,291**	83,660

21 Cash and cash equivalents (Continued)

(c) Acquisition of subsidiaries

(i) On 25 July 2012, the Group acquired additional 60% equity interest in Shenzhen PTi Fund Management (see note 15(b)). Shenzhen PTi Fund Management became a subsidiary of the Group following the completion of the acquisition.

(ii) On 31 July 2011, the Group acquired additional equity interests in each of its associates, Tianjin Hyperion Construction Co., Ltd. (天津海吉星建設有限公司) ("THCCL") and Tianjin Hyperion Investment Development Co., Ltd. (天津海吉星投資發展有限公司) ("THIDCL") from 40% to 58% respectively and disposed of its 40% equity interest in Tianjin Hyperion Agricultural Products Logistics Co., Ltd. (天津海吉星農產品物流有限公司). THCCL and THIDCL became subsidiaries of the Groups following the completion of the acquisition.

Fair value of net assets acquired:

	2012 $'000	2011 $'000
Fixed assets	**797**	–
Inventories	**–**	492,167
Trade and other receivables	**6,871**	119,957
Amounts due from group companies	**282,458**	–
Cash and cash equivalents	**35,825**	106,266
Trade and other payables	**(1,065)**	(563,937)
Amounts due to group companies	**(10,081)**	–
Other borrowings	**(232,649)**	–
Deferred tax liabilities	**–**	(1,495)
Net assets	**82,156**	152,958
Goodwill	**18,038**	–
Less: Share of net assets by the Group immediately before the acquisition	**(92,459)**	(73,032)
Share of net assets by non-controlling shareholders	**–**	(76,683)
Considerations paid in cash	**7,735**	3,243

Analysis of net cash inflow of cash and cash equivalents in respect of the acquisitions of subsidiaries:

	2012 $'000	2011 $'000
Cash considerations paid	**(7,735)**	(3,243)
Cash acquired	**35,825**	106,266
	28,090	103,023

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(Expressed in Hong Kong dollars unless otherwise indicated)

21 Cash and cash equivalents (Continued)

(d) Significant non-cash transactions

The Group incurred payables of $637,037,000 (2011: $422,208,000) to contractors for additions of properties under development during the year ended 31 December 2012.

22 Trade and other payables

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Creditors and accrued charges	**2,863,200**	1,847,526	**61,087**	30,300
Rental and other deposits	**81,734**	74,125	**–**	–
Receipts in advance	**3,223,223**	3,099,396	**–**	–
Amounts due to subsidiaries (Note (ii))	**–**	–	**1,809,659**	1,249,085
Amounts due to a non-controlling shareholder (Note (iii))	**222,607**	167,419	**–**	–
	6,390,764	5,188,466	**1,870,746**	1,279,835

Notes:

(i) All of the Group's trade and other payables are expected to be settled within one year or are repayable on demand except for an amount of $374,632,000 (2011: $50,475,000) which is expected to be settled after more than one year.

(ii) The balances are unsecured, interest-free and repayable on demand.

(iii) The amounts due to a non-controlling shareholder are unsecured, interest-bearing at 10% above the 1-year RMB benchmark lending rate as determined by the People's Bank of China (2011: interest-free) and repayable within one year.

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

	2012	2011
	$'000	$'000
Due within 1 month or on demand	**1,149,858**	875,490
Due after 1 month but within 3 months	**1,077**	1,548
Due after 3 months but within 6 months	**165,194**	132,161
Due after 6 months but within 1 year	**369,494**	330,118
Due after 1 year	**374,632**	50,475
	2,060,255	1,389,792

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23 Bank and other borrowings

At 31 December 2012, the bank and other borrowings were analysed as follows:

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Bank loans				
– Secured	**6,771,863**	5,001,611	**–**	–
– Unsecured	**335,779**	941,635	**–**	–
	7,107,642	5,943,246	**–**	–
Other borrowings				
– Secured	**1,343,521**	1,249,826	**387,330**	387,883
– Unsecured	**430,806**	–	**186,544**	–
	8,881,969	7,193,072	**573,874**	387,883

At 31 December 2012, bank and other borrowings were repayable as follows:

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Within 1 year and included in current liabilities	**3,293,358**	1,720,066	**–**	–
After 1 year and included in non-current liabilities:				
After 1 year but within 2 years	**1,700,738**	1,590,406	**387,330**	–
After 2 years but within 5 years	**1,643,128**	2,432,699	**186,544**	387,883
After 5 years	**2,244,745**	1,449,901	**–**	–
	5,588,611	5,473,006	**573,874**	387,883
	8,881,969	7,193,072	**573,874**	387,883

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(Expressed in Hong Kong dollars unless otherwise indicated)

23 Bank and other borrowings (Continued)

Notes:

(i) At 31 December 2012, the bank loans bore interest ranging from 4.07% to 8.61% (2011: 0.85% to 11.15%) per annum and were secured by the following assets:

	2012 **$'000**	2011 $'000
Investment properties	**3,015,794**	2,403,554
Hotel properties	**335,237**	–
Other land and buildings	**18,750**	–
Properties under development for sale	**5,355,179**	2,502,994
Pledged deposits	**983,708**	630,602
Total	**9,708,668**	5,537,150

(ii) Included in the bank loans at 31 December 2011 was an entrusted loan amounting to RMB400,000,000 (equivalent to approximately $492,731,000) provided by CITIC Trust Co., Ltd., an independent third party. The loan was secured by 100% equity interest in a subsidiary, interest-bearing at 9.18% per annum and fully repaid during the current year.

(iii) At 31 December 2012, the secured other borrowings were from independent third parties, interest-bearing at rates ranging from 15.00% to 19.23% (2011: 18.33% to 23.13%) per annum and secured by equity interests in certain subsidiaries within the Group.

Included in the unsecured other borrowings at 31 December 2012 was a loan of RMB150,000,000 (equivalent to approximately $186,544,000) from a related company. The loan is interest-bearing at 10% per annum and repayable in 2016.

Included in the unsecured other borrowings at 31 December 2012 were contributions of RMB196,411,000 (equivalent to approximately $244,262,000) from limited partners of Tianjin Top Spring Tian Gui. Based on the terms of the partnership agreement, the Group has a contractual obligation to deliver profits to those limited partners. The contributions have been recognised in accordance with the accounting policy set out in note 2(n) and accordingly distributions thereon are recognised on an accrual basis in profit or loss as part of finance costs. The effective interest rate of the contributions is 12.50% per annum and the contributions are expected to be repayable in 2015.

The Group's secured other borrowings are subject to the fulfilment of covenants relating to certain financial ratios requirement. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 28(b). At 31 December 2012, none of the covenants relating to drawn down facilities had been breached.

24 Loan from an associate

The loan from an associate at 31 December 2011 represented an entrusted loan which was unsecured, interest-bearing at 11.31% per annum and repayable in 2014.

During the year ended 31 December 2012, the associate became a subsidiary of the Group following the completion of the acquisition as disclosed in note 15.

(Expressed in Hong Kong dollars unless otherwise indicated)

25 Derivative financial instruments

Derivative financial instruments arising from other borrowings are expected to be recognised as income within one year (2011: more than one year). The estimate of the fair value of the derivative financial instruments is measured based on a binomial lattice model.

26 Equity settled share-based transactions

(a) 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 the Listing Date or, as the case may be, the first anniversary date of the employment commencement date of the relevant grantees, and are then exercisable within a period of 10 years from the date of grant. The exercise price per share is $2.492, 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.

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to a director: – on 3 December 2010	1,166,667	One year (30%), two years (60%) and three years (100%) from the Listing Date	10 years
Options granted to senior management and employees: – on 3 December 2010	33,205,000	One year (30%), two years (60%) and three years (100%) from the Listing Date	10 years
Total share options granted	34,371,667		

26 Equity settled share-based transactions (Continued)

(a) Pre-IPO Share Option Scheme (Continued)

(ii) The number and weighted average exercise price of share options are as follows:

	2012 Number of options '000	2011 Number of options '000
Outstanding at the beginning of the year	**31,863**	34,372
Exercised during the year	**(1,454)**	–
Forfeited during the year	**(3,087)**	(2,509)
Outstanding at the end of the year	**27,322**	31,863
Exercisable at the end of the year	**7,987**	–

No share options under the Pre-IPO Share Option Scheme were granted during the years ended 31 December 2011 and 2012.

The weighted average share price at the date of exercise for shares options exercised during the year ended 31 December 2012 was $3.38.

The share options outstanding at 31 December 2012 had a weighted average exercise price of $2.492 (2011: $2.492) and a weighted average remaining contractual life of 7.9 (2011: 8.9) years.

(iii) Fair value of share options and assumptions

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	$5.64
Estimated share price	$8.63
Estimated exercise price	$3.45
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	1.20%
Risk-free interest rate (based on Hong Kong Government Bond)	2.638%

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26 Equity settled share-based transactions (Continued)

(a) Pre-IPO Share Option Scheme (Continued)

(iii) Fair value of share options and assumptions (Continued)

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.

(b) 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 years ended 31 December 2011 and 2012. A total number of 608,000 (2011: 460,000) awarded shares were forfeited during the year ended 31 December 2012 and 5,384,000 (2011: 5,992,000) awarded shares were outstanding at 31 December 2012.

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions
Shares awarded to employees:		
– on 3 December 2010	6,452,000	One year (30%), two years (60%) and three years (100%) from the date of award

(ii) Fair value of awarded shares and assumptions

The fair value of services received in return for awarded shares is measured by reference to the fair value of awarded shares. The estimate of the fair value of the awarded shares is measured based on a revaluation method of market approach with option-based pricing model adopted to account for the vesting condition. The significant inputs into the model included estimated fair value of shares at the grant date, expected dividends, risk-free interest rate and expected volatility rate.

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.

(Expressed in Hong Kong dollars unless otherwise indicated)

26 Equity settled share-based transactions (Continued)

(c) 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 at a consideration of $1.00 per grant paid by the selected employees of the Company under the Post-IPO Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share of $0.10 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.

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors:			
– 26 June 2012	4,400,000	One year (30%), two years (60%) and three years (100%) from the date of grant	10 years
Options granted to senior management and employees:			
– 26 June 2012	11,320,000	One year (30%), two years (60%) and three years (100%) from the date of grant	10 years
Total share options granted	15,720,000		

26 Equity settled share-based transactions (Continued)

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

(ii) The number and weighted average exercise price of share options are as follows:

	2012 Number of options '000
Outstanding at the beginning of the year	–
Granted during the year	**15,720**
Forfeited during the year	**(300)**
Outstanding at the end of the year	**15,420**
Exercisable at the end of the year	–

No share options were granted under the Post-IPO Share Option Scheme during the year ended 31 December 2011. No share options under the Post-IPO Share Option Scheme were exercised during the year ended 31 December 2012.

The share options outstanding at 31 December 2012 had a weighted average exercise price of $3.17 (2011: not applicable) and a weighted average remaining contractual life of 9.5 years (2011: not applicable).

(iii) Fair value of share options and assumptions

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	$1.02
Share price	$3.15
Exercise price	$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.

27 Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital $'000	Share premium $'000	Capital reserve $'000	Retained profits $'000	Total $'000
Balance at 1 January 2011	24	–	6,160	(39,911)	(33,727)
Changes in equity for 2011:					
Profit and total comprehensive income for the year	–	–	–	349,660	349,660
Capitalisation issue (Note (c)(i))	74,976	(74,976)	–	–	–
Issuance of new shares under IPO, net of issuing expenses (Notes (c)(ii) and (iii))	25,041	1,469,178	–	–	1,494,219
Dividend declared in respect of the current year (Note (b))	–	–	–	(150,062)	(150,062)
Equity settled share-based transactions	–	–	81,508	–	81,508
Share options and awarded shares forfeited	–	–	(4,288)	–	(4,288)
Balance at 31 December 2011 and 1 January 2012	100,041	1,394,202	83,380	159,687	1,737,310
Changes in equity for 2012:					
Profit and total comprehensive income for the year	**–**	**–**	**–**	**583,496**	**583,496**
Issuance of new shares under the Pre-IPO Share Option Scheme (Note (c)(iv))	**146**	**11,682**	**(8,203)**	**–**	**3,625**
Dividend approved in respect of the previous year (Note (b))	**–**	**–**	**–**	**(150,242)**	**(150,242)**
Dividend declared in respect of the current year (Note (b))	**–**	**–**	**–**	**(150,257)**	**(150,257)**
Equity settled share-based transactions	**–**	**–**	**68,925**	**–**	**68,925**
Share options and awarded shares forfeited	**–**	**–**	**(10,927)**	**208**	**(10,719)**
Balance at 31 December 2012	**100,187**	**1,405,884**	**133,175**	**442,892**	**2,082,138**

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

27 Capital, reserves and dividends (Continued)

(b) Dividends

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

	2012 $'000	2011 $'000
Interim dividend declared and paid of 15 (2011: 15) cents per ordinary share	**150,257**	150,062
Final dividend proposed after the balance sheet date of 15 (2011: 15) cents per ordinary share	**150,280**	150,062
	300,537	300,124

The final dividend proposed 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 year

	2012 $'000	2011 $'000
Final dividend in respect of the previous financial year, approved and paid during the year, 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.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

27 Capital, reserves and dividends (Continued)

(c) Share capital

	The Company			
	2012		2011	
	No. of shares '000	**Amount $'000**	No. of shares '000	Amount $'000
Authorised:				
Ordinary shares of $0.10 each	**5,000,000**	**500,000**	1,000,414	100,041
Ordinary shares, issued and fully paid:				
At 1 January	**1,000,414**	**100,041**	234	24
Capitalisation issue (Note (i))	**–**	**–**	749,766	74,976
Issuance of new shares under IPO (Notes (ii) and (iii))	**–**	**–**	250,414	25,041
Issuance of new shares under the Pre-IPO Share Option Scheme (Note (iv))	**1,454**	**146**	–	–
At 31 December	**1,001,868**	**100,187**	1,000,414	100,041

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes:

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

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

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

(iv) During the year ended 31 December 2012, 1,454,500 share options under the Pre-IPO Share Option Scheme were exercised to subscribe for 1,454,500 ordinary shares of the Company at a consideration of $2.492 per share, of which $0.10 was credited to share capital and the balance of $2.392 was credited to the share premium account. $8,203,000 has been transferred from the capital reserve to the share premium account in accordance with the accounting policy set out in note 2(q)(ii).

27 Capital, reserves and dividends (Continued)

(d) Nature and purpose of reserves

(i) Share premium

The share premium account is governed by the Companies Law of the Cayman Islands and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in paying distributions or dividends to equity shareholders.

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

The capital reserve comprises the portion of the grant date fair value of awarded shares and unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(q)(ii).

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(u).

(iv) PRC statutory reserves

PRC statutory reserves include general reserve, statutory surplus reserve and statutory public welfare fund.

General reserve

The general reserve is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the PRC. This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Statutory surplus reserve

According to the PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholders or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(v) Property revaluation reserve

Property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for other land and buildings in note 2(h)(ii).

27 Capital, reserves and dividends (Continued)

(d) Nature and purpose of reserves (Continued)

(vi) Other reserve

The other reserve represents:

(1) The difference between the consideration received and the net book value of Joinbest Enterprises Limited ("JEL") and its subsidiaries for the deemed disposal of partial interests in JEL. The deemed disposal was resulted from the issuance of 1 ordinary share of JEL at premium upon conversion of convertible notes held by a third party on 18 June 2006.

(2) The differences between the consideration paid and the net book value of certain subsidiaries for the acquisition of additional interests in these subsidiaries from non-controlling shareholders in prior years.

(3) The deemed contributions from ultimate shareholder represent the transfer of investment costs in JEL, Le Leman International (Yuhang) Limited, Glory Wise Limited, Fullshine Group Limited and Fortune Mega International Limited at nil consideration pursuant to a reorganisation.

(4) The difference between the consideration paid and the net book value of Shenzhen SZITIC Property Development Co., Ltd. ("SZITIC Property") and its subsidiaries for the acquisition of additional interests in SZITIC Property from the non-controlling shareholder in 2010.

(5) The increase in other reserve arising from the Reorganisation to rationalise the group structure in preparation for the listing of the Company's shares on the Stock Exchange.

(6) The waiver of repayment of amount due to a related company. In December 2010, the Group entered into an agreement with a related company beneficially owned by a shareholder of the Company whereby repayment of amount due to the related company of $350,000,000 was waived.

(7) The difference between the consideration received and the net book value of Shenzhen PTi Fund Management and its subsidiaries for the disposal of partial interest in Shenzhen PTi Fund Management.

(e) Distributability of reserves

At 31 December 2012, the aggregate amount of the Company's reserves available for distribution to equity shareholders of the Company, as calculated in accordance with the Companies Law of the Cayman Islands and the Company's memorandum and articles of association, was $1,981,951,000 (2011: $1,637,269,000). After the balance sheet date the directors proposed a final dividend of 15 cents (2011: 15 cents) per ordinary share, amounting to $150,280,000 (2011: $150,062,000) (note 27(b)). This dividend has not been recognised as a liability at the balance sheet date.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

27 Capital, reserves and dividends (Continued)

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its property development projects, provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a gearing ratio, which is net debt divided by total equity at the balance sheet date. For this purpose, the Group defines net debt as total bank and other borrowings less restricted and pledged deposits and cash and cash equivalents.

The Group's gearing ratio at the balance sheet date was as follows:

	2012 $'000	2011 $'000
Current liabilities:		
Bank and other borrowings	**3,293,358**	1,720,066
Amounts due to a non-controlling shareholder	**222,607**	–
	3,515,965	1,720,066
Non-current liabilities:		
Bank and other borrowings	**5,588,611**	5,473,006
Loan from an associate	**–**	238,738
Total borrowings	**9,104,576**	7,431,810
Less: Restricted and pledged deposits	**(1,113,728)**	(1,570,565)
Cash and cash equivalents	**(4,901,251)**	(4,660,505)
Net debt	**3,089,597**	1,200,740
Total equity	**4,579,304**	3,520,465
Gearing ratio	**67.5%**	34.1%

28 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, and trade and other receivables. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

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. Adequate impairment losses have been made for estimated irrecoverable amounts.

The Group has no concentration of credit risk in view of its large number of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. Except for the financial guarantees given by the Group as set out in note 30, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 30.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 19.

(b) Liquidity risk

Individual subsidiaries within the Group are responsible for their own cash management, including the raising of loans to cover the expected cash demands, subject to approval by the Company's board of directors. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

28 Financial risk management and fair values (Continued)

(b) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

	2012 Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	**More than 1 year but less than 2 years $'000**	**More than 2 years but less than 5 years $'000**	**More than 5 years $'000**	**Total $'000**	**Carrying amount $'000**
Bank and other borrowings	**4,016,846**	**2,230,784**	**2,324,929**	**3,087,572**	**11,660,131**	**8,881,969**
Derivative financial instruments	**45,436**	**–**	**–**	**–**	**45,436**	**45,436**
Creditors and accrued charges	**2,488,568**	**11,196**	**363,436**	**–**	**2,863,200**	**2,863,200**
Amounts due to a non-controlling shareholder	**229,953**	**–**	**–**	**–**	**229,953**	**222,607**
	6,780,803	**2,241,980**	**2,688,365**	**3,087,572**	**14,798,720**	**12,013,212**

	2011 Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000	Total $'000	Carrying amount $'000
Bank and other borrowings	2,328,890	2,471,906	2,556,954	1,948,546	9,306,296	7,193,072
Loan from an associate	21,884	21,884	243,594	–	287,362	238,738
Derivative financial instruments	–	13,641	–	–	13,641	13,641
Creditors and accrued charges	1,797,051	10,590	39,885	–	1,847,526	1,847,526
Amounts due to a non-controlling shareholder	167,419	–	–	–	167,419	167,419
	4,315,244	2,518,021	2,840,433	1,948,546	11,622,244	9,460,396

28 Financial risk management and fair values (Continued)

(c) Interest rate risk

The Group's interest rates risk arises primarily from cash and cash equivalents, restricted and pledged deposits and borrowings issued at variable rates.

The Group does not anticipate significant impact to cash and cash equivalents and the restricted and pledged deposits because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank and other borrowings of the Group are disclosed in note 23. The Group does not carry out any hedging activities to manage its interest rate exposure.

Sensitivity analysis
At 31 December 2012, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and total equity attributable to equity shareholders of the Company by approximately $48,050,000 (2011: $43,629,000) in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the changes in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2011.

(d) Currency risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. The Group is exposed to foreign currency risk arising from the exposure of Renminbi against Hong Kong dollars as a result of its investment in the PRC and the settlement of certain of the general and administrative expenses and other borrowings in Hong Kong dollars or United States dollars. In addition, Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government.

(e) Equity price risk

The Group is exposed to equity price risk arising from changes in the Company's own share price to the extent that the Company's own equity instruments underlie the fair values of derivatives of the Group. At the balance sheet date the Group is exposed to this risk through derivative financial instruments as disclosed in note 25.

At 31 December 2012, a reasonably possible increase/decrease of 5% (2011: 5%) in the relevant stock market index of the Company, with all other variables held constant, the impact on the Group's and the Company's profit after tax and total equity is not expected to be material.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

28 Financial risk management and fair values (Continued)

(f) Fair values

(i) Financial instruments carried at fair value

The following presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in HKFRS 7, *Financial instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

– Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

– Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

– Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

At 31 December 2011 and 2012, the Group's only financial instruments carried at fair value are derivative financial instruments (see note 25), which is measured based on a binomial lattice model. The Group's derivative financial instruments fall into Level 2 of the fair value hierarchy described above.

(ii) Fair values of financial instruments carried at other than fair value

Other financial assets and liabilities as presented in the Group's consolidated and Company balance sheets are carried at amounts not materially different from their fair values at 31 December 2011 and 2012.

29 Commitments

(a) Capital commitments outstanding at 31 December 2012 not provided for in the Group's financial statements were as follows:

	2012 $'000	2011 $'000
Contracted for	**3,354,396**	1,419,165
Authorised but not contracted for	**2,759,438**	3,481,418
	6,113,834	4,900,583

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

In addition, the Group was committed at 31 December 2012 to make donations of $4,974,000 (2011: $6,170,000) to a charitable institution of RMB1,000,000 per annum until 2016.

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

29 Commitments (Continued)

(b) At 31 December 2012, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2012 $'000	2011 $'000
Within 1 year	**13,875**	12,328
After 1 year but within 5 years	**9,968**	23,343
	23,843	35,671

The Group is the lessee in respect of a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the lease all terms are renegotiated. None of the leases includes contingent rentals.

30 Contingent liabilities

	2012 $'000	2011 $'000
Guarantees given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties	**2,824,395**	4,441,859

31 Material related party transactions

(a) In addition to the transactions and balances disclosed elsewhere in the financial statements, the Group entered into the following material related party transactions during the years:

	2012 $'000	2011 $'000
Incentive fee payable to an associate (Notes (ii) and (iii))	**30,452**	–
Sale of a property to key management personnel (Note (iii))	**–**	2,875

Notes:

(i) The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business.

(ii) Incentive fee payable to an associate was determined with reference to the average selling price per square metre of the residential units 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 year.

(iii) These transactions did not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

31 Material related party transactions (Continued)

(b) Remuneration of key management personnel, including amounts paid to the directors as disclosed in note 8 and certain of the highest paid employees and senior management as disclosed in note 9, is as follows:

	2012 $'000	2011 $'000
Short-term employee benefits	**58,463**	54,298
Post-employment benefits	**220**	280
	58,683	54,578

Total remuneration is included in "staff costs" (see note 6(b)).

The related party transactions in respect of the remuneration of directors and chief executive of the Company constitute connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The related party transactions in respect of the remuneration of key management personnel (other than directors and chief executive) of the Company did not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(c) The related party transactions in respect of the amounts due from a non-controlling shareholder, amounts due to a non-controlling shareholder and the loan from a related company as set out in notes 19(iii), 22(iii) and 23(iii) respectively constitute connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

32 Non-adjusting post balance sheet events

(a) On 23 January 2013, the Group entered into a sale and purchase agreement with an independent third party for the disposal of all of the issued shares of and shareholder's loan owing by Top Spring International (Taihu Bay) Development Limited ("TSI Taihu Bay"), a wholly-owned subsidiary of the Company. The total consideration for of the disposal, subject to certain adjustments, shall be RMB533,600,000 (equivalent to approximately $661,664,000). The completion of such disposal will take place on or before 3 July 2013.

(b) After the balance sheet date, the directors proposed a final dividend. Further details are disclosed in note 27(b).

(c) After the balance sheet date, the directors proposed to make a bonus issue to shareholders on the basis of two new shares credited as fully paid for every five shares held, with an option to elect to receive bonus perpetual subordinated convertible securities of the Company in lieu of all or part of the shareholders' entitlements to the bonus shares.

33 Immediate parent and ultimate holding company

The directors consider the immediate parent and ultimate holding company of the Group to be Chance Again Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

34 Accounting judgements and estimates

The key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies are described below.

(a) Valuation of investment properties

As described in note 13, investment properties and investment properties under development are stated at fair value based on the valuation performed by an independent firm of professional valuers.

In determining the fair value of investment properties, the valuers have based on a method of valuation which involves, inter alia, certain estimates including current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions.

Investment properties under development are 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) Impairment of non-current assets

If circumstances indicate that the carrying amounts of fixed assets (other than investment properties) may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(c) Write-down of inventories for property development

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties for sale, management refers to prevailing market data such as recent sales transactions, market survey reports available from independent property valuers and internally available information, as bases for evaluation.

In respect of leasehold land held for development for sale and properties under development for sale, the estimate of net realisable value requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from these properties. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

(Expressed in Hong Kong dollars unless otherwise indicated)

34 Accounting judgements and estimates (Continued)

(d) LAT

As explained in note 7(a), 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. Given the uncertainties of the calculation basis of LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at each balance sheet date. Any increase or decrease in actual outcomes/estimates would affect income statement in the future years.

35 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2012

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and five new standards which are not yet effective for the year ended 31 December 2012 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 10, *Consolidated financial statements*	1 January 2013
HKFRS 11, *Joint arrangements*	1 January 2013
HKFRS 12, *Disclosures of interests in other entities*	1 January 2013
HKFRS 13, *Fair value measurement*	1 January 2013
HKAS 27, *Separate financial statements* (2011)	1 January 2013
HKAS 28, *Investments in associates and joint ventures*	1 January 2013
Annual Improvements to HKFRSs 2009-2011 Cycle	1 January 2013
Amendments to HKFRS 7, *Financial instruments: Disclosures – Disclosures – Offsetting financial assets and financial liabilities*	1 January 2013
Amendments to HKAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities*	1 January 2014
HKFRS 9, *Financial instruments*	1 January 2015

35 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2012 (Continued)

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income will be modified accordingly when the amendments are adopted for the first time.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, Consolidated and separate financial statements relating to the preparation of consolidated financial statements and HK-SIC 12, Consolidation – Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

The application of HKFRS 10 is not expected to change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013. However, it may in the future result in investees being consolidated which would not have been consolidated under the Group's existing policies or vice versa.

HKFRS 11, Joint arrangements

HKFRS 11, which replaces HKAS 31, Interests in joint ventures, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method. Proportionate consolidation is no longer allowed as an accounting policy choice.

The Group has not completed its assessment of the full impact of adopting HKFRS 11 and therefore its possible impact on the Group's results and financial position has not been quantified.

35 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2012 (Continued)

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required in HKFRS 12 are generally more extensive than those required in the current standards. The Group may have to make additional disclosures about its interests in other entities when the standard is adopted for the first time in 2013.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. HKFRS 13 is effective as from 1 January 2013, but retrospective adoption is not required. The Group estimates that the adoption of HKFRS 13 will not have any significant impact on the fair value measurements of its assets and liabilities, but additional disclosures may need to be made in the 2013 financial statements.

Five-Year Financial Summary

Consolidated Income Statement

	For the year ended 31 December				
	2012	2011	2010	2009	2008
	$'000	$'000	$'000	$'000	$'000
Turnover	**6,064,954**	5,861,312	2,759,894	3,228,072	662,218
Direct costs	**(2,889,555)**	(1,982,177)	(1,074,302)	(2,110,780)	(335,388)
Gross profit	**3,175,399**	3,879,135	1,685,592	1,117,292	326,830
Valuation gains on investment properties	**683,567**	360,295	82,005	179,978	152,867
Other revenue	**131,672**	81,998	12,989	14,550	12,420
Other net (loss)/income	**(28,365)**	48,640	60,153	(2,582)	9,867
Selling and marketing expenses	**(181,492)**	(173,426)	(123,371)	(70,721)	(72,544)
Administrative expenses	**(510,983)**	(495,018)	(316,138)	(207,288)	(163,465)
Profit from operations	**3,269,798**	3,701,624	1,401,230	1,031,229	265,975
Finance costs	**(670,915)**	(425,084)	(59,680)	(6,375)	(3,767)
Share of losses of associates	**4,826**	(5,113)	–	–	–
Profit before taxation	**2,603,709**	3,271,427	1,341,550	1,024,854	262,208
Income tax	**(1,415,745)**	(2,249,825)	(857,128)	(501,362)	(159,037)
Profit for the year	**1,187,964**	1,021,602	484,422	523,492	103,171
Attributable to:					
Equity shareholders of the Company	**1,199,841**	1,021,900	494,723	376,586	9,465
Non-controlling interests	**(11,877)**	(298)	(10,301)	146,906	93,706
Profit for the year	**1,187,964**	1,021,602	484,422	523,492	103,171
Basic earnings per share ($)	**1.20**	1.08	0.66	0.50	0.01
Diluted earnings per share ($)	**1.19**	1.08	0.66	0.50	0.01

Five-Year Financial Summary

Consolidated Statement of Comprehensive Income

	For the year ended 31 December				
	2012	2011	2010	2009	2008
	$'000	$'000	$'000	$'000	$'000
Profit for the year	**1,187,964**	1,021,602	484,422	523,492	103,171
Other comprehensive income for the year					
Surplus on revaluation of other land and buildings, net of tax	**–**	49,843	–	–	–
Exchange differences on translation of financial statements of PRC subsidiaries, net of nil tax	**56,473**	160,245	106,251	2,191	45,744
Share of other comprehensive income of associates and jointly controlled entities, net of nil tax	**1,646**	1,917	–	–	–
Total comprehensive income for the year	**1,246,083**	1,233,607	590,673	525,683	148,915
Attributable to:					
Equity shareholders of the Company	**1,254,082**	1,231,394	595,139	376,957	44,369
Non-controlling interests	**(7,999)**	2,213	(4,466)	148,726	104,546
Total comprehensive income for the year	**1,246,083**	1,233,607	590,673	525,683	148,915

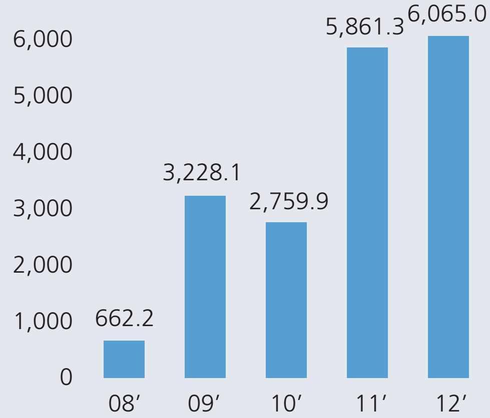
Five-Year Financial Summary

Consolidated Balance Sheet

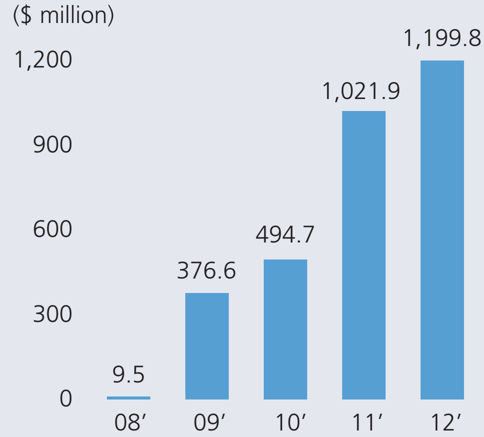
	At 31 December									
	2012		2011		2010		2009		2008	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets										
Fixed assets										
– Investment properties		4,230,817		2,942,217		2,253,221		1,981,606		1,799,490
– Other property, plant and equipment		450,588		479,542		533,740		517,735		585,281
– Interests in leasehold land held for own use under operating leases		28,833		29,117		19,519		5,142		3,885
		4,710,238		3,450,876		2,806,480		2,504,483		2,388,656
Interest in associates		–		81,977		104,170		65,058		64,956
Interest in jointly controlled entities		160,378		–		–		–		–
Other financial assets		32,545		32,292		30,981		–		2,821
Restricted and pledged deposits		124,363		345,508		177,563		–		–
Deferred tax assets		853,492		719,150		295,030		111,538		87,940
		5,881,016		4,629,803		3,414,224		2,681,079		2,544,373
Current assets										
Inventories	11,628,155		9,166,826		5,096,696		3,057,999		3,452,406	
Other financial assets	9,949		169,052		94,697		–		–	
Trade and other receivables	1,520,168		526,822		901,230		1,500,229		767,428	
Restricted and pledged deposits	989,365		1,225,057		1,744,788		1,314,860		105,283	
Cash and cash equivalents	4,901,251		4,660,505		3,291,157		1,282,905		546,907	
	19,048,888		15,748,262		11,128,568		7,155,993		4,872,024	
Current liabilities										
Trade and other payables	6,390,764		5,188,466		5,496,927		3,560,819		4,253,341	
Bank and other borrowings	3,293,358		1,720,066		2,882,969		571,580		1,428,085	
Derivative financial instruments	45,436		–		–		–		–	
Tax payable	4,512,217		3,879,498		1,764,063		944,981		586,226	
	14,241,775		10,788,030		10,143,959		5,077,380		6,267,652	
Net current assets/(liabilities)		4,807,113		4,960,232		984,609		2,078,613		(1,395,628)
Total assets less current liabilities		10,688,129		9,590,035		4,398,833		4,759,692		1,148,745
Non-current liabilities										
Bank and other borrowings	5,588,611		5,473,006		3,482,822		3,247,411		187,455	
Loan from an associate	–		238,738		–		–		–	
Loans from non-controlling shareholders	–		–		–		–		–	
Derivative financial instruments	–		13,641		–		–		–	
Deferred tax liabilities	520,214		344,185		153,144		113,612		73,630	
		6,108,825		6,069,570		3,635,966		3,361,023		261,085
NET ASSETS		4,579,304		3,520,465		762,867		1,398,669		887,660
CAPITAL AND RESERVES										
Share capital		100,187		100,041		24		124		112
Reserves		4,355,198		3,319,885		762,843		897,787		525,026
Total equity attributable to equity shareholders of the Company		4,455,385		3,419,926		762,867		897,911		525,138
Non-controlling interests		123,919		100,539		–		500,758		362,522
TOTAL EQUITY		4,579,304		3,520,465		762,867		1,398,669		887,660

Five-Year Financial Summary

Turnover
($ million)

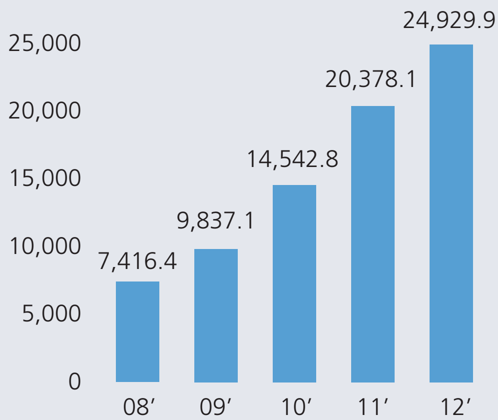


Profit attributable to equity shareholders of the Company
($ million)

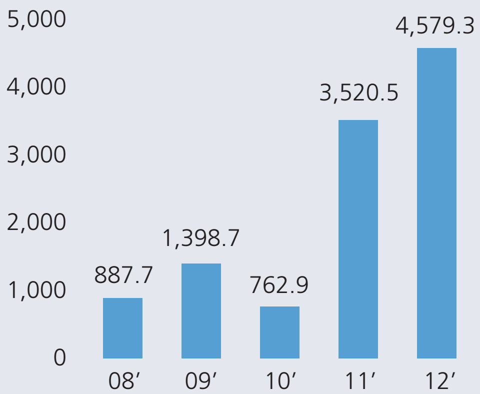


Basic earnings per share
($ per share)

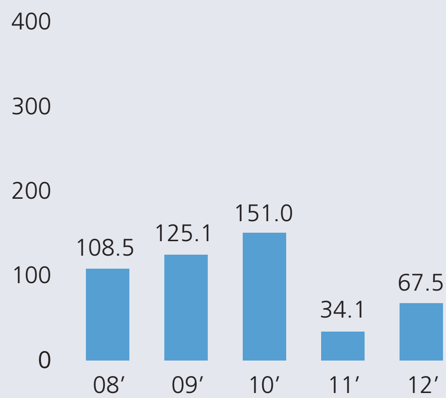
Total assets
($ million)



Total equity
($ million)



Net gearing ratio
(%)



TOP SPRING

International Holdings Limited

莱蒙國際集團有限公司

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