INTERIM REPORT 2014 中期報告

Top Spring International Holdings Limited
萊蒙國際集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 03688.HK

QUALITY PROPERTY
IS A GATEWAY
TO QUALITY LIVING
品質地產 品位生活

WE BELIEVE
使命

quality property is a gateway to quality living
品質地產，品位生活

OUR VISION
願景

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

WE VALUE
企業價值

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

BRAND COMMITMENT
品牌承諾

value proven with time
時間見證價值

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. WONG Chun Hong *(Chairman and Chief Executive Officer)*
Ms. LI Yan Jie
Mr. LEE Sai Kai David
Mr. CHEN Feng Yang *(Chief Operating Officer)*

Non-executive Director

Mr. CHIANG Kok Sung Lawrence (Appointed on 1 July 2014)

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)*
Mr. BROOKE Charles Nicholas
Professor WU Si Zong

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. LEE Sai Kai David *(Chairman)*
Mr. CHIANG Kok Sung Lawrence
Mr. CHENG Yuk Wo

AUDITORS

KPMG

HONG KONG LEGAL ADVISERS

Hogan Lovells

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Ping An Bank Co., Ltd.
Agricultural Bank of China
China Minsheng Banking Corp., Ltd.
Bank of Nanchang
Bank of Communications
China Construction Bank
DBS Bank
Industrial and Commercial Bank of China (Macau) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited

INVESTOR RELATIONS

Mr. LEUNG Ka Lock Eric

STOCK CODE

03688

BOARD LOT

500 Shares

COMPANY WEBSITE

www.topspring.com

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

During the first half of 2014, the property market in the People's Republic of China (the "PRC") underwent a transitional period due to the liquidity tightening measures imposed by financial institutions and imbalances of supply and demand in certain cities. Both transaction prices and volume have decreased. According to the data from National Bureau of Statistics, for the period from January to July in 2014, the total saleable area of commodity properties was approximately 565 million sq.m. and the total sales value was approximately Renminbi ("RMB") 3,631.5 billion, representing a 7.6% and 8.2% year-on-year decrease, respectively. According to the statistics from the National Development and Reform Commission, the total land area acquired by real estate developers across the PRC decrease on a year-on-year basis by 4.8% for the period from January to July in 2014. Accordingly, it is expected that there will be a gradual decrease in the supply of residential properties in the market.

Due to the experience and effort made by our sales team, the Company and its subsidiaries (the "Group") achieved contracted sales of approximately HK$3,107.3 million during nine launches in the first half of 2014, despite of the saleable resources of merely approximately RMB6,370,000,000 (equivalent to approximately HK$7,970,000,000). Although this represented a decrease of approximately 22.4% as compared with the first half of 2013 and approximately 23.9% of the 2014 sales target of HK$13.0 billion was achieved as at 30 June 2014, this was mainly due to the strategic planning of the new project launches and delivery schedules, for which are heavily skewed towards the second half of 2014. During the first half of 2014, the first day sell-through rate of the five debut launches averaged 76.6% and the first day sell-through rate of Nanchang Fashion Mark reached 84%. This promising sales performance was attributable to the Group's careful planning and decision making on market opportunities since the second half of 2012, including land acquisition and an excellent product mix, of which approximately 70% of our residential units are ranged from 90 to 144 sq.m., with contemporary layout and interior design aim at attracting the new generation of first-time home buyers and first-time home upgrader.

Despite ever growing market competition and adverse market sentiment, the Group was able to gain market recognition for its projects launched in the first half of 2014. For example, in terms of transaction amount, Nanchang Fashion Mark Project ranked first best-selling project in Nanchang and ranked second in terms of contracted saleable gross floor area ("GFA") in the second quarter of 2014. Nanchang Fashion Mark Project was also awarded China's Most Influential Fashion Project Award in 2014 (二零一四年中國最具影響力風尚項目). Another project, The Sunny Land – Nanjing, was rated as the model property of environment-friendly and energy-saving with its concept of fresh oxygen residential property through the brand new "Constant Oxygen and Constant Cleanliness System (恒氧恒淨系統)". The Spring Land – Hangzhou also gained high ranking in terms of transaction amount and saleable area in the region.

The Group recorded a consolidated loss to equity shareholders of the Company in the first half of 2014, which was mainly due to the relatively low delivery of property by the Group in the first half of the year. However, barring unforeseeable circumstances, the Group expects that the property sales to be recognised in the second half of 2014 will likely be more than that of the first half of 2014 and the second half of 2013 in accordance with the Group's planned project completion and delivery schedule.

In the first half of 2014, the Group's rental income amounted to approximately HK$154,300,000, representing a substantial increase of approximately 110.1% as compared to the corresponding period in 2013. The increase was mainly due to the improvement in the overall rental level of our property portfolio and the newly acquired Shanghai Shama Century Park in the second half of 2013 which contributed to the increase of the Group's total leasable area. As at 30 June 2014, the total leasable area of the Group's investment property portfolio was increased from approximately 257,900 sq.m. as at 31 December 2013 to approximately 261,395 sq.m. Together with Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk (Retail Assets), The Spring Land – Shenzhen Phase 6A – Fashion Walk (Retail Assets) which were completed but yet to operate and The Spring Land – Shenzhen Phase 6B – Fashion Walk (Retail Assets) and Nanchang Fashion Mark which are under development, the Group had a total leasable area of investment properties of approximately 466,305 sq.m., and its fair value as at 30 June 2014 was approximately HK$9,164,800,000 accounting for approximately 22.5% of the Group's total asset value.

In the first half of 2014, the Group commenced the construction of four projects with a net saleable/leasable GFA of approximately 505,790 sq.m., representing an increase of approximately 89.0% as compared to the corresponding period in 2013. As at 30 June 2014, the Group completed one project with a net saleable/leasable GFA of approximately 84,598 sq.m., representing a decrease of approximately 8.8% as compared to the corresponding period in 2013.

Since the second half of 2012, the Group has maintained a prudent and anti-cyclical land banking strategy to look for new projects or land acquisition opportunities. In the first half of 2014, the Group acquired 51% interest in Hebei Sanhe Yanjiao Project at a consideration of RMB365,527,755 (equivalent to approximately HK$464,220,249). The total estimated saleable GFA of the project was approximately 405,870 sq.m. In addition, the Group successfully expanded into the overseas property market in July 2014 by establishing a joint venture company with Scarborough UK and Metro Holdings Limited (a company listed on the Main Board of the Singapore Exchange Securities Trading Limited) to develop two residential projects, Middlewood Locks Property and Milliners Wharf Property in Manchester, UK. Middlewood Locks Property is a comprehensive community of net saleable/leasable GFA of approximately 250,000 sq.m. with the prospect of becoming the largest comprehensive community in Manchester and its construction is expected to commence in 2015. Milliners Wharf Property was a relatively small residential project with two phases. Most of the units of Phase I of Millers Wharf Property have been sold and/or leased, while Phase II is planned to comprise a total of 144 residential units with a net saleable/leasable GFA of approximately 4,000 sq.ft. of commercial premises, and is expected to be launched in the second half of 2014. The Group owns 25% interest in each of Middlewood Locks Property and Milliners Wharf Property with a total investment of not more than £10 million (equivalent to approximately HK$132,900,000).

The Group's continued focus on the improvements in operational efficiency, execution capability and sales strategies contributed to our achievements in the light of the increasingly fierce market competition. Confronting threatens from strong competitors, the Group also managed to maintain high standards with aid from the execution of product standardisation management and efficient construction, of which the project development cycle for two of our projects, The Spring Land – Hangzhou and The Sunny Land – Nanjing, was shortened to approximately 8 months and 12 months respectively, which facilitated increases in our asset turnover. Furthermore, the continuous strengthening in construction also enhanced the Group's capital gains. Finally, as the Group will be focusing more on urban mixed use communities composed of shopping malls, community arcades, street retail and carparks in the future, we will dedicate in building a property management team to lay a solid good work for future expansion in investment property.

FUTURE OUTLOOK

Starting from the second half of 2014, in order to stimulate the PRC property market, the local government has softened the austerity measure and removed the restrictions on property purchase in various cities in the PRC. Among the cities where the Group has business operations, Hangzhou, Nanchang and Tianjin have already lifted the restrictions. At the same time, Shenzhen and Beijing have also started lowering the first home mortgage rate and we expect the credit policy to ease gradually in the second half of the year. In the light of the softening of the administrative and credit policies, it is expected that the operating environment in the second half of the year will be better than the first half of 2014. The Group expects the homebuyers' wait-and-see attitudes towards the property market will be more positive in the second half of 2014.

The Group's strategy in the second half of 2014 is to allocate more of its residential, portion of retail space and car park units available for sale with total saleable resources of approximately RMB10.3 billion (equivalent to approximately HK$12,840,000,000), of which approximately RMB6.4 billion (equivalent to approximately HK$7,980,000,000) belongs to new project launches.

The Group has positioned itself in line with the market trend and approximately 70% of the saleable resources will be targeted to the first time home buyers or the first time home upgraders. In the second half of 2014, the Group aims to increase the sell-through rate and to achieve quicker return of the sale proceeds in an attempt to achieve the 2014 sales target at HK$13 billion. Accordingly, with the improving operating environment and ample saleable resources in the second half of 2014, the Group foresees the sales will increase in the coming few months. Barring unforeseeable circumstances, we are optimistic with the full year results.

The Group will maintain its stable operating philosophy rather than seeking excessive rapid expansion. We will focus on the overall gross margin. During the second half of 2014, the Group will have seven projects to be recognised, of which The Spring Land – Shenzhen, The Spring Land – Nanjing and Nanchang Fashion Mark are expected to achieve higher gross margins. Accordingly, we expect that the Group will be able to achieve a gross margin higher than the industry average for a period of time. As at 24 August 2014, the Group has locked in approximately 65.1% of its saleable GFA through contracted sales for units to be completed and recognised in the second half of 2014. Barring unforeseeable circumstances, we foresee the recognised sales will experience a year-on-year improvement for the full year. Under the Group's proactive and diversified sales strategies and enhanced efforts in cash proceeds collections, barring unforeseeable circumstances, we are optimistic the Group's net gearing ratio will be lowered to below 80% by the end of 2014. By that time, we expect our financials will improve.

On land bank acquisition, the Group will remain conservative on project expansion and mainly focus on locations with competitive edge. We believe the new urbanisation revolution means that developers' strategic planning should be more cities-oriented. As such, the Group will explore new opportunities in (i) metropolis and satellite cities forming a metropolitan region, such as Shenzhen and Huizhou, Beijing and Yanjiao, (ii) principal cities forming an urban zone, such as Nanjing, and (iii) core cities with well-developed transportation system, populations, resources and amenities connecting to all parts of the PRC, such as Nanchang. In quest of the new 'Blue Oceans' and the exploration of new business development, the Group has established a new business development centre and is seeking new business opportunities and sources of revenue. We will put more effort in exploring property projects with wellness concept.

To further motivate the passion and innovation from the operating management team and also to optimise shareholder value, the Group will continue to strive for better corporate management which includes strengthening the relationship of mutual benefits and risks bearing between the operating management team and our shareholders. The Group plans to roll out a partnership system gradually as an incentive programme for staff to exceed their targets and complete assignments more efficiently. During the second half of the year, there will be implementation beginning with the financial service units and the commercial property units and eventually applying to all areas within the Group. On the other hand, the Group will also strengthen the training programmes to core individuals in order to build a young operating and management team. For individual core talents, enhanced training programmes will be provided for them to succeed in project's general manager role or the Group's management team such that they will fulfill the needs for the Group's rapid growth. We will gradually promote young talents in all operating units and the management team in a way to enhance our personnel structure.

BY ORDER OF THE BOARD
TOP SPRING INTERNATIONAL HOLDINGS LIMITED

WONG Chun Hong
Chairman

26 August 2014

REVIEW OF BUSINESS FOR THE SIX MONTHS ENDED 30 JUNE 2014

(1) Contracted Sales

For the six months ended 30 June 2014, the total contracted saleable GFA sold amounted to approximately 165,418 sq.m. (for the six months ended 30 June 2013: approximately 173,122 sq.m.) with total contracted sales of approximately HK$3,107.3 million (for the six months ended 30 June 2013: approximately HK$4,004.5 million). The average selling price ("ASP") of our contracted sales for the six months ended 30 June 2014 was approximately HK$18,784.5 per sq.m. (for the six months ended 30 June 2013: approximately HK$23,131.1 per sq.m.). The decrease in contracted sales and contracted ASP was as a result of the significant reduction in contracted sales of The Spring Land – Shenzhen which contributed approximately 42.8% of total contracted sales with contracted ASP of approximately HK$28,364.6 per sq.m. for the six months ended 30 June 2013. In addition, it is noted that most of the Group's saleable GFA in 2014 are scheduled to be launched into the market starting from the second half of 2014. For the period from 1 January 2014 to 24 August 2014, the Group achieved contracted sales of approximately HK$4,610.0 million with contracted saleable GFA of approximately 255,262 sq.m., representing approximately 35.5% of its 2014 contracted sales target of HK$13.0 billion.

The breakdown of the total contracted saleable GFA and the total contracted sales of the Group during the six months ended 30 June 2014 is set out as follows:

City	Project/Phase and Type of Project	Contracted Saleable GFA		Contracted Sales		Contracted ASP
		sq.m.	%	HK$ million	%	HK$/sq.m.
Shenzhen	The Spring Land – Shenzhen					
	Phase 5 – residential	776	0.5	26.2	0.8	33,762.9
	Phase 6A – residential	648	0.4	18.0	0.6	27,777.8
	Phase 6B – residential	658	0.4	18.8	0.6	28,571.4
Sub-total		2,082	1.3	63.0	2.0	30,259.4
Nanjing	The Spring Land – Nanjing					
	High rise residential	23,547	14.2	763.5	24.6	32,424.5
	Retail	1,201	0.7	58.8	1.9	48,959.2
Sub-total		24,748	14.9	822.3	26.5	33,226.9
Nanchang	Nanchang Fashion Mark					
	Low rise apartments	16,444	9.9	331.8	10.7	20,177.6
	High rise residential	47,815	28.9	730.9	23.5	15,286.0
	Retail	1,128	0.7	47.9	1.5	42,464.5
Sub-total		65,387	39.5	1,110.6	35.7	16,985.0

City	Project/Phase and Type of Project	Contracted Saleable GFA sq.m.	%	Contracted Sales HK$ million	%	Contracted ASP HK$/sq.m.
Huizhou	Huizhou Hidden Bay					
	Phase 1 – residential	6,175	3.7	69.2	2.2	11,206.5
Hangzhou	The Spring Land – Hangzhou					
	Residential	25,684	15.5	702.7	22.6	27,359.4
	Hangzhou Hidden Valley					
	Phase 1 – residential	1,161	0.7	32.4	1.0	27,907.0
	Phase 2 – residential	1,571	1.0	29.3	1.0	18,650.5
Sub-total		28,416	17.2	764.4	24.6	26,900.3
Changzhou	Changzhou Fashion Mark					
	Phase 4 – residential	6,520	4.0	68.6	2.2	10,521.5
	Phase 4 – car park units	7,171	4.3	16.2	0.5	2,259.1
	Changzhou Le Leman City					
	Phase 4 (3-B) – retail	85	0.1	1.7	0.1	20,000.0
	Phase 7 (4-A) – residential	1,856	1.1	12.3	0.4	6,627.2
	Phase 7 (4-B) – residential	211	0.1	3.2	0.1	15,165.9
	Phase 8 (5-B) – residential	19,083	11.6	145.0	4.7	7,598.4
	Phase 9 (2-B) – residential	868	0.5	7.2	0.2	8,294.9
Sub-total		35,794	21.7	254.2	8.2	7,101.7
Tianjin	Tianjin Le Leman City					
	Phase 1 – retail	2,816	1.7	23.6	0.8	8,380.7
Total		165,418	100.0	3,107.3	100.0	18,784.5

(2) Projects Completed, Delivered and Booked for the Six Months Ended 30 June 2014

For the six months ended 30 June 2014, the Group's property development business in Shenzhen, Hangzhou, Changzhou and Chengdu achieved a turnover, after deduction of the sales return, of approximately HK$660.0 million with saleable GFA of approximately 59,361 sq.m. being recognised, representing a decrease of approximately 38.5% and 15.2%, respectively over the corresponding period of 2013. The recognised ASP for the sale of properties was approximately HK$11,118.4 per sq.m. for the six months ended 30 June 2014 (for the six months ended 30 June 2013: approximately HK$15,334.9 per sq.m.). The approximately 27.5% decrease in recognised ASP was due to the significant increase in proportion of recognised sale area, after deduction of the sales return, of our lower ASP properties in Changzhou (for the six months ended 30 June 2014: approximately 87.4% versus for the six months ended 30 June 2013: approximately 8.7%) to the Group's total saleable GFA booked.

Details of the projects completion and sale of properties of the Group recognised for the six months ended 30 June 2014 are listed below:

City	Project/Phase and Type of Project	Saleable/ leasable GFA of Properties Completed sq.m.	Saleable GFA Booked sq.m.	Sales of Properties Recognised HK$ million	Recognised ASP HK$/sq.m.
Shenzhen	The Spring Land – Shenzhen				
	Phase 5 – residential	–	3,984	136.8	34,337.3
	Phase 6A – residential	–	1,952	51.1	26,178.3
Sub-total		–	5,936	187.9	31,654.3
Hangzhou	Hangzhou Hidden Valley				
	Phase 1 – residential	–	1,476	32.6	22,086.7
Changzhou	Changzhou Fashion Mark				
	Phase 2 – residential	–	205	1.7	8,292.7
	Phase 4 – residential	–	6,421	79.7	12,412.4
	Phase 4 – retail	–	22	2.4	109,090.9
	Changzhou Le Leman City				
	Phase 3 (1-C) – residential	–	722	9.8	13,573.4
	Phase 4 (3-B) – residential	–	131	1.2	9,160.3
	Phase 4 (3-B) – retail	–	85	1.6	18,823.5
	Phase 7 (4-A) – residential	84,598	43,300	331.1	7,646.7
	Phase 7 (4-B) – retail	–	309	4.5	14,563.1
	Phase 9 (2-B) – residential	–	1,132	9.2	8,127.2
Sub-total		84,598	52,327	441.2	8,431.6

City	Project/Phase and Type of Project	Saleable/ leasable GFA of Properties Completed sq.m.	Saleable GFA Booked sq.m.	Sales of Properties Recognised HK$ million	Recognised ASP HK$/sq.m.
Chengdu	Chengdu Fashion Mark				
	Office	–	60	0.8	13,333.3
Less: Sales return (Note)					
Changzhou	Changzhou Le Leman City				
	Phase 2 (2-A) – residential	–	(204)	(0.9)	4,411.8
	Phase 5 (1-B) – residential	–	(148)	(1.1)	7,432.4
	Phase 7 (4-B) – residential	–	(86)	(0.5)	5,814.0
Sub-total		–	(438)	(2.5)	5,707.8
Total		84,598	59,361	660.0	11,118.4

Note: The amount of approximately HK$2.5 million represented sales return of three units of residential apartment in Changzhou Le Leman City.

(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 shopping malls, community commercial centres, retail shops, serviced apartments and car park units in The Spring Land – Shenzhen, Changzhou Fashion Mark, Changzhou Le Leman City, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden, Chengdu Fashion Mark, Nanchang Fashion Mark and Shanghai Shama Century Park in the PRC. As at 30 June 2014, the total carrying value of the investment properties of the Group was approximately HK$9,164.8 million, representing approximately 22.5% 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 466,305 sq.m. of which investment properties under operation with a leasable GFA of approximately 261,395 sq.m. had a fair value of approximately HK$7,556.8 million. A supermarket at Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk and retail assets of The Spring Land – Shenzhen Phase 6A – Fashion Walk, which were completed but yet to operate as at 30 June 2014, had leasable GFA of approximately 21,450 sq.m. and 4,500 sq.m., respectively and fair value of approximately HK$168.3 million and HK$205.7 million, respectively. The retail assets of The Spring Land – Shenzhen Phase 6B – Fashion Walk and an investment property comprising a shopping mall, retail shops and serviced apartments of Nanchang Fashion Mark, which were under development as at 30 June 2014, had leasable GFA of approximately 2,960 sq.m. and 176,000 sq.m., respectively and fair value of approximately HK$149.5 million and HK$1,084.5 million, respectively. The Group recorded approximately HK$77.3 million (net of deferred tax) (for the six months ended 30 June 2013: approximately HK$247.5 million) as gain in fair value of its investment properties for the six months ended 30 June 2014.

We carefully plan and select tenants based on factors such as the project's overall positioning, market demand in surrounding areas, level of market rent and 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 30 June 2014, 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 40.1% (as at 31 December 2013: approximately 48.6%) of our total leasable area in our investment properties under operation.

For the six months ended 30 June 2014, despite the decrease in valuation gains (net of deferred tax) of approximately 68.8%, we generated steady recurring rental income of approximately HK$154.3 million, representing an increase of approximately 110.1%, from approximately HK$73.4 million for the six months ended 30 June 2013, as a result of an increase in the leasable GFA of investment properties under operation (in particular our Shanghai Shama Century Park which was acquired in the second half of 2013) and average rental rates. The average monthly rental income of our investment properties under operation for the six months ended 30 June 2014 was approximately HK$106.0 per sq.m. (for the six months ended 30 June 2013: approximately HK$78.8 per sq.m.). The occupancy rate of all our investment properties under operation achieved approximately 92.8% as at 30 June 2014 (as at 31 December 2013: approximately 93.5%).

The Group also achieved satisfactory results on the pre-leasing of investment property which has yet to commence operation. As at 30 June 2014, 100% of the retail assets of Changzhou Le Leman City Phase 9 (2–B) – Fashion Walk were committed. Amongst the committed pre-leases of The Spring Land – Shenzhen Phase 6A, the average monthly rental was approximately HK$154.9 per sq.m. The Group currently expects the pre-leasing of The Spring Land – Shenzhen Phase 6B – Fashion Walk will take place in the second half of 2014.

For the Group's investment properties under development as at 30 June 2014, which are The Spring Land – Shenzhen Phase 6B – Fashion Walk and Nanchang Fashion Mark, are expected to be completed by the end of 2014 and 2018, respectively.

Details of the Group's investment properties as at 30 June 2014 and the Group's rental income for the six months ended 30 June 2014 are set out as follows:

Investment Properties	Leasable GFA as at 30 June 2014 (Note 7) sq.m.	Fair Value as at 30 June 2014 HK$ million	Rental Income for the six months ended 30 June 2014 HK$ million	Average Monthly Rental Income per sq.m. for the six months ended 30 June 2014 HK$/sq.m.	Occupancy Rate as at 30 June 2014 %
Investment properties under operation					
Changzhou Fashion Mark Phases 1 and 2 (Shopping mall and car park units)	77,581	1,480.9	31.8	73.2	93.3
Dongguan Landmark (Shopping mall and car park units)	20,172	507.4	11.4	95.4	98.7
Hangzhou Landmark (Shopping mall)	24,667	385.2	13.1	88.5	100.0
Shenzhen Water Flower Garden (Retail assets)	4,992	224.4	7.9	280.6	94.0
The Spring Land – Shenzhen Phase 1 – Fashion Walk (Retail assets) (Note 1)	3,355	187.0	3.5	233.1	74.6
The Spring Land – Shenzhen Phase 3 – Fashion Walk (Retail assets and car park units)	22,393	655.7	10.5	78.4	99.7
The Spring Land – Shenzhen Phase 5 – Fashion Walk (Retail assets) (Note 2)	3,495	193.2	2.5	193.5	61.6
Changzhou Le Leman City Phase 11 (Retail asset) (Note 3)	16,858	133.4	0.9	15.8	56.3
Chengdu Fashion Mark (Shopping mall and car park units)	38,525	792.8	18.2	78.7	100.0
Shanghai Shama Century Park (Serviced apartments and car park units)	49,357	2,996.8	54.5	197.7	93.1
Sub-total	261,395	7,556.8	154.3	106.0	92.8
Investment properties completed but yet to operate					
Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk (Retail asset) (Note 4)	21,450	168.3	–		
The Spring Land – Shenzhen Phase 6A – Fashion Walk (Retail assets) (Note 5)	4,500	205.7	–		
Sub-total	25,950	374.0	–		

Investment Properties	Leasable GFA as at 30 June 2014 (Note 7) sq.m.	Fair Value as at 30 June 2014 HK$ million	Rental Income for the six months ended 30 June 2014 HK$ million	Average Monthly Rental Income per sq.m. for the six months ended 30 June 2014 HK$/sq.m.	Occupancy Rate as at 30 June 2014 %
Investment properties under development					
The Spring Land – Shenzhen Phase 6B – Fashion Walk (Retail assets) (Note 5)	2,960	149.5	–		
Nanchang Fashion Mark (Shopping mall, retail shops and serviced apartments) (Note 6)	176,000	1,084.5	–		
Sub-total	178,960	1,234.0	–		
Total	466,305	9,164.8	154.3		

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

Note 2: The retail assets of The Spring Land – Shenzhen Phase 5 – Fashion Walk have commenced operation since January 2014.

Note 3: The retail asset represents a habilitation and recreation centre of 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 second half of 2015. As at 30 June 2014, 100% of the total leasable GFA was pre-leased to a supermarket store and the expected average monthly rental will be approximately HK$36.5 per sq.m.

Note 5: The retail assets of The Spring Land – Shenzhen Phase 6A – Fashion Walk and The Spring Land – Shenzhen Phase 6B – Fashion Walk were completed but yet to operate and were under development, respectively, as at 30 June 2014, for which the Group intends to lease out in the future.

Note 6: The land use rights certificates of the investment portions of Nanchang Fashion Mark were obtained in June 2013. These investment properties are expected to commence construction and complete construction in the first half of 2015 and by the end of 2018, respectively. The investment properties are planned to comprise a shopping mall, retail shops and serviced apartments for leasing purpose with leasable GFA of approximately 118,000 sq.m., 38,000 sq.m. and 20,000 sq.m. respectively.

Note 7: The leasable GFA as at 30 June 2014 excluded car park units.

(4) Land Bank

The Group is 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.

As at 30 June 2014, the Group had a total of 21 projects over 11 cities in various stages of development, including a net saleable/leasable GFA of approximately 443,739 sq.m. of completed property developments, a net saleable/leasable GFA of approximately 1,144,970 sq.m. under development, a net saleable/leasable GFA of approximately 2,349,592 sq.m. held for future development and a net saleable/leasable GFA of approximately 1,581,736 sq.m. contracted to be acquired, totalling a net saleable/leasable GFA of approximately 5,520,037 sq.m.

In the first half of 2014, the Group acquired an additional land bank in Sanhe City of Hebei Province with the total plot ratio GFA of this new land bank of approximately 405,870 sq.m. As at 30 June 2014, the Group had a total net saleable/leasable GFA of approximately 5,520,037 sq.m. Excluding Shanghai Shama Century Park (an operational serviced apartment project), Shenzhen Fashion Mark and Shenzhen Buji Market Project (both are redevelopment projects), the remaining land bank of the Group with approximately 3,872,989 sq.m. has an average land cost of approximately RMB2,768.7 per sq.m. (equivalent to approximately HK$3,451.4 per sq.m.).

Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley Phase 1	Residential	996	100
1	Shenzhen	Shenzhen Hidden Valley Phase 2	Residential	724	100
1	Shenzhen	Shenzhen Hidden Valley Phase 3	Residential	3,297	100
2	Shenzhen	The Spring Land – Shenzhen Phase 1	Residential/ Commercial	3,355	100
2	Shenzhen	The Spring Land – Shenzhen Phase 3	Residential/ Commercial	22,972	100
2	Shenzhen	The Spring Land – Shenzhen Phase 5	Residential/ Commercial	4,982	100
2	Shenzhen	The Spring Land – Shenzhen Phase 6A	Residential/ Commercial	5,420	100
3	Shenzhen	Shenzhen Water Flower Garden (Retail assets)	Residential/ Commercial	4,992	100
4	Changzhou	Changzhou Fashion Mark Phase 1	Commercial	46,627	100
4	Changzhou	Changzhou Fashion Mark Phase 2	Residential/ Commercial	31,894	100
4	Changzhou	Changzhou Fashion Mark Phase 4	Residential/ Commercial	16,608	100
5	Changzhou	Changzhou Le Leman City Phase 1 (1-A)	Residential/ Commercial	1,549	100
5	Changzhou	Changzhou Le Leman City Phase 2 (2-A)	Commercial	246	100
5	Changzhou	Changzhou Le Leman City Phase 3 (1-C)	Residential	2,940	100
5	Changzhou	Changzhou Le Leman City Phase 4 (3-B)	Residential/ Commercial	1,070	100
5	Changzhou	Changzhou Le Leman City Phase 5 (1-B)	Residential/ Commercial	1,593	100
5	Changzhou	Changzhou Le Leman City Phase 6 (3-A)	Residential	521	100
5	Changzhou	Changzhou Le Leman City Phase 7 (4-A)	Residential/ Commercial	41,298	100
5	Changzhou	Changzhou Le Leman City Phase 7 (4-B)	Residential/ Commercial	6,080	100
5	Changzhou	Changzhou Le Leman City Phase 9 (2-B)	Residential/ Commercial	40,069	100
5	Changzhou	Changzhou Le Leman City Phase 11 (Retail asset and Holiday-Inn Hotel)	Commercial/ Hotel	50,716	100

Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
6	Dongguan	Dongguan Landmark	Residential/ Commercial	20,217	100
7	Hangzhou	Hangzhou Landmark	Commercial	26,182	100
8	Hangzhou	Hangzhou Hidden Valley Phase 1	Residential	21,509	100
9	Chengdu	Chengdu Fashion Mark	Commercial	38,525	100
10	Shanghai	Shanghai Shama Century Park	Serviced apartments/ Car parks	49,357	70
Subtotal				**443,739**	
Projects Under Development					
2	Shenzhen	The Spring Land – Shenzhen Phase 6B	Residential/ Commercial	56,900	100
5	Changzhou	Changzhou Le Leman City Phase 8 (5-B)	Residential	96,123	100
8	Hangzhou	Hangzhou Hidden Valley Phase 2	Residential	24,107	100
11	Tianjin	Tianjin Le Leman City (Lot 4) Phase 1	Commercial	34,204	58
12	Huizhou	Huizhou Hidden Bay Phase 1	Residential	132,750	51
12	Huizhou	Huizhou Hidden Bay Phase 2	Residential	56,541	51
13	Nanchang	Nanchang Fashion Mark (Lots North and South)	Residential/ Commercial	323,770	70
14	Nanjing	The Spring Land – Nanjing	Residential/ Commercial	147,099	100
15	Nanjing	The Sunny Land – Nanjing	Residential	160,958	100
16	Hangzhou	The Spring Land – Hangzhou	Residential/ Commercial	112,518	100
Subtotal				**1,144,970**	

Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Projects Held For Future Development					
5	Changzhou	Changzhou Le Leman City Phase 10 (5-A)	Residential/ Commercial	68,616	100
5	Changzhou	Changzhou Le Leman City Phase 11 – extended area	Residential/ Commercial	69,847	100
8	Hangzhou	Hangzhou Hidden Valley Phases 3-9	Residential	247,978	100
11	Tianjin	Tianjin Le Leman City (Lot 4) Phases 2-5, (Lot 5 and 7) and (Lot 8)	Commercial	696,074	58
12	Huizhou	Huizhou Hidden Bay Phases 3-5	Residential	315,460	51
13	Nanchang	Nanchang Fashion Mark (Lots B8, B12 and B14)	Residential/ Commercial	471,897	70
17	Shenzhen	Shenzhen Blue Bay	Residential	15,000	92
18	Shenzhen	Shenzhen Buji Market Project – the Cold Store	Commercial	15,955	55
19	Nanjing	Nanjing North Square Project	Commercial	42,895	100
20	Sanhe	Hebei Sanhe Yanjiao Project	Residential	405,870	51
Subtotal				**2,349,592**	
Projects Contracted To Be Acquired					
18	Shenzhen	Shenzhen Buji Market Project – excluding the Cold Store	Commercial	342,045	55
21	Shenzhen	Shenzhen Fashion Mark	Residential/ Commercial	1,239,691	100
Subtotal				**1,581,736**	
TOTAL				**5,520,037**	

Details of the new projects acquired or additional interests acquired in existing project from 1 January 2014 to the date of this report are set out below:

New projects acquired or additional interests in existing project acquired from 1 January 2014 to the date of this report

New projects acquired or additional interests in existing project acquired:

City, Country	Project	Total Consideration or Total Estimated Maximum Consideration	Estimated Saleable/ Leasable GFA/ Site Area	Estimated Number of Car Park Units	Interest Attributable to the Group %
Sanhe, PRC	Hebei Sanhe Yanjiao Project[1]	RMB365,527,755	405,870 sq.m.	N/A	51
Nanjing, PRC	Nanjing North Square Project[2]	RMB26,660,000	44,256 sq.m.	300	100
Manchester, the United Kingdom ("UK")	Middlewood Locks Property/ Milliners Wharf Property[3]	£10,000,000	23.6 acres/ 1.06 acres	TBD/ 135	25

Notes:

(1) On 23 January 2014, the Group entered into a capital injection agreement with an independent third party. Pursuant to the capital injection agreement, the Group agreed to inject capital in Sanhe City Xue Zhe Zhi Jia Investment Limited, which owns Hebei Sanhe Yanjiao Project, in the total amount of RMB228,140,000 (equivalent to approximately HK$289,737,800) and to provide a shareholder's loan in an amount of RMB137,387,755 (equivalent to approximately HK$174,482,449) to Sanhe City Xue Zhe Zhi Jia Investment Limited. Since 27 March 2014 (the date of completion of this transaction), the Group has had a 51% interest in Hebei Sanhe Yanjiao Project. For details, please refer to the Company's announcement dated 23 January 2014.

(2) On 6 May 2014, the Group entered into an equity transfer agreement with an independent third party. Pursuant to the equity transfer agreement, the Group agreed to acquire 10% of the equity interest in 華潤交通設施投資(南京)有限公司 (China Resources Transportation Infrastructure Investment (Nanjing) Limited*) ("China Resources (Nanjing)") which owns Nanjing North Square Project at a consideration of RMB26,600,000 (equivalent to approximately HK$33,446,000). The completion of the transaction took place on 6 June 2014. As a result, together with the 90% of the equity interest in China Resources (Nanjing) acquired by the Group on 2 January 2014, the Group owned 100% interest in Nanjing North Square Project. For details of the acquisition of the 90% of the equity interest in China Resources (Nanjing), please refer to the Company's announcement dated 31 December 2013.

(3) On 2 July 2014, the Group entered into a share purchase agreement with an independent third party. Pursuant to the share purchase agreement, the Group conditionally agreed to purchase 25% of the entire issued share capital of Scarborough Real Estate Limited which indirectly owned the Middlewood Locks Property and Milliners Wharf Property, which are located in Manchester, UK as at the date of the completion of this transaction, being 1 August 2014, at a consideration of £5,700,000 (equivalent to approximately HK$75,753,000), and to provide a shareholder's loan of not more than £4,300,000 (equivalent to approximately HK$57,147,000). For details, please refer to the Company's announcement dated 2 July 2014.

(5) Projects with Commencement of Construction in the First Half of 2014, Projects with Expected Commencement of Construction and Completion of Construction in the Second Half of 2014

In the first half of 2014, the Group commenced construction on four projects with a total net saleable/leasable GFA of approximately 505,790 sq.m.

Details of the projects with commencement of construction in the first half of 2014 are set out below:

City	Project	Total Saleable/ Leasable GFA sq.m.
Nanchang	Nanchang Fashion Mark (Lot North)	175,773
Huizhou	Huizhou Hidden Bay Phase 2	56,541
Nanjing	The Sunny Land – Nanjing	160,958
Hangzhou	The Spring Land – Hangzhou	112,518
Total		505,790

In the second half of 2014, the Group and its associate intend to commence construction on three projects with a total net saleable/leasable GFA of approximately 170,711 sq.m.

Details of the projects with expected commencement of construction in the second half of 2014 are set out below:

City	Project	Total Saleable/ Leasable GFA sq.m.
Nanjing	Nanjing North Square Project – partial	38,517
Nanchang	Nanchang Fashion Mark (Lot B14)	120,526
Manchester	Milliners Wharf Property – Phase 2	11,668
Total		170,711

The Group also intends to complete the construction on seven projects with a total net saleable/leasable GFA of approximately 418,257 sq.m. in the second half of 2014.

Details of the projects with expected completion of construction in the second half of 2014 are set out below:

City	Project	Total Saleable/ Leasable GFA sq.m.
Shenzhen	The Spring Land – Shenzhen Phase 6B	56,900
Nanjing	The Spring Land – Nanjing – partial	81,506
Nanchang	Nanchang Fashion Mark (Lot South) – low rise residential – partial	39,362
Hangzhou	Hangzhou Hidden Valley Phase 2	24,107
Huizhou	Huizhou Hidden Bay Phase 1	132,750
Changzhou	Changzhou Le Leman City Phase 8 (5-B) – partial	49,428
Tianjin	Tianjin Le Leman City (Lot 4) Phase 1	34,204
Total		418,257

FINANCIAL REVIEW

For the six months ended 30 June 2014, the Group's turnover and sales of properties were approximately HK$910.1 million and HK$660.0 million, decreased by approximately 25.3% and 38.5% respectively, as compared with the corresponding period of 2013. The Group recorded a loss attributable to equity shareholders of the Company of HK$274.0 million as compared to a profit attributable to equity shareholders of the Company of approximately HK$221.3 million, over the corresponding period of 2013. Barring unforeseeable circumstances, the Group expects that its sales of properties to be recognised in the second half of 2014 will likely be more than that of the first half of 2014 and the second half of 2013 in accordance with the planned projects completion and delivery schedule of the Group. For the six months ended 30 June 2014, the Group had a basic loss per ordinary share of the Company ("Share") of HK$0.19 as compared with a basic earnings per Share of HK$0.16 in the corresponding period of 2013. Net assets per Share attributable to equity shareholders of the Company and holders of the bonus perpetual subordinated convertible securities of the Company ("PCSs") were approximately HK$3.6 as at 30 June 2014 and approximately HK$4.0 as at 31 December 2013.

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 decreased by approximately 25.3% to approximately HK$910.1 million for the six months ended 30 June 2014 from approximately HK$1,218.9 million for the six months ended 30 June 2013. This decrease was primarily arisen from a decrease in our income from sale of properties. The Group has recognised property sales of approximately HK$660.0 million, representing approximately 72.5% of the total turnover for the six months ended 30 June 2014. The remaining approximately 27.5% represent rental income, income from hotel operations and property management and related services income.

Turnover from sale of properties decreased by approximately 38.5% for the six months ended 30 June 2014 as compared to the corresponding period of 2013 primarily due to a decrease in total saleable GFA sold and delivered, from approximately 69,997 sq.m. (including sales return but excluding car park units) in the first half of 2013 to approximately 59,361 sq.m. (including sales return but excluding car park units) in the first half of 2014. Rental income increased primarily due to an increase in both the leasable GFA, in particular Shanghai Shama Century Park which was acquired in the second half of 2013, and average rental rates of our investment properties under operation for the six months ended 30 June 2014. Income from hotel operations increased mainly due to an increase in the income from the food and beverage sector of our hotel property which offset the decrease in average room rates and occupancy rates due to the intense competition in the hotel business in the same region. As a result of an increase in the leased GFA of our investment properties and accumulated sold and delivered GFA of our residential properties, income from the property management and related services also increased.

Direct Costs

The major components of direct costs are 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 that period.

Our direct costs decreased to approximately HK$537.0 million for the six months ended 30 June 2014 from approximately HK$709.7 million for the six months ended 30 June 2013. This decrease was primarily attributable to the decrease in the saleable GFA of our properties completed and delivered for the six months ended 30 June 2014.

Gross Profit

Our gross profit decreased by approximately 26.7%, to approximately HK$373.0 million for the six months ended 30 June 2014 from approximately HK$509.2 million for the six months ended 30 June 2013. The Group reported a gross profit margin of approximately 41.0% for the six months ended 30 June 2014 as compared to approximately 41.8% for the six months ended 30 June 2013. The decrease in gross profit was primarily driven by the reduction in sales of properties recognised for the six months ended 30 June 2014 as compared to the corresponding period of 2013.

Other Revenue

Other revenue increased by approximately HK$22.8 million, or approximately 32.7%, to approximately HK$92.5 million for the six months ended 30 June 2014 from approximately HK$69.7 million for the six months ended 30 June 2013. The increase was primarily attributable to an increase in bank interest income and government grants by approximately HK$18.9 million and HK$2.2 million respectively in the first half of 2014.

Other Net (Loss)/Income

Other net (loss)/income changed from a net income of approximately HK$227.7 million for the six months ended 30 June 2013 to a net loss of approximately HK$37.7 million for the six months ended 30 June 2014. The change was primarily attributable to a decrease in net gain on disposal of our subsidiary, a decrease in net gain on early repayment of a secured other borrowing and an increase in net exchange loss of approximately HK$173.9 million, HK$44.5 million and HK$54.3 million, respectively, for the six months ended 30 June 2014.

Selling and Marketing Expenses

Selling and marketing expenses increased by approximately 25.5%, to approximately HK$109.7 million for the six months ended 30 June 2014 from approximately HK$87.4 million for the six months ended 30 June 2013. The increase was primarily attributable to more promotion expenses incurred for the pre-sale of our new projects or new phases of existing projects in Nanchang, Nanjing, Hangzhou and Huizhou in the first half of 2014 as compared with the first half of 2013. These costs accounted for approximately 3.5% of contracted sales for the six months ended 30 June 2014 (for the six months ended 30 June 2013: approximately 2.2%).

Administrative Expenses

Administrative expenses increased by approximately 7.7%, to approximately HK$230.9 million for the six months ended 30 June 2014 from approximately HK$214.4 million for the six months ended 30 June 2013. The increase was mainly due to an increase in the salaries and number of headcounts of our administrative staff, which was in line with the Group's business development.

Valuation Gains on Investment Properties

Valuation gains on investment properties decreased by approximately 70.0%, to approximately HK$99.1 million for the six months ended 30 June 2014 from approximately HK$330.0 million for the six months ended 30 June 2013. During the six months ended 30 June 2013, a shopping mall, retail shops and serviced apartments for leasing purposes of Nanchang Fashion Mark, contributed a valuation gain of approximately HK$222.9 million while there was no valuation change for Nanchang Fashion Mark during the six months ended 30 June 2014.

Finance Costs

Finance costs increased by approximately 4.4%, to approximately HK$352.6 million for the six months ended 30 June 2014 from approximately HK$337.7 million for the corresponding period of 2013. The increase was primarily attributable to the increase in an average outstanding balance of our bank and other borrowings in the first half of 2014 as compared with the corresponding period of 2013, for which partial interest expenses are not qualified for capitalisation.

Income Tax

Income tax expenses decreased by approximately 51.2%, to approximately HK$114.4 million for the six months ended 30 June 2014 from approximately HK$234.3 million for the six months ended 30 June 2013. The decrease was mainly attributable to the decrease in gross profit which was in turn driven primarily by the reduction in sales of properties recognised for the six months ended 30 June 2014 as compared with the corresponding period of 2013. Consequently, there was a decrease in the provision for PRC Corporate Income Tax and Land Appreciation Tax by approximately HK$31.2 million and HK$57.2 million respectively. In addition, as a result of the reduction in valuation gains on investment properties offset by the decrease in temporary difference arising from LAT provision in the first half of 2014, the relevant deferred taxation expense and credit were reduced by approximately HK$60.7 million and HK$42.6 million respectively as compared with the first half of 2013.

Non-Controlling Interests

The loss attributable to non-controlling interests was approximately HK$11.8 million for the six months ended 30 June 2014 as compared to the profit of approximately HK$39.0 million in the corresponding period of 2013. The change was primarily due to a valuation gain of approximately HK$222.9 million recorded for the six months ended 30 June 2013 from an investment property of Nanchang Fashion Mark held by a non-wholly owned subsidiary in which 30% of its equity interest is attributable to the non-controlling interest while there was no such valuation gain during the six months ended 30 June 2014.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2014, the carrying amount of the Group's cash and bank deposits (including restricted and pledged deposits) was approximately HK$9,845.3 million (as at 31 December 2013: approximately HK$10,183.9 million), representing a decrease of approximately 3.3% as compared to that as at 31 December 2013.

For the six months ended 30 June 2014, excluding restricted and pledged deposits, the Group had net cash generated from operating activities of approximately HK$589.6 million, net cash used in investing activities of approximately HK$403.3 million and net cash generated from financing activities of approximately HK$12.3 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 30 June 2014 of approximately HK$16,772.8 million, of which approximately HK$9,985.2 million is repayable within 1 year, approximately HK$5,771.6 million is repayable after 1 year but within 5 years and approximately HK$1,016.0 million is repayable after 5 years. As at 30 June 2014, the Group's bank loans of approximately HK$13,881.8 million (as at 31 December 2013: approximately HK$13,920.4 million) were secured by certain investment properties, hotel properties, other land and buildings, properties under development for sale, completed properties for sale, pledged deposits and rental receivables of the Group with total carrying values of approximately HK$21,949.9 million (as at 31 December 2013: approximately HK$21,800.8 million). As at 30 June 2014, the Group's other borrowings of approximately HK$2,512.9 million (as at 31 December 2013: approximately HK$463.3 million) were secured by the Group's certain properties under development for sale or 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 loan balances with an aggregate amount of approximately HK$2,410.0 million (as at 31 December 2013: approximately HK$1,789.4 million) and approximately HK$2,102.4 million as at 30 June 2014 (as at 31 December 2013: approximately HK$2,512.3 million) which were denominated in Hong Kong dollars and US dollars respectively.

As at 30 June 2014, the Group had two bank loans of approximately HK$747.9 million and HK$997.3 million respectively, three other borrowings of approximately HK$586.0 million, HK$608.6 million and HK$854.3 million respectively which bore fixed interest rates of 9.85% per annum, 7.995% per annum, 10.3553% per annum, 9.0535% per annum and 10.94% per annum, respectively.

Cost of Borrowings

The Group's annualised average cost of borrowings (calculated by dividing total interest expenses expensed and capitalised by average borrowings, during the period) was approximately 8.2% for the six months ended 30 June 2014 (for the six months ended 30 June 2013: approximately 10.1%).

Net Gearing Ratio

The net gearing ratio is calculated by dividing our net borrowings (aggregate borrowings net of cash and cash equivalents and restricted and pledged deposits) by the total equity. Our net gearing ratio for the six months ended 30 June 2014 and for the year ended 31 December 2013 was approximately 119.8% and 100.6% respectively. The increase in net gearing ratio was resulted from the aggregate of the capital expenditure incurred on land acquisition for a newly acquired project in Sanhe City of Hebei Province, settlement of the outstanding acquisition cost for Nanjing North Square Project and outstanding land premium of The Sunny Land – Nanjing, together with the decrease in total equity due to the loss recorded during the six months ended 30 June 2014.

Foreign Exchange Risk

As at 30 June 2014, the Group had cash balances denominated in RMB of approximately RMB7,660.8 million (equivalent to approximately HK$9,549.7 million), and in US dollars of approximately US$28.4 million (equivalent to approximately HK$220.4 million).

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

NET ASSETS PER SHARE

Net assets per Share of the Company as at 30 June 2014 and 31 December 2013 are calculated as follows:

	As at 30 June 2014 (unaudited)	As at 31 December 2013
Net assets attributable to equity shareholders of the Company (HK$'000)	**5,047,239**	5,645,996
Number of issued ordinary shares of the Company ('000)	**1,159,448**	1,155,303
Number of outstanding PCSs ('000)	**248,201**	250,921
Number of Shares for the calculation of net assets per Share ('000)	**1,407,649**	1,406,224
Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs (HK$) (Note)	**3.6**	4.0

Note:

The net assets per Share attributable to equity shareholders of the Company and the holders of PCSs is calculated as if the holders of PCSs have converted the PCSs into Shares as at 30 June 2014 and 31 December 2013.

CONTINGENT LIABILITIES

As at 30 June 2014, save for the guarantees of approximately HK$4,983.3 million (as at 31 December 2013: approximately HK$4,190.0 million) given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties, the Group had no other material contingent liabilities.

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

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

During the six months ended 30 June 2014, the Group did not have any material acquisitions or disposals of assets save as disclosed in this interim report.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2014, the Group employed a total of 1,751 employees (as at 31 December 2013: 1,697 employees) in the PRC and Hong Kong. Of them, 145 were under the headquarters team, 452 were under the property development division and 1,154 were under the retail operation and property management division. For the six months ended 30 June 2014, the total staff costs incurred was approximately HK$123.3 million (for the six months ended 30 June 2013: approximately HK$118.3 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 (the "Pre-IPO Share Option Scheme"), a pre-IPO share award scheme (the "Pre-IPO Share Award Scheme") and a post-IPO share option scheme (the "Post-IPO Share Option Scheme") which the Company granted share options and awarded Shares to certain eligible employees. For details, please refer to the section "Share Award and Share Option Schemes" under Directors' Report on page 33.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

In the opinion of the Directors, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the six months ended 30 June 2014 and, where appropriate, adopted the Recommended Best Practices set out in the Code, except for the following deviation:

Under Rule 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 six months ended 30 June 2014, Mr. WONG Chun Hong performed his duties as the chairman and the chief executive officer of the Company. The board of Directors (the "Board") believes that the serving by the same individual as chairman and chief executive officer during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company. The Board will continue to review the current management structure from time to time and shall make changes where appropriate and inform the investors of the Company accordingly.

In respect of Code Provision A.6.7 of the CG Code, Ms. LI Yan Jie and Mr. CHEN Feng Yang, the executive Directors, were unable to attend the annual general meeting of the Company held on 19 May 2014 due to other business engagement.

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise interests of the shareholders.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules, the changes in information of the Directors since 1 January 2014 up to the dispatch date of this report are set out below:

Name of Director	Details of Changes
Mr. CHIANG Kok Sung Lawrence	Appointed as a non-executive Director and a member of the Corporate Governance Committee on 1 July 2014
Mr. LAM Jim	Resigned as an executive Director, the Chief Financial Officer and a member of the Corporate Governance Committee on 26 July 2014

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The audit committee of the Board has reviewed the accounting principles and practice adopted by the Group and has reviewed the interim results of the Group for the six months ended 30 June 2014. The audit committee of the Board comprises three independent non-executive Directors, namely Mr. CHENG Yuk Wo (Chairman), Mr. BROOKE Charles Nicholas and Professor WU Si Zong.

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. Having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code and its code of conduct throughout the six months ended 30 June 2014. To ensure compliance, all Directors were requested to send a notice of intention to deal with the securities of the Company to the chairman of the Corporate Governance Committee and should obtain an approval from the chairman of the Corporate Governance Committee or the designed person by the Board during the period under review to deal with securities of the Company.

Relevant employees who are likely to be in possession of inside information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.

INVESTOR RELATIONS

The Company ensures that fair and transparent disclosure is made for its business and financial performance through a variety of formal communication channels. Information regarding the Company is published in its website: www.topspring.com. Interim and annual reports, circulars and notices of the Group are despatched to shareholders. The website of the Company provides information such as e-mail address, correspondence address, and telephone numbers for inquiries, and provides information on business activities of the Group. Shareholders may at any time send their enquires and concerns to the Board in writing either by email to IR@topspring.com or direct mailing to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary.

The Company's annual general meeting of shareholders is a good opportunity for communications between the Board and shareholders. Notice of annual general meeting and related documents are sent to shareholders pursuant to the requirements of the Listing Rules, and are published on the websites of the Company and the Stock Exchange.

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to article 58 of the articles of association of the Company (the "Articles of Association"), shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in the requisition; and the Company shall hold general meeting within two months after receiving the 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 the Stock Exchange. Regularly updated financial, business and other information on the Group is made available on the website of the Company for shareholders and investors.

The Company meets 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.

The Directors present the interim financial results for the six months ended 30 June 2014 of the Company.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is a real estate property developer in the PRC and is principally engaged in the development and operation of urban mixed-use communities and the development and sale of 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. There were no significant changes in the nature of the Group's principal activities during the period under review.

INTERIM DIVIDEND

To maintain a stable dividend policy, the Board declared the payment of an interim dividend of HK11 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the six months ended 30 June 2014 (for the six months ended 30 June 2013: HK11 cents per Share) to shareholders and holders of PCSs whose names appear on the register of members or the register of holders of PCSs of the Company (as the case maybe) on Friday, 26 September 2014. The interim dividend will be payable on Wednesday, 15 October 2014.

CLOSURE OF REGISTER OF MEMBERS AND REGISTER OF HOLDERS OF PCSs

The register of members and the register of holders of the PCSs of the Company will be closed from Wednesday, 24 September 2014 to Friday, 26 September 2014 (both days inclusive), during which period no transfer of Shares and PCSs will be effected. In order to qualify for the interim dividend, (a) in case of the Shares, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, and (b) in the case of the PCSs, all transfers of PCSs accompanied by the relevant PCSs certificates must be lodged with the Company at Rooms 04-08, 26th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 23 September 2014.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2014.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2014, the interests and short positions of the Directors' and the chief executive's of the Company in the Shares and underlying Shares 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; or (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 Issuers 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 of Shares held (Shares) (a)	Number of Share options held (Shares) (b)	Number of PCSs held (Shares) (c)	Total number of Shares and underlying Shares held (Note 1) (a)+(b)+(c)		Approximate percentage of issued Shares (%)
Mr. WONG Chun Hong ("Mr. WONG") (Note 2)	Interest in a controlled corporation	148,500	–	–	148,500 Shares	(L)	0.01
	Settlor of a trust	620,593,500	–	238,552,800	859,146,300 Shares	(L)	74.10
	Beneficial owner	–	1,400,000	–	1,400,000 Shares	(L)	0.12
Ms. LI Yan Jie ("Ms. LI") (Note 3)	Beneficial owner	–	3,120,000	–	3,120,000 Shares	(L)	0.27
Mr. LEE Sai Kai David ("Mr. LEE") (Note 4)	Beneficial owner	11,203,400	420,000	9,000,000	20,623,400 Shares	(L)	1.78
Mr. LAM Jim ("Mr. LAM") (Note 5)	Beneficial owner	–	8,400,000	–	8,400,000 Shares	(L)	0.72
Mr. CHEN Feng Yang ("Mr. CHEN") (Note 6)	Beneficial owner	2,157,600	5,634,000	648,000	8,439,600 Shares	(L)	0.73
Mr. CHENG Yuk Wo ("Mr. CHENG") (Note 7)	Beneficial owner	–	420,000	–	420,000 Shares	(L)	0.04
Mr. BROOKE Charles Nicholes ("Mr. BROOKE") (Note 8)	Beneficial owner	–	420,000	–	420,000 Shares	(L)	0.04
Professor WU Si Zong ("Professor WU") (Note 9)	Beneficial owner	–	420,000	–	420,000 Shares	(L)	0.04

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 interested 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 "Wong Family Trust") and the beneficiaries of which include Mr. Wong's family members. Mr. WONG is the settlor and the protector of the Wong Family Trust. By virtue of the SFO, Mr. WONG is deemed to be interested in the 620,593,500 Shares held by Chance Again and 238,552,800 underlying Shares in relation to the PCSs held by Chance Again, and Mr. WONG's of long position of 1,400,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) of which 400,000 options are related to the adjustment on the share options as a result of the bonus issue of Shares (with PCSs as an alternative) as referred to in the Company's announcement dated 27 March 2013 (the "Bonus Issue"). These share options, all of which remained exercisable as at 30 June 2014, were exercisable at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(3) Ms. LI's long position in the underlying Shares comprises 420,000 options granted to her by the Company under the Post-IPO Share Option Scheme (Lot 1) of which the 120,000 options are related to the adjustment on the share options as a result of the Bonus Issue, and 2,700,000 options granted to her by the Company under the Post-IPO Share Option Scheme (Lot 2). These share options, all of which remained exercisable as at 30 June 2014, were exercisable as to (i) 420,000 share options (Lot 1) at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022, and (ii) 2,700,000 share options at the subscription price of HK$4.140 per Share during the period from 20 June 2014 to 19 June 2023.

(4) Mr. LEE's long position in the Shares and underlying Shares comprises 11,203,400 Shares and 9,000,000 underlying Shares in relation to the PCSs beneficially owned by himself and 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) of which the 120,000 options relates to the adjustment on the share options as a result of the Bonus Issue. These share options, all of which remained exercisable as at 30 June 2014, were exercisable at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(5) Mr. LAM's long position in the underlying Shares comprises 7,000,000 options granted to him by the Company under the Pre-IPO Share Option Scheme of which 2,000,000 options are related to the adjustment on the share options as a result of the Bonus Issue, and 1,400,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) of which the 400,000 options are related to the adjustment on the share options as a result of the Bonus Issue. These share options, all of which remained exercisable as at 30 June 2014, were exercisable as to (i) 7,000,000 share options at the subscription price of HK$1.78 per Share during the period from 23 March 2012 to 2 December 2020, and (ii) 1,400,000 share options at the subscriptions price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(6) Mr. CHEN's long position in the Shares and underlying Shares comprises (i) 864,000 Shares beneficially owned by himself, (ii) 1,293,600 Shares granted to him by the Company under the Pre-IPO Share Award Scheme of which 369,600 Shares are related to the adjustment on the Shares as a result of the Bonus Issue, (iii) 3,234,000 options granted to him by the Company under the Pre-IPO Share Option Scheme of which 924,000 options are related to the adjustment on the share options as a result of the Bonus Issue, (iv) 2,400,000 options granted to him by the Company under the Post-IPO Share Option Schemes which comprises of 1,400,000 options granted under the Post-IPO Scheme (Lot 1) of which the 400,000 relates to the adjustment on the share options as a result of the Bonus Issue, and 1,000,000 options granted under the Post-IPO Scheme (Lot 2)) and (v) 648,000 underlying Shares in relation to the PCSs beneficially owned by himself. These share options, all of which remained exercisable as at 30 June 2014, are exercisable as to (i) 3,234,000 share options at the subscription price of HK$1.780 per Share during the period from 23 March 2012 to 2 December 2020, (ii) 1,400,000 share options at the subscriptions price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022 and (iii) 1,000,000 share options at the subscription price of HK$4.140 per Share during the period from 20 June 2014 to 19 June 2023.

(7) Mr. CHENG's long position in the underlying Shares comprises 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) of which the 120,000 options are related to the adjustment on the share options as a result of the Bonus Issue. These share options, all of which remained exercisable as at 30 June 2014, are exercisable at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(8) Mr. BROOKE's long position in the underlying Shares comprises 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) of which the 120,000 options are related to the adjustment on the share options as a result of the Bonus Issue. These share options, all of which remained exercisable as at 30 June 2014, are exercisable at the subscription price of HK$2.264 per share during the period from 26 June 2013 to 25 June 2022.

(9) Professor WU's long position in the underlying Shares comprises 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) of which the 120,000 options are related to the adjustment on the share options as a result of the Bonus Issue. These share options, all of which remained exercisable as at 30 June 2014, are exercisable at the subscription price of HK$2,264 per Share during the period from 26 June 2013 to 25 June 2022.

(ii) Long positions in the shares of associated corporation

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

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 and the protector of the Wong Family Trust. By virtue of the SFO, Mr. WONG is deemed to be interested in the 100 shares in Chance Again.

Save as disclosed above, as at 30 June 2014, none of the Directors and the chief executives of the Company had or was deemed to have any interests or short positions in any Shares and underlying Shares 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 for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

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

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the period under review, save as disclosed in the section headed "Relationship with our Controlling Shareholders and the Scarborough Group" in the prospectus of the Company dated 11 March 2011, 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.

DIRECTORS' INTERESTS IN ASSETS

During the period under review, save as disclosed in the section headed "Directors' Interests in a Competing Business" as above, none of the Directors had any interests, directly or indirectly, in any asset which has since 31 December 2013 (being the date to which the latest purchased audited consolidated financial statements of the Group were made up) been acquired or disposed of by, or leased to, any member of the Group or is proposed to be acquired or disposed of by, or leased to, any member of the Group.

SHARE AWARD AND SHARE OPTION SCHEMES

The Company adopted a Pre-IPO Share Option Scheme and a Pre-IPO Share Award Scheme on 2 December 2010 under which the Company granted share options and awarded Shares to certain eligible employees. During the six months ended 30 June 2014, 1,012,500 (for the six months ended 30 June 2013: 2,551,500) share options had been exercised by the grantees and a total number of 177,333 and 46,166 (for the six months ended 30 June 2013: 2,621,666 and 100,000) share options had been cancelled and lapsed respectively upon the resignation of certain grantees. As a result, 29,225,190 (as at 31 December 2013: 30,461,189) share options were outstanding as at 30 June 2014 under the Pre-IPO Share Option Scheme. During the six months ended 30 June 2014, no (for the six months ended 30 June 2013: 216,000) awarded Shares under the Pre-IPO Share Award Scheme had been cancelled. As a result, based on the Directors' knowledge, 7,123,200 (as at 31 December 2013: 7,123,200) awarded Shares were outstanding as at 30 June 2014 under the Pre-IPO 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 and 20 June 2013, the Group granted 15,720,000 share options (Lot 1) and 14,000,000 share options (Lot 2) respectively under the Post-IPO Share Option Scheme at the exercise prices of HK$2.264 per Share (adjusted) and HK$4.14 per Share respectively to Directors, senior management and selected employees of the Group.

Movement of the outstanding share options under the Post-IPO Share Option Scheme for the six months ended 30 June 2014 is as follows:

	As at 1 January 2014	Share options granted	Share options exercised	Share options cancelled	Share options lapsed	As at 30 June 2014
Lot 1	19,740,000	–	412,000	623,000	–	18,705,000
Lot 2	11,700,000	–	–	500,000	–	11,200,000
	31,440,000	–	412,000	1,123,000	–	29,905,000

CONTRACT OF SIGNIFICANCE

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

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 during the period under review.

MANAGEMENT CONTRACTS

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2014, 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 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 under 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 of Share s held (Shares) (a)	Number of Share options held (Shares) (b)	Number of PCSs held (Shares) (c)	Total number of Shares and underlying Shares held (Note 1) (a)+(b)+(c)		Approximate percentage of issued Shares (%)
Chance Again (Note 2)	Beneficial owner	620,593,500	–	238,552,800	859,146,300 Shares	(L)	74.10
HSBC International Trustee (Note 2)	Trustee of a trust	620,593,500	–	238,552,800	859,146,300 Shares	(L)	74.10
BVI Co (Note 2)	Interest in a controlled corporation	620,593,500	–	238,552,800	859,146,300 Shares	(L)	74.10
Ms. LIU Choi Lin ("Ms. LIU") (Notes 2 & 3)	Interest of spouse	620,742,000	1,400,000	238,552,800	860,694,800 Shares	(L)	74.23
APG Algemene Pensioen Groep NV	Investment manager	80,856,500	–	–	80,856,500 Shares	(L)	6.97
Metro Holdings Limited (Note 4)	Interest in a controlled corporation	228,390,110	–	–	228,390,110 Shares	(L)	19.70
ONG Hie Koan (Note 5)	Interest in a controlled corporation	228,390,110	–	–	228,390,110 Shares	(L)	19.70

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 and the protector of the Wong Family Trust. By virtue of the SFO, Mr. WONG is deemed to be interested in the 620,593,500 Shares held by Chance Again and 238,552,800 underlying Shares in relation to the PCSs held by Chance Again.

(3) Ms. LIU is the spouse of Mr. WONG. By virtue of the SFO, Ms. LIU is deemed to be interested in all the Shares and underlying Shares in which Mr. WONG is interested.

(4) 227,970,810 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. 419,300 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 227,970,810 Shares and 419,300 Shares held by Crown Investments Limited and Meren Pte Ltd, respectively.

(5) Metro Holdings Limited was 34.425% controlled by Mr ONG Hie Koan. By virtue of the SFO, Mr ONG Hie Koan is deemed to be interested in the 227,970,810 Shares and 419,300 Shares held by Crown Investments Limited and Meren Pte Ltd, respectively.

Save as disclosed above, as at 30 June 2014, no person (other than a Director or chief executive of the Company) had any interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2014 – unaudited (Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2014 $'000	 2013 $'000
Turnover	3 & 4	**910,094**	1,218,862
Direct costs		**(537,045)**	(709,709)
Gross profit		**373,049**	509,153
Valuation gains on investment properties	10(a)	**99,061**	330,045
Other revenue	5	**92,484**	69,714
Other net (loss)/income	6	**(37,675)**	227,662
Selling and marketing expenses		**(109,724)**	(87,380)
Administrative expenses		**(230,916)**	(214,415)
Profit from operations		**186,279**	834,779
Finance costs	7(a)	**(352,597)**	(337,714)
Share of loss of an associate		**(4,421)**	–
Share of losses of joint ventures		**(586)**	(2,479)
(Loss)/profit before taxation	7	**(171,325)**	494,586
Income tax	8	**(114,439)**	(234,281)
(Loss)/profit for the period		**(285,764)**	260,305
Attributable to:			
Equity shareholders of the Company		**(274,003)**	221,317
Non-controlling interests		**(11,761)**	38,988
(Loss)/profit for the period		**(285,764)**	260,305
(Loss)/earnings per share	9		
Basic		**$(0.19)**	$0.16
Diluted		**$(0.19)**	$0.16

The notes on pages 43 to 63 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company and holders of bonus perpetual subordinated convertible securities ("PCSs") are set out in note 17(c).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014 – unaudited (Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2014	2013
	$'000	$'000
(Loss)/profit for the period	**(285,764)**	260,305
Other comprehensive income for the period (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	**(207,511)**	46,382
Shares of other comprehensive income of an associate and joint ventures	**(4,000)**	2,533
	(211,511)	48,915
Total comprehensive income for the period	**(497,275)**	309,220
Attributable to:		
Equity shareholders of the Company	**(453,106)**	267,846
Non-controlling interests	**(44,169)**	41,374
Total comprehensive income for the period	**(497,275)**	309,220

The notes on pages 43 to 63 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

At 30 June 2014 – unaudited (Expressed in Hong Kong dollars)

	Note	At 30 June 2014 (unaudited) $'000	At 31 December 2013 (audited) $'000
Non-current assets			
Fixed assets	10		
– Investment properties		**9,164,797**	9,295,306
– Other property, plant and equipment		**438,641**	474,355
– Interests in leasehold land held for own use under operating leases		**4,449**	4,701
		9,607,887	9,774,362
Interest in an associate	6	**65,491**	–
Interest in joint ventures	6	**–**	166,238
Other financial assets	6	**181,175**	33,469
Restricted and pledged deposits	13	**149,589**	1,407,161
Deferred tax assets		**623,879**	620,734
		10,628,021	12,001,964
Current assets			
Inventories	11	**19,224,047**	15,877,394
Trade and other receivables	12	**1,088,714**	2,059,293
Prepaid tax		**180,083**	43,929
Restricted and pledged deposits	13	**4,023,992**	3,170,483
Cash and cash equivalents		**5,671,734**	5,606,262
		30,188,570	26,757,361
Current liabilities			
Trade and other payables	14	**12,627,588**	10,026,262
Bank and other borrowings	15	**9,769,267**	9,070,702
Tax payable		**4,560,880**	4,872,872
		26,957,735	23,969,836
Net current assets		**3,230,835**	2,787,525
Total assets less current liabilities		**13,858,856**	14,789,489

At 30 June 2014 – unaudited (Expressed in Hong Kong dollars)

	Note	At 30 June 2014 (unaudited) $'000	At 31 December 2013 (audited) $'000
Non-current liabilities			
Bank and other borrowings	15	**6,787,542**	5,989,594
Loans from joint ventures	16	**–**	1,223,687
Deferred tax liabilities		**1,287,478**	1,301,124
		8,075,020	8,514,405
NET ASSETS		**5,783,836**	6,275,084
CAPITAL AND RESERVES	17		
Share capital		**115,945**	115,530
Reserves		**4,931,294**	5,530,466
Total equity attributable to equity shareholders of the Company		**5,047,239**	5,645,996
Non-controlling interests		**736,597**	629,088
TOTAL EQUITY		**5,783,836**	6,275,084

The notes on pages 43 to 63 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014 – unaudited (Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company											
	Note	Share capital $'000	Share premium $'000	Reserve arising from issuance of PCSs $'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 2013		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
Changes in equity for the six months ended 30 June 2013:													
Profit for the period		–	–	–	–	–	–	–	–	221,317	221,317	38,988	260,305
Other comprehensive income		–	–	–	–	46,529	–	–	–	–	46,529	2,386	48,915
Total comprehensive income		–	–	–	–	46,529	–	–	–	221,317	267,846	41,374	309,220
Issuance of new shares under Pre-IPO Share Option Scheme	17(a)(i)	255	18,184	–	(12,789)	–	–	–	–	–	5,650	–	5,650
Issuance of new shares under bonus issue (with PCSs as an alternative)	17(a)(ii)	15,037	(40,129)	25,092	–	–	–	–	–	–	–	–	–
Equity settled share-based transactions		–	–	–	37,422	–	–	–	–	–	37,422	–	37,422
Share options and awarded shares forfeited		–	–	–	(11,741)	–	–	–	–	11,741	–	–	–
Transfer to PRC statutory reserves		–	–	–	–	–	14,643	–	–	(14,643)	–	–	–
Contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	303,222	303,222
Dividends approved in respect of the previous year	17(c)	–	–	–	–	–	–	–	–	(150,482)	(150,482)	–	(150,482)
Balance at 30 June 2013		115,479	1,383,939	25,092	146,067	439,790	537,652	49,843	(470,515)	2,388,474	4,615,821	468,515	5,084,336

For the six months ended 30 June 2014 – unaudited (Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company											
	Note	Share capital $'000	Share premium $'000	Reserve arising from issuance of PCSs $'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 2014		115,530	1,386,897	25,092	147,836	555,399	593,044	49,843	(471,321)	3,243,676	5,645,996	629,088	6,275,084
Changes in equity for the six months ended 30 June 2014:													
Loss for the period		–	–	–	–	–	–	–	–	(274,003)	(274,003)	(11,761)	(285,764)
Other comprehensive income		–	–	–	–	(179,103)	–	–	–	–	(179,103)	(32,408)	(211,511)
Total comprehensive income		–	–	–	–	(179,103)	–	–	–	(274,003)	(453,106)	(44,169)	(497,275)
Issuance of new shares under Pre-IPO and Post-IPO Share Option Schemes	17(a)(i)	143	6,748	–	(4,156)	–	–	–	–	–	2,735	–	2,735
Issuance of new shares upon conversion of PCSs	17(a)(ii)	272	–	(272)	–	–	–	–	–	–	–	–	–
Equity settled share-based transactions		–	–	–	6,176	–	–	–	–	–	6,176	–	6,176
Share options and awarded shares forfeited		–	–	–	(1,235)	–	–	–	–	1,235	–	–	–
Transfer to PRC statutory reserves		–	–	–	–	–	7,267	–	–	(7,267)	–	–	–
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	–	177,658	177,658
Disposal of partial interest in a subsidiary		–	–	–	–	–	–	–	(9,325)	9,325	–	7,225	7,225
Acquisition of additional interest in a subsidiary from a non-controlling shareholder		–	–	–	–	–	–	–	194	–	194	(33,205)	(33,011)
Dividends approved in respect of the previous year	17(c)	–	–	–	–	–	–	–	–	(154,756)	(154,756)	–	(154,756)
Balance at 30 June 2014		115,945	1,393,645	24,820	148,621	376,296	600,311	49,843	(480,452)	2,818,210	5,047,239	736,597	5,783,836

The notes on pages 43 to 63 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2014 – unaudited (Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2014	2013
	$'000	$'000
Operating activities		
Cash generated from/(used in) operations	**1,034,846**	(1,207,123)
Tax paid:		
– PRC tax paid	**(445,219)**	(392,018)
Net cash generated from/(used in) operating activities	**589,627**	(1,599,141)
Investing activities		
Net cash outflow from acquisition of subsidiaries	**(411,877)**	–
Other cash flows arising from investing activities	**8,598**	148,036
Net cash (used in)/generated from investing activities	**(403,279)**	148,036
Financing activities		
Proceeds from new bank and other borrowings	**3,463,438**	4,941,134
Repayment of bank and other borrowings	**(2,881,458)**	(2,882,159)
Dividends paid	**(154,756)**	(150,482)
Other cash flows arising from financing activities	**(414,935)**	(429,482)
Net cash generated from financing activities	**12,289**	1,479,011
Net increase in cash and cash equivalents	**198,637**	27,906
Cash and cash equivalents at 1 January	**5,606,262**	4,901,251
Effect of foreign exchange rate changes	**(133,165)**	78,253
Cash and cash equivalents at 30 June	**5,671,734**	5,007,410

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

The notes on pages 43 to 63 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 26 August 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of these changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Top Spring International Holdings Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") since the 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 64.

The financial information relating to the financial year ended 31 December 2013 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2013 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 24 March 2014.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

– Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*

– Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

– Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

– Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*

– HK(IFRIC) 21, *Levies*

These developments have had no material impact on the Group's consolidated financial statements.

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

3 SEGMENT REPORTING

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

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

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

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

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

3 SEGMENT REPORTING (Continued)

(a) Segment results

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

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments.

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

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation and valuation changes on investment properties.

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

	Property development		Property investment		Hotel operations		Property management and related services		Total	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
For the six months ended 30 June										
Revenue from external customers	**660,003**	1,073,378	**154,258**	73,436	**28,642**	27,633	**67,191**	44,415	**910,094**	1,218,862
Inter-segment revenue	**–**	–	**13,724**	12,498	**–**	–	**90,694**	40,744	**104,418**	53,242
Reportable segment revenue	**660,003**	1,073,378	**167,982**	85,934	**28,642**	27,633	**157,885**	85,159	**1,014,512**	1,272,104
Reportable segment profit/ (loss) (adjusted EBITDA)	**55,707**	246,102	**116,305**	76,196	**11,441**	9,012	**(30,280)**	(7,794)	**153,173**	323,516
Interest income from bank deposits	**57,921**	55,916	**1,326**	1,482	**–**	–	**1,090**	1,688	**60,337**	59,086
Interest expense	**(318,830)**	(327,043)	**(20,120)**	(7,766)	**–**	–	**(6,900)**	(906)	**(345,850)**	(335,715)
Depreciation and amortisation for the period	**(9,939)**	(9,821)	**(329)**	(253)	**(12,710)**	(11,566)	**(859)**	(515)	**(23,837)**	(22,155)
Valuation gains on investment properties	**–**	–	**99,061**	330,045	**–**	–	**–**	–	**99,061**	330,045

3 SEGMENT REPORTING (Continued)

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

	Six months ended 30 June	
	2014	2013
	$'000	$'000
Revenue		
Reportable segment revenue	**1,014,512**	1,272,104
Elimination of inter-segment revenue	**(104,418)**	(53,242)
Consolidated turnover (note 4)	**910,094**	1,218,862
Profit		
Reportable segment profit derived from Group's external customers	**153,173**	323,516
Share of loss of an associate	**(4,421)**	–
Share of losses of joint ventures	**(586)**	(2,479)
Other revenue and net (loss)/income	**54,809**	297,376
Depreciation and amortisation	**(25,275)**	(23,672)
Finance costs	**(352,597)**	(337,714)
Valuation gains on investment properties	**99,061**	330,045
Unallocated head office and corporate expenses	**(95,489)**	(92,486)
Consolidated (loss)/profit before taxation	**(171,325)**	494,586

(c) Geographic information

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

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, and is analysed as follows:

	Six months ended 30 June	
	2014	2013
	$'000	$'000
Sale of properties	**660,003**	1,073,378
Rental income	**154,258**	73,436
Hotel operations	**28,642**	27,633
Property management and related services income	**67,191**	44,415
	910,094	1,218,862

5 OTHER REVENUE

	Six months ended 30 June	
	2014	2013
	$'000	$'000
Bank interest income	**80,076**	61,167
Rental income from operating leases, other than those relating to investment properties	**5,265**	4,451
Government grants	**2,248**	–
Others	**4,895**	4,096
	92,484	69,714

6 OTHER NET (LOSS)/INCOME

	Six months ended 30 June	
	2014	2013
	$'000	$'000
Net gain on disposal of a subsidiary (note)	**12,710**	186,640
Net gain on early repayment of a secured other borrowing	**–**	44,530
Net exchange loss	**(55,905)**	(1,618)
Net loss on disposal of fixed assets	**(414)**	(6)
Fair value change on derivative financial instruments	**–**	(2,108)
Others	**5,934**	224
	(37,675)	227,662

Note: During the six months ended 30 June 2014, the Group completed the disposal of its 15% equity interest in 深圳新萊源投資基金管理有限公司 (Shenzhen New Top Spring Investment Fund Management Company Limited*) ("NTS Fund"), a non wholly-owned subsidiary of the Company, to an independent third party for a total consideration of RMB1,500,000 (equivalent to approximately $1,873,000). This resulted in a net gain on disposal of a subsidiary of $12,710,000. Following the disposal, the Group retained 45% equity interest in NTS Fund. The Group lost control but has significant influence over NTS Fund. Therefore, NTS Fund is accounted for as an associate of the Group as at 30 June 2014.

In addition, 深圳萊蒙滙達投資合伙企業(有限合伙) (Shenzhen Top Spring Hui Da Investment Partnership*), which is invested by the Group through NTS Fund, and 深圳萊蒙滙餘投資合伙企業(有限合伙) (Shenzhen Top Spring Hui Yu Investment Partnership*), 深圳萊蒙滙利投資合伙企業(有限合伙) (Shenzhen Top Spring Hui Li Investment Partnership*), 深圳萊蒙滙富投資合伙企業(有限合伙) (Shenzhen Top Spring Hui Fu Investment Partnership*) and 深圳萊蒙滙盈投資合伙企業(有限合伙) (Shenzhen Top Spring Hui Ying Investment Partnership*) (collectively "the 4 Partnerships"), which are invested by the Group through NTS Fund and a wholly-owned subsidiary of the Company, ceased to be the joint ventures of the Group upon the disposal of partial interest in NTS Fund in the abovementioned paragraph. The Group's indirect interest in the 4 Partnerships is accounted for as available-for-sale investment under "other financial assets" as at 30 June 2014.

During the six months ended 30 June 2013, the Group completed the disposal of all of the issued shares of and shareholder's loan owing by Top Spring International (Taihu Bay) Development Limited, a wholly-owned subsidiary of the Company prior to the disposal, to an independent third party for a total consideration of RMB550,562,000 (equivalent to approximately $685,253,000). This resulted in a net gain on disposal of a subsidiary of $186,640,000 for the six months ended 30 June 2013.

7 (LOSS)/PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2014	2013
	$'000	$'000
(a) Finance costs		
Interest on bank and other borrowings wholly repayable:		
– within five years	**519,001**	408,551
– after five years	**94,883**	60,605
	613,884	469,156
Interest on loans from joint ventures	**15,340**	28,810
Interest on amounts due to a non-controlling shareholder	**5,980**	349
Other borrowing costs	**47,597**	31,154
	682,801	529,469
Less: Amount capitalised	**(330,204)**	(191,755)
	352,597	337,714
(b) Staff costs		
Salaries, wages and other benefits	**105,184**	71,534
Contributions to defined contribution retirement plans	**11,928**	9,306
Equity settled share-based payment expenses	**6,176**	37,422
	123,288	118,262
(c) Other items		
Depreciation and amortisation	**25,766**	24,231
Less: Amount capitalised	**(491)**	(559)
	25,275	23,672
Cost of properties sold	**427,442**	624,776
Rental income from investment properties	**(154,258)**	(73,436)
Less: Direct outgoings	**12,188**	2,752
	(142,070)	(70,684)
Provision on inventories	**3,577**	–
Operating lease charges: minimum lease payments for land and buildings	**15,798**	6,162

(Expressed in Hong Kong dollars unless otherwise indicated)

8 INCOME TAX

	Six months ended 30 June	
	2014	2013
	$'000	$'000
Current tax		
Provision for PRC Corporate Income Tax ("CIT")	**34,693**	65,934
Provision for Land Appreciation Tax ("LAT")	**73,423**	130,647
Withholding tax	**5,893**	14,826
	114,009	211,407
Deferred tax		
Origination and reversal of temporary differences	**430**	22,874
	114,439	234,281

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 subject to Hong Kong Profits Tax for the six months ended 30 June 2013 and 2014.

The provision for CIT is based on the respective applicable CIT rates on the estimated assessable profits of the PRC subsidiaries within the Group as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rate was 25% for the six months ended 30 June 2014 (2013: 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 dividend distributions arising from profit of the PRC subsidiaries within the Group earned after 1 January 2008, rental income earned in the PRC by a Hong Kong subsidiary and profit arising from disposal of a subsidiary at the applicable tax rates.

9 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of $274,003,000 (2013: profit attributable to equity shareholders of the Company of $221,317,000) and the weighted average number of 1,406,557,000 shares (2013: 1,404,878,000 shares) in issue during the period, calculated as follows:

	Six months ended 30 June	
	2014	2013
	'000	'000
Weighted average number of shares		
Issued ordinary shares	**1,155,303**	1,001,868
Effect of share options exercised (note 17(a)(i))	**1,250**	647
Effect of bonus issue of shares (with PCSs as an alternative) (note 17(a)(ii))	**250,004**	402,363
Weighted average number of shares	**1,406,557**	1,404,878

(b) Diluted (loss)/earnings per share

The diluted loss per share for the six months ended 30 June 2014 is the same as the basic loss per share as the outstanding share options during the period have an anti-dilutive effect to the basic loss per share.

The calculation of diluted earnings per share for the six months ended 30 June 2013 was based on the profit attributable to equity shareholders of the Company of $221,317,000 and the weighted average number of 1,419,465,000 shares in issue during that period, calculated as follows:

	Six months ended 30 June 2013 '000
Weighted average number of shares (diluted)	
Weighted average number of shares	1,404,878
Effect of deemed issue of shares under the Company's share options schemes for nil consideration (note 17(b))	14,587
Weighted average number of shares (diluted)	1,419,465

10 FIXED ASSETS

(a) Valuation properties

The valuations of investment properties and investment properties under development carried at fair value were updated at 30 June 2014 by an independent firm of surveyors, DTZ Debenham Tie Leung Limited, who have among their staff Members of The Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued, using the same valuation techniques as were used by this valuer when carrying out the 31 December 2013 valuations.

As a result of the update, a net gain of $99,061,000 (2013: $330,045,000), and deferred tax thereon of $21,783,000 (2013: $82,511,000), has been recognised in profit or loss for the period in respect of investment properties.

(b) Certain of the Group's investment properties, hotel properties and other land and buildings have been pledged to secure bank loans, details of which are set out in note 15.

11 INVENTORIES

	At 30 June 2014 (unaudited) $'000	At 31 December 2013 (audited) $'000
Property development		
Leasehold land held for development for sale	**901,322**	–
Properties under development for sale	**16,446,213**	14,041,519
Completed properties for sale	**1,875,877**	1,835,352
	19,223,412	15,876,871
Other operations		
Law value consumables and supplies	**635**	523
	19,224,047	15,877,394

Certain of the Group's properties under development for sale and completed properties for sale have been pledged to secure bank loans and loan from a joint venture, details of which are set out in notes 15 and 16.

12 TRADE AND OTHER RECEIVABLES

	At 30 June 2014 (unaudited) $'000	At 31 December 2013 (audited) $'000
Debtors, prepayments and deposits	**1,066,240**	2,059,288
Amounts due from an associate (Note (i))	**17,036**	–
Amounts due from a non-controlling shareholder (Note (i))	**5,438**	5
	1,088,714	2,059,293

Notes:

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

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

	At 30 June 2014 (unaudited) $'000	At 31 December 2013 (audited) $'000
Current or under 1 month overdue	**80,681**	62,172
More than 1 month overdue and up to 3 months overdue	**–**	485
More than 3 months overdue and up to 6 months overdue	**124**	226
More than 6 months overdue and up to 1 year overdue	**269**	289
More than 1 year overdue	**472**	6,355
	81,546	69,527

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

(iv) Certain of the Group's rental receivables have been pledged to secure a bank loan, details of which are set out in note 15.

(Expressed in Hong Kong dollars unless otherwise indicated)

13 RESTRICTED AND PLEDGED DEPOSITS

	At 30 June 2014 (unaudited) $'000	At 31 December 2013 (audited) $'000
Restricted deposits (Note (i))	**80,222**	50,293
Pledged deposits (Note (ii))	**4,093,359**	4,527,351
	4,173,581	4,577,644
Less: Non-current portion (Note (ii))	**(149,589)**	(1,407,161)
Current portion	**4,023,992**	3,170,483

Notes:

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

(ii) Pledged deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to $3,943,770,000 (31 December 2013: $3,120,190,000) have been pledged to secure short-term borrowings and are therefore classified as current assets. The remaining deposits amounting to $149,589,000 (31 December 2013: $1,407,161,000) have been pledged to secure long-term borrowings and banking facilities and are therefore classified as non-current assets.

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

	At 30 June 2014 (unaudited) $'000	At 31 December 2013 (audited) $'000
Bank loan facilities	**4,052,456**	3,754,008
Mortgage loan facilities granted by the banks to purchasers of the Group's properties	**40,903**	773,343
	4,093,359	4,527,351

14 TRADE AND OTHER PAYABLES

	At 30 June 2014 (unaudited) $'000	At 31 December 2013 (audited) $'000
Creditors and accrued charges	**2,460,691**	3,188,183
Rental and other deposits	**139,140**	124,820
Receipts in advance	**9,333,828**	6,183,858
Amounts due to non-controlling shareholders (Note (i))	**679,593**	514,693
Amount due to a related company (Note (ii))	**14,336**	14,708
	12,627,588	10,026,262

Notes:

(i) Apart from the amounts due to a non-controlling shareholder of $215,965,000 (31 December 2013: $215,489,000) which is interest-bearing at 10% above the 1-year RMB benchmark lending rate as determined by the People's Bank of China, all of the balances are unsecured, interest-free and repayable within one year.

(ii) The balance is unsecured, interest-free and repayable on demand.

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

	At 30 June 2014 (unaudited) $'000	At 31 December 2013 (audited) $'000
Due within 1 month or on demand	**847,489**	726,454
Due after 1 month but within 3 months	**2,246**	58,894
Due after 3 months but within 6 months	**248,676**	797,439
Due after 6 months but within 1 year	**219,235**	275,850
Due after 1 year	**651,248**	461,121
	1,968,894	2,319,758

15 BANK AND OTHER BORROWINGS

At 30 June 2014, the bank and other borrowings were analysed as follows:

	At 30 June 2014 (unaudited) $'000	At 31 December 2013 (audited) $'000
Bank loans		
– Secured	**13,881,846**	13,920,393
– Unsecured	**162,054**	166,262
	14,043,900	14,086,655
Other borrowings		
– Secured	**2,512,909**	463,346
– Unsecured	**–**	510,295
	2,512,909	973,641
	16,556,809	15,060,296

At 30 June 2014, the bank and other borrowings were repayable as follows:

	At 30 June 2014 (unaudited) $'000	At 31 December 2013 (audited) $'000
Within 1 year and included in current liabilities	**9,769,267**	9,070,702
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	**2,919,214**	2,162,144
After 2 years but within 5 years	**2,852,372**	2,976,958
After 5 years	**1,015,956**	850,492
	6,787,542	5,989,594
	16,556,809	15,060,296

15 BANK AND OTHER BORROWINGS (Continued)

At 30 June 2014, the bank loans were secured by the following assets:

	At 30 June 2014 (unaudited) $'000	At 31 December 2013 (audited) $'000
Investment properties	**7,515,582**	7,880,803
Hotel properties	**301,931**	323,237
Other land and buildings	**11,692**	36,492
Properties under development for sale	**9,995,692**	8,858,578
Completed properties for sale	**71,295**	940,043
Pledged deposits	**4,052,456**	3,754,008
Rental receivables	**1,235**	7,658
	21,949,883	21,800,819

At 30 June 2014, the secured other borrowings were from independent third parties, interest-bearing at rates ranging from 9.0535% to 18.07% per annum and secured by certain of the Group's properties under development for sale or equity interests in certain subsidiaries within the Group. Included in the balances at 30 June 2014 were entrusted loans of $1,194,671,000 reclassified from loans from joint ventures upon the disposal of partial interest in NTS Fund during the six months ended 30 June 2014 (see note 6).

Included in the unsecured other borrowings at 31 December 2013 was a loan of $287,761,000 from a related company. The loan was interest-bearing at 10% per annum and fully repaid during the six months ended 30 June 2014.

Included in the unsecured other borrowings at 31 December 2013 were contributions of $222,535,000 from limited partners of 天津萊蒙天貴股權投資基金合伙企業(有限合伙) (Tianjin Top Spring Tian Gui Equity Investment Funds Partnership*). Based on the terms of the partnership agreement, the Group had a contractual obligation to deliver profits to those limited partners. The contributions had been recognised using the effective interest method and accordingly distributions thereon were recognised on an accrual basis in profit or loss as part of finance costs. The effective interest rate of the contributions was 12.50% per annum and the contributions were fully repaid during the six months ended 30 June 2014.

16 LOANS FROM JOINT VENTURES

At 31 December 2013, the loans from joint ventures represented entrusted loans. The loans were reclassified to secured other borrowings upon the disposal of partial interest in NTS Fund during the six months ended 30 June 2014 (see notes 6 and 15).

17 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	At 30 June 2014 (unaudited)		At 31 December 2013 (audited)	
	No. of shares ’000	**Amount $’000**	No. of shares ’000	Amount $’000
Authorised:				
Ordinary shares of $0.10 each	**5,000,000**	**500,000**	5,000,000	500,000
Ordinary shares, issued and fully paid:				
At 1 January	**1,155,303**	**115,530**	1,001,868	100,187
Issuance of new shares under the Pre-IPO and Post-IPO Share Option Schemes (Note (i))	**1,425**	**143**	3,069	306
Issuance of new shares under bonus issue (with PCSs as an alternative) (Note (ii))	**–**	**–**	150,366	15,037
Issuance of new shares upon conversion of PCSs (Note (ii))	**2,720**	**272**	–	–
At 30 June/31 December	**1,159,448**	**115,945**	1,155,303	115,530

Notes:

(i) During the six months ended 30 June 2014, 1,012,500 share options under the Pre-IPO Share Option Scheme and 412,000 share options under the Post-IPO Share Option Scheme were exercised to subscribe for a total of 1,424,500 ordinary shares of the Company at a consideration of $1.780 (adjusted) and $2.264 (adjusted) per share respectively, of which $0.10 per share was credited to share capital and the balance was credited to the share premium account. $4,156,000 has been transferred from the capital reserve to the share premium account in accordance with the accounting policy adopted for share-based payments.

During the six months ended 30 June 2013, 2,551,500 share options under the Pre-IPO Share Option Scheme were exercised to subscribe for 2,551,500 ordinary shares of the Company at a consideration of $2.492 or $1.780 (adjusted) per share, of which $0.10 per share was credited to share capital and the balance was credited to the share premium account. $12,789,000 has been transferred from the capital reserve to the share premium account in accordance with the accounting policy adopted for share-based payments.

(ii) Pursuant to the ordinary resolution passed at the extraordinary general meeting of the Company held on 15 May 2013, bonus shares were made to shareholders whose names appeared on the register of members of the Company on 24 May 2013, the record date, on the basis of two new shares credited as fully paid for every five shares held, with an option to elect to receive PCSs in lieu of all or part of their entitlements to the bonus shares.

The PCSs are unlisted and irredeemable but have conversion rights entitling the holders of PCSs to convert into an equivalent number of shares as the number of bonus shares which the holders of PCSs would otherwise be entitled to receive under the bonus issue had the shareholder not elected for the PCSs.

On 20 June 2013, an amount of approximately $15,036,560 standing to the credit of the share premium account was applied in paying up in full 150,365,600 ordinary shares of $0.10 each which were allotted and issued as fully paid to the shareholders who were entitled to those bonus shares and did not elect to receive the PCSs. In addition, the PCSs in the amount of approximately $25,092,080 were issued to shareholders who elected to receive the PCSs, and the same amount was capitalised from the share premium account as reserve arising from issuance of the PCSs.

Upon completion of the bonus issue, adjustments were made to the exercise price and outstanding number of share options granted pursuant to the Group’s Pre-IPO and Post-IPO Share Option Schemes and Pre-IPO Share Award Scheme (see notes 17(b)(i), (ii) and (iii)).

Reserve arising from issuance of the PCSs was capitalised from the share premium account for the purpose of issue of new shares upon conversion of the PCSs. This reserve balance represented the aggregate amount of the PCSs outstanding at the period end. 2,720,000 PCSs were converted to 2,720,000 ordinary shares by the holders of PCSs during the six months ended 30 June 2014 (year ended 31 December 2013: Nil).

17 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Equity settled share-based transactions

(i) Pre-IPO Share Option Scheme

The Company has a Pre-IPO Share Option Scheme whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at consideration of $1.00 per grant to subscribe for shares of the Company. On 3 December 2010, a total number of 34,371,667 share options were granted under the Pre-IPO Share Option Scheme. The options will fully vest after three years from 23 March 2011, being the date of listing of the Company's shares on the Stock Exchange or, as the case may be, the first anniversary date of the employment commencement date of the relevant grantees, and are then exercisable within a period of 10 years from the date of grant. The exercise price per share is $2.492, being 40% of the price of IPO of shares of the Company. Upon completion of the bonus issue (see note 17(a)(ii)), the exercise price per share was adjusted to $1.780. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

No share options under the Pre-IPO Share Option Scheme were granted during the six months ended 30 June 2013 and 2014.

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

	Six months ended 30 June	
	2014	2013
	Number of options	Number of options
	'000	'000
Outstanding at the beginning of the period	**30,461**	27,322
Exercised during the period (note 17(a)(i))	**(1,013)**	(2,552)
Forfeited during the period	**(223)**	(2,721)
Adjustment for bonus issue (note 17(a)(ii))	**–**	9,479
Outstanding at the end of the period	**29,225**	31,528
Exercisable at the end of the period	**29,225**	18,579

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2014 was $2.65 (2013: $3.91).

17 CAPITAL, RESERVES AND DIVIDENDS (Continued)

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

(ii) Pre-IPO Share Award Scheme

Under the Pre-IPO Share Award Scheme, a total number of 6,452,000 (after capitalisation issue) shares of the Company was awarded to certain employees of the Group as a means of recognising their contributions to the early development of the Group and aligning their interests with the shareholders of the Company. The eligible employees received an offer to be granted by the awarded shares at nil consideration but subject to a six-month lock-up period. The awarded shares will fully vest after three years from the date of award and are valid and effective for unlimited period unless a triggering event has arisen upon the occurrence of certain events. The shares awarded by the Company will be settled with the shares (after capitalisation issue) held by the Share Award Trust. Upon completion of the bonus issue (see note 17(a)(ii)), a total number of 2,067,200 awarded shares were adjusted.

No shares were awarded under the Pre-IPO Share Award Scheme during the six months ended 30 June 2013 and 2014. No awarded shares (2013: 216,000 awarded shares) were cancelled during the six months ended 30 June 2014 and 7,123,200 (31 December 2013: 7,123,200) awarded shares were outstanding at 30 June 2014.

(iii) Post-IPO Share Option Scheme

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

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

No share options were granted under the Post-IPO Share Option Scheme during the six months ended 30 June 2014. On 20 June 2013, 14,000,000 share options were granted at a consideration of $1.00 per grant paid by the 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 2023. The exercise price is $4.14, being the weighted average closing price of the Company's ordinary shares immediately before the grant. Upon completion of the bonus issue (see note 17(a)(ii)), the exercise price of the Post-IPO Share Options granted in 2012 was adjusted to $2.264.

17 CAPITAL, RESERVES AND DIVIDENDS (Continued)

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

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

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

	Six months ended 30 June	
	2014	2013
	Number of options	Number of options
	'000	'000
Outstanding at the beginning of the period	**31,440**	15,420
Granted during the period	**–**	14,000
Exercised during the period (note 17(a)(i))	**(412)**	–
Forfeited during the period	**(1,123)**	(1,320)
Adjustment for bonus issue (note 17(a)(ii))	**–**	5,808
Outstanding at the end of the period	**29,905**	33,908
Exercisable at the end of the period	**14,541**	5,972

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2014 was $2.55 (2013: Nil).

(c) Dividends

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

	Six months ended 30 June	
	2014	2013
	$'000	$'000
Interim dividend declared and paid after the interim period of 11 cents (2013: 11 cents) per ordinary share and unit of PCS	**154,841**	154,628

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

(Expressed in Hong Kong dollars unless otherwise indicated)

17 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Dividends (Continued)

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

	Six months ended 30 June	
	2014	2013
	$'000	$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 11 cents per ordinary share and unit of PCS (2013: 15 cents per ordinary share)	**154,756**	150,482

In respect of the final dividend for the year ended 31 December 2013, there is a difference of $71,000 between final dividend disclosed in the 2013 annual financial statements and amounts approved and paid during the period which represents dividends attributable to new shares issued upon the exercise of 651,500 share options, before the closing date of the register of members.

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 December 2013 and 30 June 2014.

19 CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

	At 30 June 2014 (unaudited) $'000	At 31 December 2013 (audited) $'000
Contracted for	**3,300,034**	3,683,846
Authorised but not contracted for	**3,141,559**	2,538,894
	6,441,593	6,222,740

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

20 CONTINGENT LIABILITIES

	At 30 June 2014 (unaudited) $'000	At 31 December 2013 (audited) $'000
Guarantees given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties	**4,983,253**	4,189,963

21 MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2014 **$'000**	2013 $'000
Remuneration of key management personnel (Note)	**17,722**	23,329

Note: 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.

The related party transactions in respect of the amounts due from an associate, amounts due from a non-controlling shareholder, amounts due to non-controlling shareholders, amount due to a related company, loan from a related company and loans from joint ventures as set out in notes 12, 14, 15 and 16 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.

22 NON-ADJUSTING POST BALANCE SHEET EVENT

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

(b) On 2 July 2014, the Group entered into a share purchase agreement with an independent third party for the acquisition of 25% of the entire issued share capital in Scarborough Real Estate Limited ("SREL"), a company incorporated in England and Wales with limited liability, at a total consideration of £5,700,000 (equivalent to approximately $75,753,000), and to provide a shareholder's loan of not more than £4,300,000 (equivalent to approximately $57,147,000). SREL and its subsidiaries are principally engaged in property development, including the development of two properties situated in Manchester, the United Kingdom. The acquisition was completed on 1 August 2014.

23 COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to current period's presentation.

* *For identification purposes only*

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

INTRODUCTION

We have reviewed the interim financial report set out on pages 36 to 63 which comprises the consolidated balance sheet of Top Spring International Holdings Limited as of 30 June 2014 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2014 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 August 2014

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: 03688.HK