



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



Quality
Property

is a Gateway to Quality Living

品質
地產
品質
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

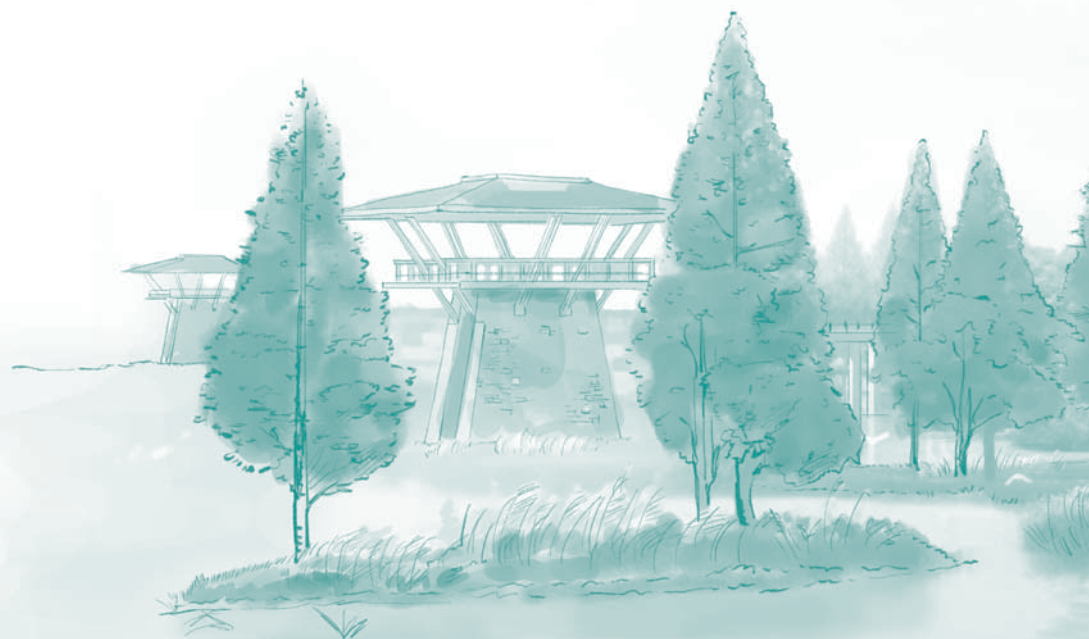
Service provider engages in
property + international healthcare sector
地產 + 國際化的健康生活服務商

WE VALUE 企業價值

Duty • Simplicity
• Innovation • Sharing
擔當 • 簡單 • 創新 • 共享

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
Co-chief Executive Officer*)

Ms LI Yan Jie

Mr CHEN Feng Yang (*Co-chief Executive Officer*)

Mr WANG Tian Ye

Non-executive Directors

Mr XU Lei (*Vice-Chairman*)

Mr CHIANG Kok Sung Lawrence

Mr LEE Sai Kai David (*resigned with effect from
1 September 2016*)

Independent Non-executive Directors

Mr BROOKE Charles Nicholas

Mr CHENG Yuk Wo

Professor WU Si Zong

Mr LEUNG Kwong Choi

COMPANY SECRETARY

Mr HO Hang Man, CPA

AUTHORISED REPRESENTATIVES

Mr WANG Tian Ye

Mr HO Hang Man

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

Ms LI Yan Jie (*Chairman*)

Mr CHIANG Kok Sung Lawrence

Mr CHENG Yuk Wo

Mr LEUNG Kwong Choi

AUDITORS

KPMG

Certified Public Accountants

HONG KONG LEGAL ADVISERS

Norton Rose Fulbright Hong Kong

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 BANKS

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

INVESTOR RELATIONS

Mr CHAN King Tak

STOCK CODE

03688

BOARD LOT

500 Shares

COMPANY WEBSITE

www.topspring.com

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

In the first half of 2016, Top Spring International Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) launched 12 projects across nine cities in the People’s Republic of China (“**PRC**”), recorded an aggregate of contracted sales plus subscribed pre-sales of approximately HK\$3,154.9 million from the sale of properties and car park units, of which subscribed pre-sales amounted to approximately HK\$335.4 million, representing a decrease of approximately 16.4% as compared with the first half of 2015. Excluding the subscribed pre-sales, the Group recorded an aggregate of contracted sales of approximately HK\$2,819.5 million (of which approximately HK\$2,745.6 million was from contracted sales of properties with contracted saleable gross floor area (“**GFA**”) of approximately 123,404 square metres (“**sq.m.**”) and approximately HK\$73.9 million was from contracted sales of 392 car park units) in the first half of 2016. The average selling price (“**ASP**”) of the Group’s contracted sales of properties was approximately HK\$22,248.9 per sq.m., representing a decrease of approximately 2.8% as compared with the corresponding period of 2015. Despite the decrease in the Group’s overall ASP, the sale of Shanghai Shama Century Park, which is located in Lujiazui, Pudong New District, Shanghai, received continuous positive feedback from the market. The contracted sales of Shanghai Shama Century Park amounted to over HK\$1,000 million in the first half of 2016 with contracted ASP of approximately HK\$81,240.7 per sq.m., which is, in general, higher than (i) the ASP of the other second-hand properties in the same district; and (ii) the ASP of Shanghai Shama Century Park in the corresponding period of 2015.

Other than the sale of the Group’s properties in the PRC, the Group achieved reasonable investment returns and had or will have substantial cash returns through certain disposals in the first half of 2016. On 19 May 2016, the Group entered into a framework agreement (the “**Framework Agreement**”) with Sunac China Holdings Limited (“**Sunac China**”) in relation to the disposal of the Group’s entire equity interest in seven project companies which, directly or indirectly, hold seven property projects located in Sanhe Yanjiao, Shanghai, Nanjing, Hangzhou, Shenzhen and Huizhou to Sunac China. The Sanhe Yanjiao project was not included in the transaction eventually as the minority shareholder of such project exercised its pre-emptive rights, and the transaction in respect of the sale of equity interest of such project company to Sunac China (or its designated companies) would not proceed. The aggregate value of the consideration together with the intercompany loans to the Group for the disposals amounted to approximately RMB4,088 million. The Group is of the view that the transaction is in the interest of the Group and its shareholders as a whole. The main purpose of the disposals is to dispose of, Hangzhou Hidden Valley, a loss-making project which the Group faced severe operational difficulties, and through such disposals, the Group was able to divest Hangzhou Hidden Valley. Besides, on 8 July 2016, the Group entered into a share transfer agreement with Beijing Huaxia Shunze Investment Group Limited* (北京華夏順澤投資集團有限公司) (“**Beijing Huaxia**”), pursuant to which the Group agreed to, indirectly, sell its 51% equity interest in Sanhe Yanjiao project (that is, Beijing Top Spring Shunze Flower Garden) to Beijing Huaxia. As a result of the above two transactions, it is estimated that the Group will record an unaudited other net income (before taxation) of approximately HK\$336 million in total from such disposals (such amount was not shown in the consolidated interim results of the Group for the six months ended 30 June 2016. It is expected that such income from the disposals will be reflected in the consolidated annual results of the Group for the year ending 31 December 2016). The disposals will reduce the Group’s liabilities, enhance the Group’s asset structure and free up sufficient capital for new investment opportunities that may arise in the future in accordance with the Group’s strategy of re-focusing on the region and refining its portfolio.

In the first half of 2016, the Group's rental income from investment properties decreased from approximately HK\$167.8 million in the first half of 2015 to approximately HK\$151.0 million in the first half of 2016, representing a decrease of approximately 10.0%. This was mainly due to the slight decrease in the number of tenants of the on-sale Shanghai Shama Century Park in the first half of 2016. As at 30 June 2016, the overall occupancy rate of the Group's investment properties was approximately 85.4%. As at 30 June 2016, the total leasable GFA of the Group's operating investment property portfolio slightly increased from approximately 251,041 sq.m. as at 31 December 2015 to approximately 271,548 sq.m. As at 30 June 2016, taking into account the projects that are completed but yet to operate or to be developed in next one to two years, the estimated total leasable GFA of the Group's investment property portfolio will reach approximately 468,998 sq.m. Its fair value as at 30 June 2016 was approximately HK\$9.08 billion, representing approximately 24.0% of the Group's total asset value.

As at 30 June 2016, the land bank (that is, the net saleable/leasable GFA) of the Group was approximately 3,850,894 sq.m. The land bank of the Group comprises 26 projects in total, including the seven projects in aggregate to be disposed of to Sunac China and Beijing Huaxia. If these seven projects are excluded, the net saleable/leasable GFA of the remaining 19 projects is approximately 2,502,245 sq.m. In terms of land bank strategy, the Group will focus on the first- and second-tier cities in China, such as Shenzhen, Shanghai, Nanjing, Hangzhou and the core cities in Jiangxi Province such as Nanchang where working population is increasing, the transportation network is effective, the high speed rail, metro network and expressway are in operation or under construction, or economic growth potential is strong. The Group continues to maintain a prudent land bank strategy to look for land and new project acquisition opportunities. The current land bank of the Group (excluding the seven projects in aggregate to be sold to Sunac China and Beijing Huaxia) will be sufficient for its development and operation for the next five to eight years. Therefore, from 1 January 2016 to the date of this report, apart from Shanghai Puxing Project and Shanghai Grand Pujian Residence which the Group acquired in the first half of 2016 and subsequently agreed to sell to Sunac China (or its designated companies) under the Framework Agreement, the Group only agreed to acquire one redevelopment project in Dongguan (located in the surrounding area of Shenzhen) through the entering into of the cooperation agreement. The GFA of this redevelopment project is approximately 100,000 sq.m. As at 30 June 2016, the expected saleable GFA of such project was not included in the land bank of the Group as the project is applying for redevelopment. As for the overseas land bank expansion, following the Group's acquisition of a total of three parcels of land with expected GFA of approximately 130,000 square feet in Yuen Long, Hong Kong (which is currently for agricultural use and located next to Tai Tong Road and Shap Pat Heung Road) through acquisition of the entire share capital of companies last year, on 30 June 2016, the Group and an independent third party entered into a provisional sale and purchase agreement to acquire a parcel of land with an expected GFA of approximately 93,000 square feet (which is currently for agricultural use and located next to the three parcels of land held by the Group in Yuen Long, Hong Kong). The Group intends to merge these agricultural lots in the near future. Meanwhile, the Group will actively identify acquisition opportunities in the surrounding lands. The Group will pay the land premium to change the usage of the land to residential for further development.

In the first half of 2016, the Group commenced the construction on two projects with a total net saleable/leasable GFA of approximately 168,565 sq.m., representing an increase of approximately 108.4% as compared with the corresponding period in 2015. As at 30 June 2016, the Group completed one project and phase one of a project with total estimated net saleable/leasable GFA of approximately 214,006 sq.m., representing an increase of approximately 337.0% as compared with the corresponding period in 2015. As at 30 June 2016, the Group had a total of eight projects under construction with a total estimated net saleable/leasable GFA of approximately 819,686 sq.m., representing a decrease of approximately 11.8% as compared with the corresponding period in 2015.

At last, although the Group recorded a consolidated loss in the first half of 2016 as in the corresponding period in 2015, the consolidated loss in the first half of 2016 was mainly due to (i) the low gross profit margin of the properties delivered by the Group, (ii) the increase in finance costs, and (iii) the impairment losses of some of the inventories of the Group made in accordance with Hong Kong Accounting Standards (“HKAS”) in the first half of the year. Barring any unforeseen circumstances, the Group anticipated that the revenue and income to be recognised in the second half of the 2016 will very likely be more than the revenue and income for the first half of 2016 in the light of the completion of the disposals to Sunac China and Beijing Huaxia, and the delivery timetable of the existing property projects. Moreover, the Group, by virtue of its good creditworthiness, completed the issue of the first and second tranches of the three-year convertible bonds in an aggregate principal amount of US\$200 million (with 6% interest rate per annum) on 6 January and 21 March 2016, respectively. The successful issue of these bonds increased the flexibility on the Group's fund utilisation, which is able to optimise the long-term and short-term debt structure.

FUTURE OUTLOOK

In the second half of 2016: It is expected that the Central Government will moderately increase the total demand, and continue to implement a sound currency policy for suppressing the real estate market bubbles. The key mission of developers for the second half of 2016 is still inventory clearance

On 26 July 2016, the Central Political Bureau held a conference to set the direction of the macro-economic policy of the second half of 2016. At the conference, the current economic condition was analysed and the economic policy of the second half of the year was planned. The principles of “prevention of hidden problems of financial risks” and “encouraging more capital in the market to be invested in the real economy” were reaffirmed at the conference to suppress asset bubbles. In view of this, the Central Government has limited room for easing future currency policy. The steady economic growth in the second half of the year will rely on the sound financial policy. In fact, some key cities have begun to tighten their mortgage policy in the second half of this year, and hence, the key mission of developers for the second half of 2016 is still inventory clearance.

Nevertheless, the Group considered that the future real estate market in China is still vibrant with further development in the process of transforming urbanisation to metropolitanisation. The first- and second-tier cities and urban renewal still have abundant market opportunities from the increasing demand of asset allocation due to the increase of personal wealth. As such, the Group will continue to identify high-quality real estate projects or land for future development needs. Meanwhile, the Group is of the view that the shifting of the investors' preference from investment in the property market in the PRC to overseas markets arises due to asset appreciation brought by quantitative easing in the PRC, continued depreciation of Renminbi (“RMB”) against US dollars and wealth accumulation of the domestic citizens in previous years. In the light of the above changes, the Group is proactively exploring investment opportunities in those western countries and cities where PRC citizens are interested in immigrating and investing, such as Australia, the United Kingdom and the United States as well as Hong Kong, which are closely connected to the PRC, for future investments.

Profit maximisation: Further development in Shenzhen, and increase in investment in the area near Shenzhen while moderate investment in Shanghai, Nanjing, Nanchang and Hangzhou

The Group adheres to the principle of “profit maximisation” to conduct sale of its existing and potential projects based on profit maximisation for shareholders. Unless there is an issue on capital sufficiency or high inventory level, the Group will not apply price-cut strategy to its property sales. The Group's saleable resources for the second half of 2016 are RMB10.3 billion (equivalent to approximately HK\$12.9 billion) with a total saleable GFA of approximately 639,589 sq.m., of which the value of saleable resources of the newly launched projects is approximately RMB4.6 billion (equivalent to approximately HK\$5.7 billion) with a total saleable GFA of approximately 394,423 sq.m. These saleable resources, which comprise residential, serviced apartments, retail properties, offices and car park units, are expected to be launched for sale in second half of 2016. The insufficiency of saleable resources will be a great challenge to the Group in achieving its annual sales target of HK\$8.3 billion. The Group completed contracted sales and subscribed pre-sales in a total of approximately HK\$3.15 billion in the first half of 2016. Therefore, the Group will consider asset realisation by way of cooperation in projects or transfer of equity interest from time to time.

Looking forward, the Group is of the view that the real estate market in the first- and second-tier cities' in the PRC, in particular, Shenzhen (a city full of energy with a large number of urban immigrant population with financial capability) and the area near Shenzhen including Dongguan and Huizhou, Shanghai, Nanjing and the core cities in Jiangxi Province such as Nanchang, will have an increase in demand of properties and will have a positive impact on the property price in the coming years. Accordingly, the Group believed that leveraging on the Group's ongoing effort on property development in Shenzhen, its sound brand image for years, close financing relationship with financial institutions and the excellent and experienced team, the Group will increase its land reserves and redevelopment projects in Shenzhen and the area near Shenzhen in the future so as to achieve its business goal.

Gradual transformation to the “asset-light” business model, to be a “service provider engages in property + international healthcare sector”

The Group will continue to grow in line with the concept of a “service provider engages in property + international healthcare sector”. Based on the Group's deep insights into the real estate sector and the market condition as well as the Group's comprehensive analysis of its current business model, the Group presented its transformation strategy: “the Group will positively embrace financial innovation. The Group will promote the gradual transformation of its existing property development business into an “asset-light” business model and enhance its existing property development business. At the same time, the Group strives to establish itself as a leading leisure tourism operator and an international healthcare service provider.”

As for property development, in second half of 2016, the Group aims to acquire more high-quality projects in the core cities where it operates. Meanwhile, in order to achieve mid-to-long term sustainable development of the Group, the Group intends to co-operate with other third-party enterprises for resources integration (such as involvement in redevelopment projects primarily in Shenzhen through setting up project funds, proactive involvement in acquisitions of non-controlling equity interest and construction agency or joint developments of land) to increase its quality of land reserves and projects.

As for a leading leisure tourism operator and international healthcare service provider, the Group is exploring opportunities for direct investment or cooperation with tourism funds, or a full-scale cooperation with Yunnan Metropolitan Construction Investment Group Co., Ltd.* (雲南省城市建設投資集團有限公司) (“YMCI”) in respect of business transformation. The Group will proactively develop its business in the healthcare industry and is determined to achieve its business diversification strategies in the future. The Group wishes the above asset-light business model will lead to a steady growth of the Group's profit and to achieve the ultimate goal of capital appreciation in the future.

Corporate values in respect of “Duty • Simplicity • Innovation • Sharing”

The existing values of the Group are “Duty • Simplicity • Innovation • Sharing”. Duty represents parity of authority and responsibility, and to take responsibility without hesitation. Simplicity represents simple process and relationship without complication. Innovation represents innovative business and management. Sharing represents sharing of both achievement and benefits. The Group will provide training for employees to enhance their knowledge in corporate values and culture and to implement them thoroughly.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF BUSINESS FOR THE SIX MONTHS ENDED 30 JUNE 2016

(1) Contracted Sales

For the six months ended 30 June 2016, the Group recorded an aggregate of contracted sales of properties and contracted sales of car park units of approximately HK\$2,819.5 million, of which approximately HK\$2,745.6 million was from contracted sales of properties, representing a decrease of approximately 7.4% over the corresponding period of 2015. The Group's total contracted saleable GFA was approximately 123,404 sq.m., representing a decrease of approximately 4.0% from approximately 128,581 sq.m. for the six months ended 30 June 2015. The ASP of the Group's contracted sales of properties for the six months ended 30 June 2016 was approximately HK\$22,248.9 per sq.m. (for the six months ended 30 June 2015: approximately HK\$22,881.3 per sq.m.). In addition, the Group recorded contracted sales of car park units of approximately HK\$73.9 million from 392 car park units for the six months ended 30 June 2016.

A breakdown of the total contracted sales of the Group during the six months ended 30 June 2016 is set out as follows:

City	Project and Type of Project	Contracted Saleable GFA		Contracted Sales		Contracted ASP
		sq.m.	%	HK\$ million	%	HK\$/sq.m.
Shenzhen	Shenzhen Hidden Valley – residential	463	0.4	32.1	1.2	69,330.5
Shanghai	Shanghai Shama Century Park – serviced apartments	13,380	10.8	1,087.0	39.6	81,240.7
Nanchang	Nanchang Fashion Mark – residential	8,236	6.7	158.3	5.8	19,220.5
	– retail	4,502	3.6	115.7	4.2	25,699.7
	– office	15,021	12.2	171.5	6.2	11,417.3
Sub-total		27,759	22.5	445.5	16.2	16,048.8
Nanjing	The Sunny Land – Nanjing – residential	13,834	11.2	278.1	10.1	20,102.6
	– retail	1,894	1.5	51.0	1.9	26,927.1
Sub-total		15,728	12.7	329.1	12.0	20,924.5

City	Project and Type of Project	Contracted Saleable GFA		Contracted Sales		Contracted ASP HK\$/sq.m.
		sq.m.	%	HK\$ million	%	
Nanjing	Nanjing Fashion Mark					
	– residential	1,938	1.6	35.1	1.3	18,111.5
	– retail	3,673	3.0	128.3	4.7	34,930.6
Sub-total		5,611	4.6	163.4	6.0	29,121.4
Sanhe	Beijing Top Spring Shunze Flower Garden					
	– residential	12,137	9.7	208.6	7.6	17,187.1
Hangzhou	The Spring Land – Hangzhou					
	– retail	827	0.7	23.0	0.8	27,811.4
Hangzhou	Hangzhou Hidden Valley					
	– residential	2,335	1.9	42.3	1.5	18,115.6
Huizhou	Huizhou Hidden Bay					
	– residential	20,946	17.0	236.7	8.6	11,300.5
Changzhou	Changzhou Fashion Mark					
	– residential	121	0.1	0.6	0.0	4,958.7
Changzhou	Changzhou Le Leman City					
	– residential	20,610	16.7	142.3	5.2	6,904.4
	– retail	731	0.6	10.5	0.4	14,363.9
Sub-total		21,341	17.3	152.8	5.6	7,159.9
Tianjin	Tianjin Le Leman City					
	– residential	2,688	2.2	23.8	0.9	8,854.2
	– retail	68	0.1	0.7	0.0	10,294.1
Sub-total		2,756	2.3	24.5	0.9	8,889.7
Total		123,404	100.0	2,745.6	100.0	22,248.9

City	Project	Number of Contracted Sales of Car Park Units		Contracted Sales		Contracted ASP HK\$/unit
		unit	%	HK\$ million	%	
Shanghai	Shanghai Shama Century Park	42	10.7	13.9	18.8	330,952.4
Nanchang	Nanchang Fashion Mark	161	41.0	31.1	42.1	193,167.7
Nanjing	The Spring Land – Nanjing	16	4.1	4.9	6.6	306,250.0
Hangzhou	The Spring Land – Hangzhou	85	21.7	19.2	26.0	225,882.4
Changzhou	Changzhou Le Leman City	88	22.5	4.8	6.5	54,545.5
		392	100.0	73.9	100.0	188,520.4

(2) Projects Completed, Delivered and Booked for the Six Months Ended 30 June 2016

For the six months ended 30 June 2016, the Group's property development business in Shenzhen, Nanchang, Nanjing, Hangzhou, Huizhou and Changzhou achieved revenue from sale of properties (excluding sale of car park units) of approximately HK\$3,202.0 million with saleable GFA of approximately 192,555 sq.m. being recognised, representing an increase of approximately 80.7% and 30.6%, respectively, over the corresponding period of 2015. The recognised ASP of the Group's sale of properties was approximately HK\$16,629.0 per sq.m. for the six months ended 30 June 2016 (for the six months ended 30 June 2015: approximately HK\$12,012.9 per sq.m.). The approximately 38.4% increase in recognised ASP was due to the decrease in proportion of recognised sales of the Group's lower ASP properties in Huizhou and Changzhou (for the six months ended 30 June 2016: approximately 7.2% versus for the six months ended 30 June 2015: approximately 61.3%) to the Group's total revenue from sale of properties recognised after deduction of sales return.

For the six months ended 30 June 2016, the Group delivered and recognised sale of car park units, after deduction of sales return, of approximately HK\$36.4 million from the sale of 236 car park units.

Details of the projects completed and sale of properties of the Group recognised for the six months ended 30 June 2016 are listed below:

City	Project and Type of Project	Saleable GFA of Properties Completed sq.m.	Saleable GFA Booked sq.m.	Sale of Properties Recognised HK\$ million	Recognised ASP HK\$/sq.m.
Shenzhen	Shenzhen Hidden Valley – residential	–	463	30.2	65,226.8
Nanchang	Nanchang Fashion Mark – residential	–	12,670	225.5	17,797.9
Nanjing	The Spring Land – Nanjing – residential	–	216	6.6	30,555.6
	– retail	–	86	5.0	58,139.5
Sub-total		–	302	11.6	38,410.6
Nanjing	The Sunny Land – Nanjing – residential	149,067	142,581	2,350.0	16,481.9
	– retail	8,398	4,464	122.3	27,397.0
Sub-total		157,465	147,045	2,472.3	16,813.2
Hangzhou	Hangzhou Hidden Valley – residential	–	2,869	60.9	21,226.9
Hangzhou	The Spring Land – Hangzhou – residential	–	1,416	35.2	24,858.8
	– retail	–	4,989	135.4	27,139.7
		–	6,405	170.6	26,635.4
Huizhou	Huizhou Hidden Bay – residential	56,541	18,341	186.1	10,146.7
Changzhou	Changzhou Fashion Mark – residential	–	207	3.4	16,425.1
Changzhou	Changzhou Le Leman City – residential	–	2,805	20.0	7,130.1
	– retail	–	1,448	21.4	14,779.0
Sub-total		–	4,253	41.4	9,734.3
Total		214,006	192,555	3,202.0	16,629.0

City	Project	Number of Car Park Units Booked unit	Sale of Car Park Units Recognised HK\$ million	Recognised ASP HK\$/unit
Nanjing	The Spring Land – Nanjing	16	4.6	287,500.0
Hangzhou	The Spring Land – Hangzhou	128	27.1	211,718.8
Changzhou	Changzhou Le Leman City	92	4.7	51,087.0
Total		236	36.4	154,237.3

(3) Investment Properties (inclusive of investment properties and assets of disposal group classified as held for sale)

In addition to the sale of properties developed by the Group, the Group has also leased out or expects to lease out its 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, Shanghai Shama Century Park and Shanghai Grand Pujian Residence in the PRC. As at 30 June 2016, the total fair value of the investment properties of the Group was approximately HK\$9,075.4 million, representing approximately 24.0% of the Group's total asset value. The Group's investment property portfolio had a total leasable GFA of approximately 468,998 sq.m. of which investment properties under operation with a leasable GFA of approximately 271,548 sq.m. had a fair value of approximately HK\$7,872.6 million. A supermarket at Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk which was completed but yet to operate as at 30 June 2016, had leasable GFA of approximately 21,450 sq.m. and fair value of approximately HK\$185.9 million. The investment property comprising a shopping mall, retail shops and serviced apartments of Nanchang Fashion Mark which was under development as at 30 June 2016, had leasable GFA of approximately 176,000 sq.m. and a fair value of approximately HK\$1,016.9 million. The Group recorded approximately HK\$189.3 million (net of deferred tax) (for the six months ended 30 June 2015: approximately HK\$156.5 million) as gain in fair value of its investment properties for the six months ended 30 June 2016.

The Group carefully plans and selects tenants based on factors such as the project's overall positioning, market demand in surrounding areas, market rent and development needs of tenants. The Group attracts large-scale anchor tenants which assist in enhancing the value of its projects. The Group enters into longer-term and more favourable lease contracts with such anchor and reputable tenants which include well-known brands, chain cinema operators, reputable restaurants and top operators of catering businesses. As at 30 June 2016, the GFA taken up by these anchor and reputable tenants, whose leased GFA was over 10.0% of the total leasable GFA of a single investment property, made up approximately 36.2% (as at 31 December 2015: approximately 35.8%) of the Group's total leasable GFA in its investment properties under operation.

Despite the fact that the rental income decreased from approximately HK\$167.8 million for the six months ended 30 June 2015 to approximately HK\$151.0 million for the six months ended 30 June 2016 mainly due to the sale of Shanghai Shama Century Park resulting in a reduction in the Group's leasable GFA, the average monthly rental income for the six months ended 30 June 2016 and the occupancy rate as at 30 June 2016 of the Group's investment properties under operation both recorded increase to approximately HK\$120.0 per sq.m. (for the six months ended 30 June 2015: approximately HK\$117.4 per sq.m.) and approximately 85.4% (as at 31 December 2015: approximately 81.9%), respectively, as a result of the acquisition of Shanghai Grand Pujian Residence in March 2016.

The Group's investment property under development as at 30 June 2016, Nanchang Fashion Mark, is expected to complete construction and shall commence operation in 2018.

Details of the Group's investment properties as at 30 June 2016 and the Group's rental income for the six months ended 30 June 2016 are set out as follows:

Investment Properties (inclusive of investment properties and assets of disposal group classified as held for sale)	Leasable GFA as at 30 June 2016	Fair Value as at 30 June 2016	Rental Income for the six months ended 30 June 2016	Average Monthly Rental Income per sq.m. for the six months ended 30 June 2016	Occupancy Rate as at 30 June 2016
	(Note 6) sq.m.	HK\$ million	HK\$ million	HK\$/sq.m.	%
Investment properties under operation					
Changzhou Fashion Mark Phases 1 and 2 (Shopping mall and car park units)	77,581	1,475.2	29.9	67.0	95.8
Dongguan Landmark (Shopping mall and car park units)	20,172	529.5	18.0	151.0	98.5
Hangzhou Landmark (Shopping mall)	24,667	384.6	17.0	116.1	98.9
Shenzhen Water Flower Garden (Retail assets)	4,992	250.1	11.4	380.6	100.0
The Spring Land – Shenzhen Phase 1 – Fashion Walk (Retail assets) (Note 1)	3,356	183.5	6.8	343.5	98.3
The Spring Land – Shenzhen Phase 3 – Fashion Walk (Retail assets and car park units)	22,393	648.7	11.9	89.5	99.0
The Spring Land – Shenzhen Phase 5 – Fashion Walk (Retail assets)	3,521	195.2	6.7	349.7	89.3
The Spring Land – Shenzhen Phase 6A – Fashion Walk (Retail assets)	1,291	66.6	3.5	451.8	100.0
The Spring Land – Shenzhen Phase 6B – Fashion Walk (Retail assets)	2,893	147.3	2.4	141.7	97.5
Changzhou Le Leman City Phase 11 (Retail asset) (Note 2)	16,858	133.3	0.5	10.6	37.2
Chengdu Fashion Mark (Shopping mall and car park units)	38,285	778.5	8.2	196.6	18.2
Shanghai Shama Century Park (Serviced apartments and car park units) (Note 3)	29,578	2,125.1	25.5	265.2	54.2
Shanghai Grand Pujian Residence (Serviced apartments, office units, retail units, and car park units) (Note 4)	25,961	955.0	9.2	127.1	92.9
Sub-total	271,548	7,872.6	151.0	120.0	85.4

	Leasable GFA as at 30 June 2016 (Note 6) sq.m.	Fair Value as at 30 June 2016 HK\$ million	Rental Income for the six months ended 30 June 2016 HK\$ million	Average Monthly Rental Income per sq.m. for the six months ended 30 June 2016 HK\$/sq.m.	Occupancy Rate as at 30 June 2016 %
Investment Properties (inclusive of investment properties and assets of disposal group classified as held for sale)					

Investment property completed but yet to operate

Changzhou Le Leman City Phase 9 (2-B)
– Fashion Walk (Retail asset)

	21,450	185.9	–
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Investment property under development

Nanchang Fashion Mark (Shopping mall, retail
shops and serviced apartments) (Note 5)

	176,000	1,016.9	–
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Total	468,998	9,075.4	151.0
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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 asset represents a habilitation and recreation centre of Changzhou Le Leman City Phase 11 for leasing purpose.

Note 3: As at 30 June 2016, leasable GFA of approximately 38,673 sq.m. of Shanghai Shama Century Park was sold and approximately 19,779 sq.m. was delivered (for the six months ended 30 June 2016: approximately 4,597 sq.m. was delivered).

Note 4: Shanghai Grand Pujian Residence was completed in 1998 for residential, commercial and office uses and is currently operated mainly as serviced apartments for leasing. The property comprises a total of 120 residential units, four rental units, four office units, and 43 car park units. As Shanghai Grand Pujian Residence was acquired by the Group on 30 March 2016, the rental income of approximately HK\$9.2 million, represented rental income for a period of 92 days, was recorded by the Group for the six months ended 30 June 2016.

Note 5: The land use rights certificates of the investment property of Nanchang Fashion Mark were obtained in June 2013. The investment property is expected to complete construction and shall commence operation in 2018. This investment property is 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 6: The leasable GFA as at 30 June 2016 excluded car park units.

(4) Land Bank as at 30 June 2016



The Group is specialised 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 2016, the Group had a total of 26 projects over 12 cities in various stages of development, including an estimated net saleable/leasable GFA of completed projects of approximately 562,360 sq.m., an estimated net saleable/leasable GFA of projects under development of approximately 819,686 sq.m., an estimated net saleable/leasable GFA of projects held for future development of approximately 1,116,362 sq.m. and an estimated net saleable/leasable GFA of projects contracted to be acquired or under application for change in land use of approximately 1,352,486 sq.m., totalling an estimated net saleable/leasable GFA of approximately 3,850,894 sq.m.

Excluding Shanghai Shama Century Park and Shanghai Grand Pujian Residence (both are operational serviced apartment projects), Shenzhen Fashion Mark, Shenzhen Buji Market Project, Shenzhen Smart Venture Valley and Shenzhen Junan Project (all are redevelopment projects) and Hong Kong Yuen Long Project (agricultural lots), the remaining estimated land bank of the Group of approximately 2,208,713 sq.m. had an average land cost of approximately RMB2,754.7 per sq.m. (equivalent to approximately HK\$3,220.0 per sq.m.) as at 30 June 2016.

Project no.	City	Project	Type of Property/ Land Use	Estimated Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley	Residential	4,513	100
2	Shenzhen	The Spring Land – Shenzhen	Residential/ Commercial	33,592	100
3	Shenzhen	Shenzhen Water Flower Garden	Commercial	4,992	100
4	Changzhou	Changzhou Fashion Mark	Residential/ Commercial	84,725	100
5	Changzhou	Changzhou Le Leman City	Residential/ Commercial	92,915	100
6	Dongguan	Dongguan Landmark	Commercial	20,172	100
7	Hangzhou	Hangzhou Landmark	Commercial	26,264	100
8	Hangzhou	Hangzhou Hidden Valley	Residential	27,704	100
9	Chengdu	Chengdu Fashion Mark	Commercial	38,285	100
10	Shanghai	Shanghai Shama Century Park	Serviced apartments	29,578	70
11	Shanghai	Shanghai Grand Pujian Residence	Serviced apartments/ Commercial/Office	25,961	100
12	Tianjin	Tianjin Le Leman City	Residential/ Commercial	15,281	58
13	Huizhou	Huizhou Hidden Bay	Residential/ Commercial	88,173	100
14	Nanchang	Nanchang Fashion Mark	Residential/ Commercial	30,722	70
15	Nanjing	The Spring Land – Nanjing	Residential/ Commercial	717	100
16	Nanjing	The Sunny Land – Nanjing	Residential/ Commercial	10,420	100
17	Hangzhou	The Spring Land – Hangzhou	Residential/ Commercial/Office	28,346	100
Sub-total				562,360	

Project no.	City	Project	Type of Property/ Land Use	Estimated Net Saleable/ Leasable GFA <i>sq.m.</i>	Interest Attributable to the Group %
Projects Under Development					
5	Changzhou	Changzhou Le Leman City	Residential	54,583	100
12	Tianjin	Tianjin Le Leman City	Commercial	33,839	58
14	Nanchang	Nanchang Fashion Mark	Residential/ Commercial	121,458	70
18	Nanjing	Nanjing Fashion Mark	Residential/ Commercial	42,895	100
19	Sanhe	Beijing Top Spring Shunze Flower Garden	Residential/ Commercial	321,751	51
20	Shanghai	Shanghai Puxing Project	Residential/ Commercial	57,353	85
21	Shenzhen	Shenzhen Smart Venture Valley	Industrial/ Commercial	104,507	100
22	Shenzhen	Shenzhen Junan Project	Industrial	83,300	40
Sub-total				819,686	
Projects Held For Future Development					
5	Changzhou	Changzhou Le Leman City	Residential/ Commercial	60,934	100
8	Hangzhou	Hangzhou Hidden Valley	Residential	278,903	100
12	Tianjin	Tianjin Le Leman City	Commercial	51,115	58
13	Huizhou	Huizhou Hidden Bay	Residential	318,102	100
14	Nanchang	Nanchang Fashion Mark	Commercial/Office	345,959	70
23	Shenzhen	Shenzhen Blue Bay	Residential	15,000	92
24	Shenzhen	Shenzhen Buji Market Project	Commercial	46,349	55
Sub-total				1,116,362	

Project no.	City	Project	Type of Property/ Land Use	Estimated Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Projects Contracted To Be Acquired or Under Application For Change in Land Use					
24	Shenzhen	Shenzhen Buji Market Project	Commercial	202,828	55
25	Shenzhen	Shenzhen Fashion Mark	Residential/ Commercial/Office	1,139,280	100
26	Hong Kong	Hong Kong Yuen Long Project	Agricultural	10,378	100
Subtotal				1,352,486	
Total				3,850,894	

Details of land bank in major cities are set out below:

Region	Estimated Net Saleable/ Leasable GFA sq.m.	Average land cost ⁽¹⁾ HK\$/sq.m.
Shenzhen and surrounding regions (including Dongguan and Huizhou)	2,060,808	1,187.0
Shanghai	112,892	18,049.2
Nanchang	498,139	2,845.8
Nanjing	54,032	7,295.1
Sanhe	321,751	2,603.8
Hangzhou	361,217	6,936.6
Changzhou	293,157	686.4
Tianjin	100,235	812.3
Chengdu	38,285	1,667.4
Hong Kong	10,378	N/A ⁽²⁾
Total	3,850,894	3,220.0⁽¹⁾

Notes:

- (1) The average land cost excludes Shanghai Shama Century Park, Shanghai Grand Pujian Residence, Shenzhen Fashion Mark, Shenzhen Buji Market Project, Shenzhen Smart Venture Valley, Shenzhen Junan Project and Hong Kong Yuen Long Project and is based on the remaining estimated land bank of the Group of approximately 2,208,713 sq.m.
- (2) N/A means not applicable.

Details of the new projects acquired and interest agreed to be disposed of in existing projects from 1 January 2016 to the date of this report are set out below:

New projects acquired from 1 January 2016 to the date of this report

New projects acquired:

City, Country	Project	Total Consideration	Estimated Net Saleable/ Leasable GFA	Estimated Number of Car Park Units	Interest Attributable to the Group
Shanghai, PRC	Shanghai Puxing Project ⁽¹⁾	RMB752,751,900.76	57,353 sq.m.	315	85
Shanghai, PRC	Shanghai Grand Pujian Residence ⁽²⁾	US\$88,086,976.14	25,961 sq.m.	43	100

Notes:

- (1) On 4 March 2016, the Group entered into a sale and purchase agreement pursuant to which the Group agreed to purchase 85% of the equity interest in Shanghai Huan Jian Investment Co., Ltd.* (上海環建投資有限公司) from an independent third party and 0.85% of the equity interest in Shanghai Huantang Cultural Communication Co., Ltd.* (上海環唐文化傳播有限公司) from another independent third party which owns Shanghai Puxing Project, at a total consideration of RMB752,751,900.76 (equivalent to approximately HK\$893,591,781.39). The completion of the transaction took place on 16 March 2016. For details, please refer to the Company's announcement dated 7 March 2016.
- (2) On 15 March 2016, the Group entered into a share purchase agreement with an independent third party, pursuant to which the Group agreed to purchase the entire issued share capital of Unique Prosper International Limited (宇興國際有限公司) ("Unique Prosper") which indirectly owns Shanghai Grand Pujian Residence, and assume the shareholder loan owed by Unique Prosper, respectively. The aggregate value of the consideration is US\$88,086,976.14 (equivalent to approximately HK\$683,554,935) which comprises (i) the share consideration in the amount of US\$33,036,976.14 (equivalent to approximately HK\$256,366,935) which is inclusive of the working capital in the amount of US\$825,465.37 (equivalent to approximately HK\$6,405,611); and (ii) the shareholder loan consideration in the amount of US\$55,050,000 (equivalent to approximately HK\$427,188,000). The completion of the transaction took place on 30 March 2016. For details, please refer to the Company's announcement dated 15 March 2016.

The Group intends to continue to leverage its experience in identifying land with investment potential at advantageous times and acquiring land reserves which are or will be well connected with transportation and infrastructure developments. Moreover, the Group intends to continue to acquire new land or project in locations with vibrant economies and strong growth potential, in particular, Shenzhen, Shanghai, Nanjing, Hangzhou and Nanchang of the PRC.

Land reserves agreed to be disposed of:

On 12 January 2016, the Group entered into a supplemental cooperation agreement with the People's Government of Jinghai District, Tianjin Municipal ("**Jinghai Government**"), pursuant to which the Group shall surrender three parcels of land of the Group's Tianjin Le Leman City (the "**Land**") to Jinghai Government and Jinghai Government shall compensate the Group for an aggregate compensation amount of RMB316,047,700 (equivalent to approximately HK\$376,096,763) for the surrender of the Land in accordance with the land surrender agreements entered into between the Group, the Bureau of Land Resources of Jinghai District, and Tianjin Jinghai District Land Centre. As at 12 January 2016, the total site area of the Land was approximately 369,057 sq.m. For details, please refer to the Company's announcement dated 12 January 2016.

Projects agreed to be disposed of:

- (1) On 19 May 2016, the Company entered into the Framework Agreement (as supplemented by a supplemental framework agreement and a second supplemental framework agreement both dated 22 July 2016) with Sunac China, pursuant to which (i) the Company (or its designated companies) conditionally agreed to sell, and Sunac China (or its designated companies) conditionally agreed to purchase, the entire equity interest in each of Shanghai Huan Jian Investment Co., Ltd.* (上海環建投資有限公司), Shanghai Li Te Man Real Estate Co., Ltd.* (上海利特曼置業有限公司), Nanjing Top Spring Metropolitan Property Development Co., Ltd.* (南京萊蒙都會房地產開發有限公司), Shenzhen Panye Technology Development Co., Ltd.* (深圳市磐業科技開發有限公司), Hui Dong Lai Yang Tian Property Co., Ltd.* (惠東縣萊洋天置業有限公司), Hui Dong Lai Hai Tian Property Co., Ltd.* (惠東縣萊海天置業有限公司) and Top Spring Zhiye (Fuyang) Co., Ltd.* (萊蒙置業(富陽)有限公司) (collectively, the "**Target Companies**") and the equity interest in Jun Hong Da Information Consultancy (Shenzhen) Co. Ltd.* (俊鴻達信息諮詢(深圳)有限公司) ("**Jun Hong Da**"); and (ii) Sunac China (or its designated companies) shall settle the respective intercompany loans of the Target Companies and Jun Hong Da and their respective subsidiaries. Subsequent to the entering into of the Framework Agreement, Beijing Huaxia exercised its pre-emptive rights over the 51% equity interest in Sanhe Xue Zhe Zhi Jia Investment Co. Ltd.* (三河市學者之家投資有限公司) ("**Sanhe Xue Zhe Zhi Jia**") by acquiring the entire equity interest in Shenzhen Sheng Shuo Investment Management Co., Ltd.* (深圳市盛碩投資管理有限公司) ("**Shenzhen Sheng Shuo**") and hence, the transfer of the entire equity interest in Jun Hong Da from the Company to Sunac China would not proceed. Based on the second supplemental framework agreement dated 22 July 2016, the aggregate value of the consideration and the intercompany loans shall be RMB4,225,230,000 (equivalent to approximately HK\$5,028,023,700). Out of the aggregate value of the consideration together with the intercompany loans, (i) RMB137,250,000 (equivalent to approximately HK\$163,327,500) will be payable to an independent third party which holds 15% of the equity interest in Shanghai Huan Jian Investment Co., Ltd.* (上海環建投資有限公司); and (ii) RMB4,087,980,000 (equivalent to approximately HK\$4,864,696,200) will be payable to the Group. The Target Companies, directly or indirectly, own six property projects of the Group. For details, please refer to the Company's announcement, further announcement and circular dated 19 May 2016, 25 July 2016 and 26 July 2016, respectively.
- (2) On 8 July 2016, the Group entered into a share transfer agreement with Beijing Huaxia, pursuant to which the Group agreed to sell, and Beijing Huaxia agreed to purchase, the entire equity interest in Shenzhen Sheng Shuo at a consideration of RMB445,770,000 (equivalent to approximately HK\$530,466,300). As at the date of the share transfer agreement, Shenzhen Sheng Shuo held 51% of the equity interest in Sanhe Xue Zhe Zhi Jia. Sanhe Xue Zhe Zhi Jia holds the entire equity interest in each of Sanhe Shunze Property Services Co., Ltd.* (三河市順澤物業服務有限公司) and Sanhe Shunze Property Development Co., Ltd.* (三河市順澤房地產開發有限公司). Sanhe Shunze Property Development Co., Ltd.* (三河市順澤房地產開發有限公司) is the owner of Beijing Top Spring Shunze Flower Garden. The completion took place on 19 August 2016. For details, please refer to the Company's announcement dated 8 July 2016.

(5) Projects with Commencement of Construction in the First Half of 2016

In the first half of 2016, the Group commenced construction on two projects with a total estimated net saleable/leasable GFA of approximately 168,565 sq.m.

Details of the projects with commencement of construction in the first half of 2016 are set out below:

City	Project	Estimated Net Saleable/ Leasable GFA sq.m.
Shanghai	Shanghai Puxing Project	57,353
Sanhe	Beijing Top Spring Shunze Flower Garden – partial	111,212
		<hr/>
Total		168,565

(6) Project with Expected Commencement of Construction in the Second Half of 2016

In the second half of 2016, the Group intends to commence construction on one project with a total estimated net saleable/leasable GFA of approximately 124,936 sq.m.

Details of the project with expected commencement of construction in the second half of 2016 are set out below:

City	Project	Estimated Net Saleable/ Leasable GFA sq.m.
Nanchang	Nanchang Fashion Mark – partial	124,936
		<hr/>

(7) Projects with Expected Completion of Construction in the Second Half of 2016

The Group intends to complete the construction on three projects with a total estimated net saleable/leasable GFA of approximately 193,642 sq.m. in the second half of 2016.

Details of the projects with expected completion of construction in the second half of 2016 are set out below:

City	Project	Estimated Net Saleable/Leasable GFA sq.m.
Nanchang	Nanchang Fashion Mark – partial	114,945
Changzhou	Changzhou Le Leman City – partial	52,276
Tianjin	Tianjin Le Leman City – partial	26,421
Total		193,642

FINANCIAL REVIEW

For the six months ended 30 June 2016, the Group's total revenue and income from sale of properties were approximately HK\$3,494.0 million and HK\$3,238.4 million, increased by approximately 69.7% and 79.8%, respectively, as compared with the corresponding period of 2015. The Group recorded a loss attributable to equity shareholders of the Company of approximately HK\$47.8 million as compared with approximately HK\$48.8 million recorded in the corresponding period of 2015. For the six months ended 30 June 2016, the Group had a basic loss per ordinary share ("Share") of HK\$0.03, which was the same in the corresponding period of 2015. Net assets per Share attributable to equity shareholders of the Company and holders of the bonus perpetual subordinated convertible securities ("PCs") were approximately HK\$4.0 as at 30 June 2016 and approximately HK\$4.4 as at 31 December 2015.

Revenue

Revenue 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.

The Group's revenue increased by approximately 69.7% to approximately HK\$3,494.0 million for the six months ended 30 June 2016 from approximately HK\$2,058.5 million for the six months ended 30 June 2015. This increase was primarily due to an increase in the Group's income from sale of properties. The Group recognised property sales of approximately HK\$3,238.4 million, representing approximately 92.7% of the revenue for the six months ended 30 June 2016. The remaining approximately 7.3% represented rental income, income from hotel operations, and property management and related services income.

Revenue from the Group's sale of properties increased by approximately 79.8% for the six months ended 30 June 2016 as compared with the corresponding period of 2015 primarily due to an increase in the Group's total saleable GFA sold and delivered (excluding sale of car park units), after deduction of sales return, from approximately 147,491 sq.m. in the first half of 2015 to approximately 192,555 sq.m. in the first half of 2016. The Group's rental income decreased primarily due to the sale and delivery of Shanghai Shama Century Park, which consequently reduced the rental income of the Group's investment properties under operation for the six months ended 30 June 2016. Income from the Group's hotel operations remained stable as compared with the corresponding period of 2015. As a result of an increase in the GFA of the properties managed by the Group, the income from the property management and related services increased.

Direct costs

The principal 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. The Group recognises the cost of completed properties sold for a given period to the extent that revenue from such properties has been recognised in that period.

The Group's direct costs increased to approximately HK\$3,119.2 million for the six months ended 30 June 2016 from approximately HK\$1,635.5 million for the six months ended 30 June 2015. Such increase was primarily attributable to the increase in the saleable GFA and the related construction costs of the Group's properties completed and delivered for the six months ended 30 June 2016.

Gross profit

The Group's gross profit decreased by approximately 11.4% to approximately HK\$374.9 million for the six months ended 30 June 2016 from approximately HK\$423.0 million for the six months ended 30 June 2015. The Group reported a gross profit margin of approximately 10.7% for the six months ended 30 June 2016 as compared with approximately 20.6% for the six months ended 30 June 2015. The decrease in gross profit margin was primarily driven by a higher proportion of properties sold and delivered from The Sunny Land – Nanjing, which contributed approximately 77.2% of the Group's total revenue from sale of properties, however, offered relatively lower gross profit margin for the six months ended 30 June 2016.

Other revenue

Other revenue increased by approximately HK\$13.1 million, or approximately 13.3%, to approximately HK\$111.3 million for the six months ended 30 June 2016 from approximately HK\$98.2 million for the six months ended 30 June 2015. The increase was primarily attributable to the increase in construction management service income of approximately HK\$12.5 million in the first half of 2016 as compared with the corresponding period of 2015.

Other net income/(loss)

Other net loss of approximately HK\$7.9 million for the six months ended 30 June 2015 changed to an other net income of approximately HK\$153.6 million for the six months ended 30 June 2016. The change was primarily attributable to the recognition of the fair value change on conversion option embedded in convertible bonds of approximately HK\$159.7 million for the six months ended 30 June 2016.

Selling and marketing expenses

Selling and marketing expenses increased by approximately 24.0% to approximately HK\$115.0 million for the six months ended 30 June 2016 from approximately HK\$92.7 million for the six months ended 30 June 2015, mainly due to the increase in commission paid of approximately HK\$17.0 million. The selling and marketing expenses accounted for approximately 4.1% of contracted sales for the six months ended 30 June 2016 (for the six months ended 30 June 2015: approximately 3.0%).

Administrative expenses

Administrative expenses increased by approximately 27.7% to approximately HK\$309.2 million for the six months ended 30 June 2016 from approximately HK\$242.1 million for the six months ended 30 June 2015. The increase was mainly due to the increase in recognition of other taxes arising from delivering the investment properties classified as held for sale of approximately HK\$45.0 million for the six months ended 30 June 2016.

Valuation gains on investment properties and investment properties classified as held for sale

Valuation gains on investment properties and investment properties classified as held for sale increased by approximately 30.7% to approximately HK\$332.4 million for the six months ended 30 June 2016 from approximately HK\$254.3 million for the six months ended 30 June 2015. During the six months ended 30 June 2016, the Group's valuation gains was contributed by the sale of Shanghai Shama Century Park, which is an operational serviced apartment project with a fair value of approximately HK\$2,125.1 million as at 30 June 2016, representing an increase of approximately HK\$289.7 million as driven by the high contracted ASP achieved, which was one of the key factors adopted in the valuation of Shanghai Shama Century Park as at 30 June 2016.

Finance costs

Finance costs increased by approximately 27.3% to approximately HK\$338.2 million for the six months ended 30 June 2016 from approximately HK\$265.6 million for the corresponding period of 2015. The increase was primarily attributable to the significant decrease in the percentage of interest expenses being qualified for capitalisation from approximately 49.1% for the six months ended 30 June 2015 to approximately 27.9% for the six months ended 30 June 2016.

Income tax

Income tax expenses increased by approximately 55.6% to approximately HK\$233.5 million for the six months ended 30 June 2016 from approximately HK\$150.0 million for the six months ended 30 June 2015. The increase was mainly attributable to (i) the increase in deferred tax arising from temporary differences on land appreciation tax ("LAT") provision and revaluation surplus of investment properties and investment properties classified as held for sale of approximately HK\$117.5 million; (ii) the increase in withholding tax of approximately HK\$22.0 million due to the sale of Shanghai Shama Century Park recognised for the six months ended 30 June 2016; (iii) no reversal of deferred tax liabilities of approximately HK\$110.9 million for the six months ended 30 June 2016 as compared with the corresponding period of 2015; and (iv) set off by the reversal of provision for LAT of HK\$164.0 million made in previous years.

Non-controlling interests

The profit attributable to non-controlling interests was approximately HK\$26.0 million for the six months ended 30 June 2016 as compared with approximately HK\$41.9 million in the corresponding period of 2015. The decrease was primarily due to the decreased profit of a non-wholly owned subsidiary (which holds Shanghai Shama Century Park) shared by the non-controlling interests from approximately HK\$65.2 million for the six months ended 30 June 2015 to approximately HK\$27.8 million for the six months ended 30 June 2016.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2016, the carrying amount of cash and bank deposits (including restricted and pledged deposits) of the Group (including the disposal group) was approximately HK\$7,496.0 million (as at 31 December 2015: approximately HK\$5,649.7 million), representing an increase of approximately 32.7% as compared with that as at 31 December 2015.

Borrowings and charges on the Group's assets

The Group (including the disposal group) had an aggregate borrowings (including bank and other borrowings, bond payable, note payable, convertible bonds and amounts due to non-controlling shareholders) as at 30 June 2016 of approximately HK\$12,336.7 million, of which approximately HK\$5,369.2 million is repayable within one year, approximately HK\$6,476.0 million is repayable after one year but within five years and approximately HK\$491.5 million is repayable after five years. As at 30 June 2016, the Group's bank loans of approximately HK\$7,749.3 million (as at 31 December 2015: approximately HK\$7,620.4 million), bond payable and note payable were secured by certain investment properties (inclusive of investment properties classified as held for sale), hotel properties, other land and buildings, leasehold land held for development for sale, properties under development for sale, completed properties for sale, pledged deposits and rental receivables of the Group with total carrying values of approximately HK\$17,218.3 million (as at 31 December 2015: approximately HK\$18,145.5 million). As at 30 June 2016, the Group's note payable was secured by the Group's certain properties under development for sale. Furthermore, as at 30 June 2016, the Group's interest in a joint venture with a carrying amount of approximately HK\$43.0 million was pledged as a security for a bank loan granted to the joint venture. In addition, as at 30 June 2016, the entire equity interest in certain Target Companies were pledged by the Group to Sunac China (or its designated companies) pursuant to a master charge agreement and certain charge agreements. The carrying amounts of all the Group's bank and other borrowings and note payable were denominated in RMB except for certain loan balances with an aggregate amount of approximately HK\$2,162.9 million (as at 31 December 2015: approximately HK\$2,254.5 million) and approximately HK\$1,686.1 million as at 30 June 2016 (as at 31 December 2015: approximately HK\$932.1 million) which were denominated in Hong Kong dollars and US dollars respectively.

RMB990,000,000 unlisted note due 2018 (the "Note")

The Note is in the principal amount of RMB990,000,000 (equivalent to approximately HK\$1,247,400,000) and bears interest from and including 15 June 2015, being the date of issue of the Note, at the rate of 10.595% per annum, payable quarterly in arrears, up to the date of redemption of the Note. For details, please refer to the Company's announcement dated 29 May 2015.

US\$200 million convertible bonds due 2019 (the "Bonds")

On 28 December 2015, the Company entered into the subscription agreements (the "**Subscription Agreements**") with Lord Business Holding IV Limited, Great Wall Pan Asia International Investment Co., Limited, China Orient Enhanced Income Fund and Caiyun International Investment Limited (彩雲國際投資有限公司) (collectively referred to as "**Investors**") pursuant to which, on the terms and subject to the conditions of the Subscription Agreements, the Company has agreed to issue, and the Investors have agreed to subscribe and pay for the Bonds in the aggregate principal amount of US\$200 million with the maturity date of the Bonds on 6 January 2019. For details, please refer to the Company's announcement dated 29 December 2015.

The Bonds in the aggregate principal amount of US\$100 million each were issued to the respective Investors on 6 January 2016 and 21 March 2016, respectively. For details, please refer to the Company's announcements dated 6 January 2016 and 21 March 2016, respectively. The Bonds bear interest at the rate of 6.00% per annum payable semi-annually in arrear on 6 January and 6 July in each year. The liability component of the Bonds is stated at amortised cost and the conversion option is stated at fair value after initial recognition.

The aggregate net proceeds of the Bonds amounted to approximately HK\$1,526.8 million (after deducting fees and expenses). During the six months ended 30 June 2016, such net proceeds were applied in the manner consistent with that set out in the Company's circular dated 26 February 2016 as follow:

- approximately 7.0%, or HK\$107.7 million, of the net proceeds were used for general corporate purposes, including administrative and operation expenses, such as salaries and professional fees, and other office expenses;
- approximately 61.4%, or HK\$937.5 million, of the net proceeds were used for debt refinancing, including repaying the Group's borrowings with interest rates ranging from 6.9% to 9.0% per annum; and
- approximately 31.6%, or HK\$482.3 million, of the net proceeds were used for business development, including financing part of the purchase price for Shanghai Grand Pujian Residence from an independent third party.

As at 30 June 2016, the Group recognised derivative financial instruments relating to the conversion option and liability component of the Bonds of approximately HK\$145.2 million and approximately HK\$1,293.5 million, respectively.

As at 30 June 2016, the Group had bank borrowings of approximately HK\$1,910.5 million, other borrowings of approximately HK\$1,324.9 million and the note payable of approximately HK\$1,145.8 million which bore fixed interest rates ranging from 1.55% to 12.00% per annum.

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 8.1% for the six months ended 30 June 2016 (for the six months ended 30 June 2015: approximately 7.4%).

Net gearing ratio

The net gearing ratio is calculated by dividing the Group's net borrowings (aggregate borrowings net of cash and cash equivalents and restricted and pledged deposits) by the total equity. The Group's net gearing ratio as at 30 June 2016 and 31 December 2015 was approximately 71.7% and 72.5%, respectively. The decrease in net gearing ratio was resulted from the improvement in the Group's cash position as at 30 June 2016 due to the deposit received from the disposal of certain project companies.

Foreign exchange risk

As at 30 June 2016, the Group had cash balances denominated in RMB of approximately RMB6,042.6 million (equivalent to approximately HK\$7,063.3 million), and in US dollars of approximately US\$11.2 million (equivalent to approximately HK\$86.8 million).

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign currency risk arising from the exposure of RMB against Hong Kong dollars or US dollars as a result of its investment in the PRC and the settlement of certain 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. The Group does not have a foreign currency hedging policy. However, the directors of the Company (the "Directors") monitor the Group's 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 2016 and 31 December 2015 are calculated as follows:

	As at 30 June 2016 (unaudited)	As at 31 December 2015 (audited)
Net assets attributable to equity shareholders of the Company (HK\$'000)	5,671,268	6,225,851
Number of issued ordinary Shares ('000)	1,183,094	1,181,433
Number of outstanding PCSs ('000)	238,553	238,553
Number of Shares for the calculation of net assets per Share ('000)	1,421,647	1,419,986
Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs (HK\$) (Note)	4.0	4.4

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 2016 and 31 December 2015.

CONTINGENT LIABILITIES

As at 30 June 2016, save for the guarantees of approximately HK\$4,259.2 million (as at 31 December 2015: approximately HK\$3,876.5 million) given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties and guarantee in the amount of RMB1,500.0 million (equivalent to approximately HK\$1,753.4 million) provided to a bank for a loan granted by the bank to a joint venture, the Group had no other material contingent liabilities.

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

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

- (a) On 15 January 2016, the Group entered into an equity transfer agreement with an independent third party, pursuant to which the Group agreed to sell 3.0558% of the equity interest of Shanghai Fengdan Lishe Real Estate Development Co., Ltd.* (上海楓丹麗舍房地產開發有限公司), including the shareholder's loan at the consideration of RMB106,953,000 (equivalent to approximately HK\$127,274,070). The Group recorded an unaudited gain (before tax) of approximately HK\$100,807,000 from the disposal for the six months ended 30 June 2016. For details, please refer to the Company's announcement dated 15 January 2016.
- (b) On 30 June 2016, the Group entered into a termination agreement with Beijing Yang Guang Shunze Investment Company Limited* (北京陽光順澤投資有限公司) ("**Beijing Shunze**") to terminate the co-operation agreement dated 15 September 2014 entered into between the Group and Beijing Shunze (the "**Termination**"). As a result of the Termination, Beijing Shunze shall transfer 40% of the equity interest in Shenzhen Top Spring Fashion Mark Investment Development Company Limited* (深圳市萊蒙都會投資發展有限公司) ("**Shenzhen Top Spring**"), a joint venture company which the Group held 60% of equity interest prior to the Termination, to the Group at a consideration of RMB4,000,000 (equivalent to approximately HK\$4,760,000) and Shenzhen Top Spring shall repay the outstanding shareholder's loan in the amount of RMB36,000,000 (equivalent to approximately HK\$42,840,000) (without interest) to Beijing Shunze. The completion of the Termination took place on 15 July 2016. As such, the Group holds the entire equity interest in Shenzhen Top Spring and undertakes the development of Shenzhen Fashion Mark on a sole basis. For details of the Termination, please refer to the Company's announcement dated 30 June 2016.

Save as disclosed above and elsewhere in this report, the Group did not have any material acquisitions or disposals of assets during the six months ended 30 June 2016.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group employed a total of 1,654 employees (as at 31 December 2015: 1,711 employees) in the PRC and Hong Kong. Of which, 106 were under the headquarters team, 386 were under the property development division and 1,162 were under the retail operation and property management division. For the six months ended 30 June 2016, the total staff costs incurred was approximately HK\$158.5 million (for the six months ended 30 June 2015: approximately HK\$142.8 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**") under 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" in the Directors' Report on page 37.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

In the opinion of the Directors, the Company has complied with the provisions set out in the Corporate Governance Code (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 2016 and, where appropriate, adopted the recommended best practices set out in the CG Code, except for the following deviations:

Under Code Provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the six months ended 30 June 2016, Mr WONG Chun Hong performed his duties as the chairman and the co-chief executive of the Company. The board of Directors (the “**Board**”) believes that the serving by the same individual as the chairman and the co-chief executive during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company. Since the appointment of Mr CHEN Feng Yang as the co-chief executive officer, the powers and authorities between the co-chief executive officers have not been concentrated as the responsibilities have been shared between the co-chief executive officers. 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 E.1.2 of the CG Code, Ms LI Yan Jie, the chairman of the Corporate Governance Committee, and Professor WU Si Zong, the chairman of the Nomination Committee, were unable to attend the annual general meeting of the Company held on 23 May 2016 (“**AGM**”) due to other business engagement. Other committee members, however, attended the AGM and made themselves available to answer questions to ensure effective communication with the shareholders of the Company.

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 of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct for securities transactions by the Directors. After having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code and its code of conduct throughout the six months ended 30 June 2016. 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 designated 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.

CHANGES IN INFORMATION OF DIRECTOR

Pursuant to Rule 13.51B of the Listing Rules, the change in information of the Director since 1 January 2016 up to the despatch date of this report is set out below:

Name of Director	Details of change
Mr LEE Sai Kai David	Resigned as a non-executive Director with effect from 1 September 2016

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Upon specific enquiry by the Company and based on the confirmations from the Directors, save as the above, there has been no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Company's 2015 Annual Report.

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 2016. 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.

This interim financial report is unaudited, but has been reviewed by KPMG, the Company's auditor, 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 is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, KPMG did not express an audit opinion.

As such, the figures disclosed are for investors' reference only. Investors are advised to exercise caution and not to place undue reliance on such information when dealing in the securities of the Company. If in doubt, investors are advised to seek professional advice from professional or financial advisers.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

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 the shareholders of the Company. The website of the Company provides information such as e-mail address, correspondence address, and telephone numbers for enquiries, and provides information on business activities of the Group. Shareholders of the Company 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 the shareholders. Notice of annual general meeting and related documents are sent to the shareholders pursuant to the requirements of the Listing Rules and the articles of association of the Company (the "**Articles of Association**"), and are published on the respective website 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, 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. If a shareholder of the Company wishes to propose a person other than a retiring Director for election as a Director at a general meeting, pursuant to Article 85 of the Articles of Association, the shareholder of the Company (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the shareholder of the Company, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's head office or the office of the Company's branch share registrar (the "**Hong Kong Share Registrar**"). The period for lodgement of such notices shall commence on the day after the despatch of the notice of such general meeting and end no later than seven days prior to the date of such general meeting. 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 respective website 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 responds to their inquiries about the status of the Company from time to time, so as to strengthen the contacts and communication between the Company and its investors.

DIRECTORS' REPORT

The Directors present the interim financial results for the six months ended 30 June 2016 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 specialised 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. Besides, the Group is actively exploring the international healthcare section in the PRC which will be an integral part of the Group's principal business in the future. There were no significant changes in the nature of the Group's principal activities during the period under review.

INTERIM DIVIDEND

No interim dividend will be declared for the six months ended 30 June 2016 (2015 interim dividend: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

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

As at 30 June 2016, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

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

Name of Director	Type of interest	Number 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	295,593,500	–	238,552,800	534,146,300 Shares (L)	45.15
	Beneficial owner	–	1,400,000	–	1,400,000 Shares (L)	0.12
Ms Li Yan Jie ("Ms LI") (Note 3)	Beneficial owner	–	13,120,000	–	13,120,000 Shares (L)	1.11
Mr CHEN Feng Yang ("Mr CHEN") (Note 4)	Beneficial owner	2,805,600	15,634,000	–	18,439,600 Shares (L)	1.56
Mr WANG Tian Ye ("Mr WANG") (Note 5)	Beneficial owner	110,000	10,000,000	–	10,110,000 Shares (L)	0.85
Mr CHIANG Kok Sung Lawrence ("Mr CHIANG") (Note 6)	Beneficial owner	1,890,000	1,000,000	–	2,890,000 Shares (L)	0.24
Mr LEE Sai Kai David ("Mr LEE") (Note 7)	Beneficial owner	20,331,900	420,000	–	20,751,900 Shares (L)	1.75
Mr CHENG Yuk Wo ("Mr CHENG") (Note 8)	Beneficial owner	–	1,420,000	–	1,420,000 Shares (L)	0.12
Mr BROOKE Charles Nicholas ("Mr BROOKE") (Note 9)	Beneficial owner	–	1,420,000	–	1,420,000 Shares (L)	0.12
Professor WU Si Zong ("Professor WU") (Note 10)	Beneficial owner	–	1,420,000	–	1,420,000 Shares (L)	0.12

Notes:

- (1) The letter "L" denotes the Director's long position in the Shares or underlying Shares.
- (2) Kang Jun Limited is wholly-owned 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 wholly-owned 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 295,593,500 Shares held by Chance Again and 238,552,800 underlying Shares in relation to the PCSs held by Chance Again, and Mr WONG's long position of 1,400,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1). These share options, all of which remained exercisable as at 30 June 2016, 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 (i) 420,000 options granted to her by the Company under the Post-IPO Share Option Scheme (Lot 1), (ii) 2,700,000 options granted to her by the Company under the Post-IPO Share Option Scheme (Lot 2), and (iii) 10,000,000 options granted to her by the Company under the Post-IPO Share Option Scheme (Lot 3). These share options, all of which remained exercisable as at 30 June 2016, 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, (ii) 2,700,000 share options (Lot 2) at the subscription price of HK\$4.140 per Share during the period from 20 June 2014 to 19 June 2023, and (iii) 10,000,000 share options (Lot 3) at the subscription price of HK\$3.300 per Share during the period from 28 April 2016 to 27 April 2025.
- (4) Mr CHEN's long position in the Shares and underlying Shares comprises (i) 1,512,000 Shares beneficially owned by himself, (ii) 1,293,600 Shares granted to him by the Company under the Share Award Scheme, (iii) 3,234,000 options granted to him by the Company under the Pre-IPO Share Option Scheme, and (iv) 12,400,000 options granted to him by the Company under the Post-IPO Share Option Scheme, which comprises (a) 1,400,000 options granted under the Post-IPO Share Option Scheme (Lot 1), (b) 1,000,000 options granted under the Post-IPO Share Option Scheme (Lot 2), and (c) 10,000,000 options granted under the Post-IPO Share Option Scheme (Lot 3). These share options, all of which remained exercisable as at 30 June 2016, were exercisable as to (i) 3,234,000 share options (Pre-IPO) 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 (Lot 1) at the subscriptions price of HK\$2.264 per Share during the period from 26 June 2013 to 25 June 2022, (iii) 1,000,000 share options (Lot 2) at the subscription price of HK\$4.140 per Share during the period from 20 June 2014 to 19 June 2023, and (iv) 10,000,000 share options (Lot 3) at the subscription price of HK\$3.300 per Share during the period from 28 April 2016 to 27 April 2025.
- (5) Mr WANG's long position in the Shares and underlying Shares comprises (i) 110,000 Shares beneficially owned by himself, and (ii) 10,000,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 5). These share options, all of which remained exercisable as at 30 June 2016, were exercisable at the subscription price of HK\$3.45 per Share during the period from 23 October 2016 to 22 October 2025.
- (6) Mr CHIANG's long position in the Shares and underlying shares comprises (i) 1,890,000 Shares beneficially owned by himself, and (ii) 1,000,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 3). These share options, all of which remained exercisable as at 30 June 2016, were exercisable at the subscription price of HK\$3.300 per Share during the period from 28 April 2016 to 27 April 2025.
- (7) Mr LEE's long position in the Shares and underlying Shares comprises (i) 20,331,900 Shares beneficially owned by himself, and (ii) 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1). These share options, all of which remained exercisable as at 30 June 2016, were exercisable at the subscription price of HK\$2.264 per Share during the period from 26 June 2013 to 25 June 2022.
- (8) Mr CHENG's long position in the underlying Shares comprises (i) 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) and (ii) 1,000,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 3). These share options, all of which remained exercisable as at 30 June 2016, 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) 1,000,000 share options (Lot 3) at the subscription price of HK\$3.300 per Share during the period from 28 April 2016 to 27 April 2025.
- (9) Mr BROOKE's long position in the underlying Shares comprises (i) 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) and (ii) 1,000,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 3). These share options, all of which remained exercisable as at 30 June 2016, 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) 1,000,000 share options (Lot 3) at the subscription price of HK\$3.300 per Share during the period from 28 April 2016 to 27 April 2025.
- (10) Professor WU's long position in the underlying Shares comprises (i) 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) and (ii) 1,000,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 3). These share options, all of which remained exercisable as at 30 June 2016, 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) 1,000,000 share options (Lot 3) at the subscription price of HK\$3.300 per Share during the period from 28 April 2016 to 27 April 2025.

(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 wholly-owned 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 2016, none of the Directors and the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, 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 the interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or (ii) which were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES (OR DEBENTURES)

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

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the six months ended 30 June 2016, the interests of the Directors in the business which is considered to compete or are likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

Mr XU Lei ("**Mr Xu**"), a non-executive Director, is the chairman of the board of Yunnan Metropolitan Real Estate Development Co., Ltd.* (雲南城投置業股份有限公司) ("**Yunnan Metropolitan**"), a company listed on the Shanghai Stock Exchange and engaged in real estate development in the PRC, and is therefore considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group. To the best knowledge of the Directors, Yunnan Metropolitan mainly operates in the Central-Western China region including Yunnan province, Sichuan province, and Shaanxi province in the PRC.

The Board considered that the business of Yunnan Metropolitan does not pose material competitive threat to the Group due to the following reasons:

1. As the Group's business focuses in the Pearl River Delta, the Yangtze River Delta, the Central China, Beijing-Tianjin and Chengdu-Chongqing regions in the PRC, the Directors consider that Yunnan Metropolitan and the Group target at different regions of the PRC for their businesses.
2. The Board is independent from the board of directors of Yunnan Metropolitan and Mr XU Lei does not control the Board. The Group is capable of carrying on its businesses independently from, and at arm's length from, the businesses of Yunnan Metropolitan.

Each of the Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of the Company and avoids any conflicts between his/her duties as a Director and his/her personal interest.

As at the date of this report, save as disclosed above, none of the Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

SHARE AWARD AND SHARE OPTION SCHEMES

The Company adopted the Pre-IPO Share Option Scheme and the 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 2016, 1,021,166 (for the six months ended 30 June 2015: 4,024,333) share options had been exercised by the grantees and nil (for the six months ended 30 June 2015: 266) share option had been lapsed. As a result, 11,990,428 (as at 31 December 2015: 13,011,594) share options were outstanding as at 30 June 2016 under the Pre-IPO Share Option Scheme.

The Company has also adopted the 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, 20 June 2013, 28 April 2015, 8 September 2015 and 23 October 2015, the Group granted 15,720,000 share options (Lot 1), 14,000,000 share options (Lot 2), 82,650,000 share options (Lot 3), 3,000,000 share options (Lot 4) and 10,000,000 share options (Lot 5), respectively, under the Post-IPO Share Option Scheme at the exercise prices of HK\$2.264 per Share (adjusted), HK\$4.14 per Share, HK\$3.3 per Share, HK\$3.65 per Share and HK\$3.45 per Share, respectively, to certain 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 2016 is as follows:

	As at 1 January 2016	Share options exercised	Share options lapsed	As at 30 June 2016
Lot 1	12,103,500	640,000	–	11,463,000
Lot 2	8,150,000	–	–	8,150,000
Lot 3	69,650,000	–	3,400,000	66,250,000
Lot 4	2,700,000	–	500,000	2,200,000
Lot 5	10,000,000	–	–	10,000,000
	102,603,500	640,000	3,900,000	98,063,500

At the AGM, the shareholders of the Company passed an ordinary resolution to refresh the scheme mandate limit of the Post-IPO Share Option Scheme to 10% of the Shares in issue as at the date of the AGM. Therefore, the maximum number of Shares which may be issued upon exercise of all share options that may be granted under the refreshed scheme mandate limit is 118,220,459 Shares. For details, please refer to the Company's circular dated 18 April 2016 and the Company's announcement dated 23 May 2016.

MANAGEMENT CONTRACTS

No contracts, other than employment 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 2016, so far as is known to any Directors or chief executive of the Company, the following person (other than a Directors or chief executive(s) of the Company) had interests or short positions in the Shares and underlying Shares 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 the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name	Capacity	Number of Shares held (Shares) (a)	Number of Share options held (Shares) (b)	Number of PCSs held (Shares) (c)	Number of Convertible bonds held (Shares) (d)	Total number of Shares and underlying Shares held (Note 1) (a)+(b)+(c)+(d) Shares (L)	Approximate percentage of issued Shares (%)
Chance Again (Note 2)	Beneficial owner	295,593,500	–	238,552,800	–	534,146,300 Shares (L)	45.15
BVI Co (Note 2)	Interest in a controlled corporation	295,593,500	–	238,552,800	–	534,146,300 Shares (L)	45.15
HSBC International Trustee (Note 2)	Trustee of a trust	295,593,500	–	238,552,800	–	534,146,300 Shares (L)	45.15
Ms LIU Choi Lin ("Ms LIU") (Notes 2 & 3)	Interest of spouse	295,742,000	1,400,000	238,552,800	–	535,694,800 Shares (L)	45.28
Caiyun International Investment Limited (彩雲國際投資有限公司) ("Caiyun") (Note 4)	Beneficial owner	327,599,500	–	–	101,239,259	428,838,759 Shares (L)	36.25
YMCI (Note 4)	Interest in a controlled corporation	327,599,500	–	–	101,239,259	428,838,759 Shares (L)	36.25
APG Algemene Pensioen Groep NV	Investment manager	80,856,500	–	–	–	80,856,500 Shares (L)	6.83
Metro Holdings Limited ("Metro") (Note 5)	Interest in a controlled corporation	228,390,110	–	–	–	228,390,110 Shares (L)	19.30
Ms ONG Ching Ping (Note 6)	Interest in a controlled corporation	228,390,110	–	–	–	228,390,110 Shares (L)	19.30

Name	Capacity	Number of Shares held (Shares) (a)	Number of Share options held (Shares) (b)	Number of PCSs held (Shares) (c)	Number of Convertible bonds held (Shares) (d)	Total number of Shares and underlying Shares held (Note 1) (a)+(b)+(c)+(d) Shares (L)	Approximate percentage of issued Shares (%)
Mr ONG Jenn (Note 6)	Interest in a controlled corporation	228,390,110	–	–	–	228,390,110 Shares (L)	19.30
Ms ONG Ling Ling (Note 6)	Interest in a controlled corporation	228,390,110	–	–	–	228,390,110 Shares (L)	19.30
Mr ONG Sek Hian (Note 6)	Interest in a controlled corporation	228,390,110	–	–	–	228,390,110 Shares (L)	19.30
Lord Business Holding IV Limited (" Lord Business ") (Note 7)	Interest in a controlled corporation	–	–	–	141,734,963	141,734,963 Shares (L)	11.98
Pacific Alliance Asia Opportunity Fund L.P. (Note 7)	Interest in a controlled corporation	–	–	–	141,734,963	141,734,963 Shares (L)	11.98
Pacific Alliance Group Asset Management Limited (Note 7)	Interest in a controlled corporation	–	–	–	141,734,963	141,734,963 Shares (L)	11.98
Pacific Alliance Group Limited (Note 7)	Interest in a controlled corporation	–	–	–	141,734,963	141,734,963 Shares (L)	11.98
Pacific Alliance Investment Management Limited (Note 7)	Interest in a controlled corporation	–	–	–	141,734,963	141,734,963 Shares (L)	11.98
PAG Holdings Limited (Note 7)	Beneficial owner	–	–	–	141,734,963	141,734,963 Shares (L)	11.98
China Great Wall Asset Management Corporation (Note 8)	Beneficial owner	–	–	–	101,239,259	101,239,259 Shares (L)	8.56
Great Wall Pan Asia International Investment Co., Limited (" Great Wall Pan Asia ") (Note 8)	Interest in a controlled corporation	–	–	–	101,239,259	101,239,259 Shares (L)	8.56
China Orient Asset Management Corporation (Note 9)	Beneficial owner	–	–	–	60,743,555	60,743,555 Shares (L)	5.13

Notes:

- (1) The letter "L" denotes the person's long position in the Shares or underlying Shares of the Company.
- (2) Chance Again is wholly-owned 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 295,593,500 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) 327,599,500 Shares and 101,239,259 underlying Shares in relation to the second tranche bonds were held by Caiyun, which is wholly-owned by YMCI. Accordingly, YMCI is deemed to be interested in all the Shares and the underlying Shares held by Caiyun.
- (5) 227,970,810 Shares were held by Crown Investments Limited which was in turn wholly-owned by Metro China Holdings Pte Ltd which was in turn wholly-owned by Metro. 419,300 Shares were held by Meren Pte Ltd which was in turn wholly-owned by Metro. By virtue of the SFO, Metro is deemed to be interested in 227,970,810 Shares and 419,300 Shares held by Crown Investments Limited and Meren Pte Ltd, respectively.
- (6) Ms ONG Ching Ping, Mr ONG Jenn, Ms ONG Ling Ling and Mr ONG Sek Hian are the executors of the estate of Mr ONG Hie Koan. Metro was 34.43% controlled by Mr ONG Hie Koan. By virtue of the SFO, Mr ONG Hie Koan is deemed to be interested in 227,970,810 Shares and 419,300 Shares held by Crown Investments Limited and Meren Pte Ltd, respectively.
- (7) 141,734,963 underlying Shares in relation to the first tranche bonds were held by PAG Holdings Limited. PAG Holdings Limited owned 99.17% of Pacific Alliance Group Limited. Pacific Alliance Group Limited owned 90% of Pacific Alliance Investment Management Limited. Pacific Alliance Investment Management Limited owned 100% of Pacific Alliance Group Asset Management Limited. Pacific Alliance Group Asset Management Limited was the general partner of Pacific Alliance Asia Opportunity Fund L.P. Pacific Alliance Asia Opportunity Fund L.P. owned 100% of Lord Business. Accordingly, Lord Business is deemed to be interested in all the underlying Shares in which PAG Holdings Limited is interested.
- (8) 101,239,259 underlying Shares in relation to the first tranche bonds were held by China Great Wall Asset Management Corporation, which was 99.99% owned by Great Wall Pan Asia. Great Wall Pan Asia is deemed to be interested in 99.99% underlying Shares in which China Great Wall Asset Management Corporation is interested.
- (9) 60,743,555 underlying Shares in relation to the first tranche bonds were held by China Orient Asset Management Corporation.

Save as disclosed above, as at 30 June 2016, no person (other than a Director or chief executive(s) 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 the provisions of Divisions 2 and 3 of Part XV of the SFO.

Notes:

- (1) Certain amounts and percentage figures included in this report have been subject to rounding adjustments. Accordingly, figures shown as total sums in certain tables may not be an arithmetic aggregation of figures preceding them.
- (2) The land bank of the Group also includes the land bank of the Group's associated companies.

* For identification purposes only

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2016 – unaudited (Expressed in Hong Kong dollars)

	Note	Six months ended 30 June		Three months ended 30 June	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Revenue	3 & 4	3,494,026	2,058,503	2,936,214	981,835
Direct costs		(3,119,155)	(1,635,473)	(2,790,636)	(798,073)
Gross profit		374,871	423,030	145,578	183,762
Valuation gains on investment properties and investment properties classified as held for sale	10 & 15	332,446	254,275	216,832	207,571
Other revenue	5	111,305	98,235	58,295	34,964
Other net income/(loss)	6	153,593	(7,852)	(43,251)	(110,859)
Selling and marketing expenses		(115,003)	(92,747)	(47,122)	(46,463)
Administrative expenses		(309,187)	(242,135)	(155,162)	(127,869)
Profit from operations		548,025	432,806	175,170	141,106
Finance costs	7(a)	(338,166)	(265,649)	(205,762)	(86,370)
Share of profits less losses of associates		6,711	(22,651)	(2,809)	(23,650)
Share of losses of joint ventures		(4,973)	(1,421)	(3,675)	(1,059)
Profit/(loss) before taxation	7	211,597	143,085	(37,076)	30,027
Income tax	8	(233,455)	(150,001)	(21,158)	(11,005)
(Loss)/profit for the period		(21,858)	(6,916)	(58,234)	19,022
Attributable to:					
Equity shareholders of the Company		(47,833)	(48,791)	(74,999)	(29,012)
Non-controlling interests		25,975	41,875	16,765	48,034
(Loss)/profit for the period		(21,858)	(6,916)	(58,234)	19,022
Loss per share	9				
Basic		(0.03)	(0.03)	(0.05)	(0.02)
Diluted		(0.19)	(0.03)	(0.19)	(0.02)

The notes on pages 49 to 76 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 ("PCs") are set out in note 21(c).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016 – unaudited (Expressed in Hong Kong dollars)

	Six months ended 30 June		Three months ended 30 June	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(Loss)/profit for the period	(21,858)	(6,916)	(58,234)	19,022
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	(233,335)	(51,157)	(281,441)	(42,098)
Share of other comprehensive income of associates and joint ventures	(5,886)	(7,908)	(8,267)	(500)
	(239,221)	(59,065)	(289,708)	(42,598)
Total comprehensive income for the period	(261,079)	(65,981)	(347,942)	(23,576)
Attributable to:				
Equity shareholders of the Company	(259,952)	(104,843)	(332,048)	(70,224)
Non-controlling interests	(1,127)	38,862	(15,894)	46,648
Total comprehensive income for the period	(261,079)	(65,981)	(347,942)	(23,576)

The notes on pages 49 to 76 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016 – unaudited (Expressed in Hong Kong dollars)

	Note	At 30 June 2016 (unaudited) \$'000	At 31 December 2015 (audited) \$'000
Non-current assets			
Investment properties	10	6,769,316	7,116,034
Other property, plant and equipment	10	328,264	362,090
Interests in leasehold land held for own use under operating leases		3,719	3,881
		7,101,299	7,482,005
Interest in associates		45,612	21,095
Interest in joint ventures		203,401	230,580
Other financial assets		252,485	24,143
Restricted and pledged deposits	13	11,689	11,939
Deferred tax assets		484,719	545,727
		8,099,205	8,315,489
Current assets			
Inventories	11	9,298,837	15,752,308
Other financial assets		36,318	253,701
Trade and other receivables	12	1,841,655	2,496,253
Prepaid tax		236,488	283,132
Restricted and pledged deposits	13	2,407,128	1,847,879
Cash and cash equivalents		4,281,220	3,789,854
		18,101,646	24,423,127
Assets of disposal group classified as held for sale	14	10,217,847	–
Investment properties classified as held for sale	15	1,351,081	1,216,821
		29,670,574	25,639,948
Current liabilities			
Trade and other payables	16	9,718,427	10,042,749
Derivative financial instruments	20	145,189	–
Bank and other borrowings	17	3,861,749	6,615,267
Tax payable		4,333,065	4,830,203
		18,058,430	21,488,219
Liabilities directly associated with disposal group classified as held for sale	14	5,919,612	–
		23,978,042	21,488,219
Net current assets		5,692,532	4,151,729

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016 – unaudited (Expressed in Hong Kong dollars)

	Note	At 30 June 2016 (unaudited) \$'000	At 31 December 2015 (audited) \$'000
Total assets less current liabilities		13,791,737	12,467,218
Non-current liabilities			
Bank and other borrowings	17	3,073,627	2,938,677
Note payable	18	1,145,831	1,167,406
Bond payable	19	409,117	–
Convertible bonds	20	1,293,528	–
Deferred tax liabilities		1,119,381	1,058,260
		7,041,484	5,164,343
NET ASSETS		6,750,253	7,302,875
CAPITAL AND RESERVES			
Share capital	21	118,309	118,143
Reserves		5,552,959	6,107,708
Total equity attributable to equity shareholders of the Company		5,671,268	6,225,851
Non-controlling interests		1,078,985	1,077,024
TOTAL EQUITY		6,750,253	7,302,875

The notes on pages 49 to 76 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016 – unaudited (Expressed in Hong Kong dollars)

Note	Attributable to equity shareholders of the Company												
	Share capital	Share premium	Reserve arising from issuance of PCSs	Capital reserve	Exchange reserve	PRC statutory reserves	Property revaluation reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2015	116,073	1,441,328	24,820	79,577	393,821	666,204	49,843	(480,452)	3,825,321	6,116,535	841,068	6,957,603	
Changes in equity for the six months ended 30 June 2015:													
Loss for the period	-	-	-	-	-	-	-	-	(48,791)	(48,791)	41,875	(6,916)	
Other comprehensive income	-	-	-	-	(56,052)	-	-	-	-	(56,052)	(3,013)	(59,065)	
Total comprehensive income	-	-	-	-	(56,052)	-	-	-	(48,791)	(104,843)	38,862	(65,981)	
Issuance of new shares under Pre-IPO and Post-IPO Share Option Schemes	21(a)(i)	635	29,681	-	(17,902)	-	-	-	-	12,414	-	12,414	
Issuance of new shares upon conversion of PCSs	21(a)(ii)	965	-	(965)	-	-	-	-	-	-	-	-	
Equity settled share-based transactions	7(b)	-	-	-	7,487	-	-	-	-	7,487	-	7,487	
Share options forfeited		-	-	-	(1,930)	-	-	-	1,930	-	-	-	
Transfer to PRC statutory reserves		-	-	-	-	-	1,518	-	(1,518)	-	-	-	
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	-	24,826	24,826	
Acquisition of additional interest in a subsidiary from a non-controlling shareholder		-	-	-	26,060	-	-	-	(55,079)	(29,019)	(8,860)	(37,879)	
Dividends approved in respect of the previous year	21(c)	-	-	-	-	-	-	-	(155,624)	(155,624)	-	(155,624)	
Balance at 30 June 2015		117,673	1,471,009	23,855	93,292	337,769	667,722	49,843	(535,531)	3,621,318	5,846,950	895,896	6,742,846

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016 – 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	Non-controlling interests \$'000	Total equity \$'000	
													Total
Balance at 1 January 2016		118,143	1,494,618	23,855	90,684	(130,472)	775,992	49,843	(535,531)	4,338,719	6,225,851	1,077,024	7,302,875
Changes in equity for the six months ended 30 June 2016:													
Loss for the period		-	-	-	-	-	-	-	-	(47,833)	(47,833)	25,975	(21,858)
Other comprehensive income		-	-	-	-	(212,119)	-	-	-	-	(212,119)	(27,102)	(239,221)
Total comprehensive income		-	-	-	-	(212,119)	-	-	-	(47,833)	(259,952)	(1,127)	(261,079)
Issuance of new shares under Pre-IPO and Post-IPO Share Option Schemes	21(a)(i)	166	7,681	-	(4,580)	-	-	-	-	-	3,267	-	3,267
Equity settled share-based transactions	7(b)	-	-	-	14,769	-	-	-	-	-	14,769	-	14,769
Share options forfeited		-	-	-	(1,274)	-	-	-	-	1,274	-	-	-
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	-	-	3,088	3,088
Dividends approved in respect of the previous year	21(c)	-	-	-	-	-	-	-	-	(312,667)	(312,667)	-	(312,667)
Balance at 30 June 2016		118,309	1,502,299	23,855	99,599	(342,591)	775,992	49,843	(535,531)	3,979,493	5,671,268	1,078,985	6,750,253

The notes on pages 49 to 76 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2016 – unaudited (Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2016 \$'000	2015 \$'000
Operating activities		
Cash (used in)/generated from operations	(20,298)	210,770
Tax paid:		
– PRC tax paid	(587,464)	(557,366)
Net cash used in operating activities	(607,762)	(346,596)
Investing activities		
Net proceeds from disposal of available-for-sale investments	75,623	167,104
Payment for purchase of available-for-sale investments	(42,745)	–
Net cash outflow from acquisition of subsidiaries	(1,540,074)	(34,343)
Deposits received from disposal of subsidiaries	2,337,814	–
Deposits received from sale of investment properties classified as held for sale	838,091	325,101
Capital contribution to joint ventures	(166,746)	–
Other cash flows arising from investing activities	210,030	(139,305)
Net cash generated from investing activities	1,711,993	318,557
Financing activities		
Proceeds from issuance of convertible bonds	1,538,054	–
Proceeds from issuance of bond	409,117	–
Proceeds from issuance of note	–	1,217,264
Proceeds from new bank and other borrowings	1,535,309	1,404,544
Repayment of bank and other borrowings	(1,922,677)	(5,291,498)
(Increase)/decrease in restricted and pledged deposits	(744,145)	1,791,943
Interest and other borrowing costs paid	(454,132)	(524,035)
Dividend paid	(312,667)	(155,624)
Other cash flows arising from financing activities	(1,989)	(23,222)
Net cash generated from/(used in) financing activities	46,870	(1,580,628)
Net increase/(decrease) in cash and cash equivalents	1,151,101	(1,608,667)
Cash and cash equivalents at 1 January	3,789,854	6,374,760
Effect of foreign exchange rate changes	(80,246)	(13,191)
Cash and cash equivalents at 30 June	4,860,709	4,752,902

Note: Cash and cash equivalents represent cash at bank and in hand. Cash and cash equivalents as at 30 June 2016 also comprised an amount of \$579,489,000 (30 June 2015: Nil) which was included in disposal group classified as held for sale (Note 14).

The notes on pages 49 to 76 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 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 31 August 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any 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 2015 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 76.

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2015 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 22 March 2016.

2 CHANGES IN ACCOUNTING POLICIES

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

- *Annual improvements to HKFRSs 2012-2014 cycle*
- *Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture*
- *Amendments to HKFRS 11, Accounting for acquisitions of interests in joint operations*
- *Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative*
- *Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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 and retail properties.
- **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 and retail properties, and decoration services to group companies.

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", where "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at "adjusted EBITDA", the Group's earnings are further adjusted for items which are non-recurring or not specifically attributed to individual segments, such as share of profits less losses of associates and joint ventures, 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, provision on inventories, impairment loss on non-current asset and assets of disposal group and valuation changes on investment properties and investment properties classified as held for sale.

3 SEGMENT REPORTING (Continued)

(a) Segment results (Continued)

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

	Property development		Property investment		Hotel operations		Property management and related services		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>For the six months ended 30 June</i>										
Revenue from external customers	3,238,353	1,801,440	150,996	167,828	28,609	25,353	76,068	63,882	3,494,026	2,058,503
Inter-segment revenue	-	-	20,901	11,517	-	-	81,699	70,031	102,600	81,548
Reportable segment revenue	3,238,353	1,801,440	171,897	179,345	28,609	25,353	157,767	133,913	3,596,626	2,140,051
Reportable segment profit/(loss) (adjusted EBITDA)	10,834	90,109	65,585	120,037	1,512	(756)	(26,599)	(38,436)	51,332	170,954
Interest income from bank deposits	24,620	33,725	1,580	894	-	-	393	856	26,593	35,475
Interest expenses	(320,389)	(244,862)	(17,593)	(20,783)	-	-	(184)	(4)	(338,166)	(265,649)
Depreciation and amortisation for the period	(9,103)	(14,684)	(1,120)	(1,129)	(11,563)	(12,208)	(398)	(839)	(22,184)	(28,860)
Provision on inventories	(7,908)	(106,991)	-	-	-	-	-	-	(7,908)	(106,991)
Reversal of provision on inventories	81,722	-	-	-	-	-	-	-	81,722	-
Impairment loss on disposal group classified as held for sale	(179,217)	-	-	-	-	-	-	-	(179,217)	-
Valuation gains on investment properties and investment properties classified as held for sale	-	-	332,446	254,275	-	-	-	-	332,446	254,275

3 SEGMENT REPORTING (Continued)

(a) Segment results (Continued)

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

	Property development		Property investment		Hotel operations		Property management and related services		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>For the three months ended 30 June</i>										
Revenue from external customers	2,799,647	854,799	80,119	83,850	16,055	14,455	40,393	28,731	2,936,214	981,835
Inter-segment revenue	-	-	10,863	3,380	-	-	53,527	39,315	64,390	42,695
Reportable segment revenue	2,799,647	854,799	90,982	87,230	16,055	14,455	93,920	68,046	3,000,604	1,024,530
Reportable segment (loss)/profit (adjusted EBITDA)	(38,256)	7,007	33,316	63,544	2,241	898	(14,105)	(22,010)	(16,804)	49,439
Interest income from bank deposits	7,134	2,915	645	577	-	-	214	675	7,993	4,167
Interest expenses	(193,966)	(75,990)	(11,688)	(10,379)	-	-	(108)	(1)	(205,762)	(86,370)
Depreciation and amortisation for the period	(4,163)	(5,294)	(662)	(964)	(5,760)	(6,112)	(47)	(438)	(10,632)	(12,808)
Provision on inventories	-	(75,740)	-	-	-	-	-	-	-	(75,740)
Impairment loss on disposal group classified as held for sale	(179,217)	-	-	-	-	-	-	-	(179,217)	-
Valuation gains on investment properties and investment properties classified as held for sale	-	-	216,832	207,571	-	-	-	-	216,832	207,571

3 SEGMENT REPORTING (Continued)

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

	Six months ended 30 June		Three months ended 30 June	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Revenue				
Reportable segment revenue	3,596,626	2,140,051	3,000,604	1,024,530
Elimination of inter-segment revenue	(102,600)	(81,548)	(64,390)	(42,695)
Consolidated revenue (note 4)	3,494,026	2,058,503	2,936,214	981,835
Profit/(loss)				
Reportable segment profit/(loss) derived from Group's external customers	51,332	170,954	(16,804)	49,439
Share of profits less losses of associates	6,711	(22,651)	(2,809)	(23,650)
Share of losses of joint ventures	(4,973)	(1,421)	(3,675)	(1,059)
Other revenue and net income/(loss)	264,898	90,383	15,044	(75,895)
Depreciation and amortisation	(23,206)	(30,125)	(11,144)	(13,432)
Finance costs	(338,166)	(265,649)	(205,762)	(86,370)
Valuation gains on investment properties and investment properties classified as held for sale	332,446	254,275	216,832	207,571
Unallocated head office and corporate expenses	(77,445)	(52,681)	(28,758)	(26,577)
Consolidated profit/(loss) before taxation	211,597	143,085	(37,076)	30,027

(c) Geographic information

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

4 REVENUE

Revenue 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		Three months ended 30 June	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Sale of properties	3,238,353	1,801,440	2,799,647	854,799
Rental income	150,996	167,828	80,119	83,850
Hotel operations	28,609	25,353	16,055	14,455
Property management and related services income	76,068	63,882	40,393	28,731
	3,494,026	2,058,503	2,936,214	981,835

5 OTHER REVENUE

	Six months ended 30 June		Three months ended 30 June	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Bank interest income	32,787	46,497	8,065	4,367
Other interest income	24,127	30,391	11,822	16,492
Construction management service income	19,034	6,477	15,290	2,619
Rental income from operating leases, other than those relating to investment properties	9,097	6,384	5,286	3,688
Guarantee fee income	7,718	–	3,847	–
Others	18,542	8,486	13,985	7,798
	111,305	98,235	58,295	34,964

6 OTHER NET INCOME/(LOSS)

	Six months ended 30 June		Three months ended 30 June	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Net loss on disposal of partial interest in an associate	–	(35)	–	(35)
Net gain on disposal of available-for-sale investments (Note (i))	100,397	109,247	–	1,241
Net exchange gain/(loss)	35,615	(7,060)	25,294	1,393
Net (loss)/gain on disposal of property, plant and equipment	(725)	19	63	(17)
Net (loss)/gain on sale of investment properties and investment properties classified as held for sale	(448)	35,320	(1,494)	428
Provision on inventories	(7,908)	(106,991)	–	(75,740)
Reversal of provision on inventories	81,722	–	–	–
Impairment loss on disposal group classified as held for sale (Note 14)	(179,217)	–	(179,217)	–
Amortisation of loss arising from the issuance of convertible bonds (Note 20)	(29,712)	–	(18,714)	–
Fair value change on conversion option embedded in convertible bonds (Note 20)	159,688	–	130,712	–
Impairment loss on available-for-sale investments	–	(36,814)	–	(36,814)
Others	(5,819)	(1,538)	105	(1,315)
	153,593	(7,852)	(43,251)	(110,859)

Note:

- (i) During the six months ended 30 June 2016, the Group completed the disposal of its 3.0558% beneficial equity interest in Shanghai Fengdan Lishe Real Estate Development Co., Ltd.* (上海楓丹麗舍房地產開發有限公司), an unlisted available-for-sale investment of the Group, to an independent third party for a total consideration of RMB106,953,000 (equivalent to \$127,274,000) (Six months ended 30 June 2015: RMB106,953,000 (equivalent to \$133,691,000)). This results in a net gain on disposal of available-for-sale investments of \$100,397,000 (Six months ended 30 June 2015: \$108,006,000).

7 PROFIT/(LOSS) BEFORE TAXATION

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

	Six months ended 30 June		Three months ended 30 June	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(a) Finance costs				
Interest on bank and other borrowings	291,044	466,672	150,261	243,784
Interest on amounts due to non-controlling shareholders	5,488	7,442	2,736	3,869
Interest on note payable	63,184	5,819	31,620	5,819
Interest on bond payable	7,210	–	7,210	–
Interest on convertible bonds	74,187	–	47,815	–
Other borrowing costs	28,129	41,638	17,748	28,617
	469,242	521,571	257,390	282,089
Less: Amount capitalised	(131,076)	(255,922)	(51,628)	(195,719)
	338,166	265,649	205,762	86,370
(b) Staff costs				
Salaries, wages and other benefits	130,020	122,309	64,060	58,625
Contributions to defined contribution retirement plans	13,749	13,040	6,051	6,179
Equity settled share-based payment expenses	14,769	7,487	6,170	6,154
	158,538	142,836	76,281	70,958
(c) Other items				
Depreciation and amortisation	24,061	30,682	11,775	13,556
Less: Amount capitalised	(855)	(557)	(631)	(124)
	23,206	30,125	11,144	13,432
Cost of properties sold	2,986,264	1,512,041	2,720,379	740,542
Rental income from investment properties	(150,996)	(167,828)	(80,119)	(83,850)
Less: Direct outgoings	18,322	13,549	9,734	6,044
	(132,674)	(154,279)	(70,385)	(77,806)
Operating lease charges: minimum lease payments for land and buildings	17,358	16,398	8,378	9,118

8 INCOME TAX

	Six months ended 30 June		Three months ended 30 June	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current tax				
Provision for PRC Corporate Income Tax ("CIT")	81,262	130,755	50,836	71,127
Net (reversal of provision)/provision for Land Appreciation Tax ("LAT")	(4,825)	124,506	(149,448)	65,654
Withholding tax	30,423	5,624	8,392	2,739
	106,860	260,885	(90,220)	139,520
Deferred tax				
Origination and reversal of temporary differences	126,595	(110,884)	111,378	(128,515)
	233,455	150,001	21,158	11,005

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 2015 and 2016.

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 2016 (Six months ended 30 June 2015: 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. During the six months ended 30 June 2016, a provision for LAT of \$163,970,000 made in previous years was reversed upon the clearance obtained from the respective local tax bureau.

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 and proceeds from the sale of investment properties in the PRC by a Hong Kong subsidiary at the applicable tax rates.

9 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company and the weighted average number of ordinary shares in issue during the period, calculated as follows:

	Six months ended 30 June		Three months ended 30 June	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Loss attributable to equity shareholders of the Company	(47,833)	(48,791)	(74,999)	(29,012)
Weighted average number of shares				
	'000	'000	'000	'000
Issued ordinary shares	1,181,433	1,160,734	1,182,054	1,160,734
Effect of share options exercised and PCSs converted (notes 21(a)(i) and (ii))	427	743	180	1,477
Effect of bonus issue of shares (with PCSs as an alternative)	238,553	248,201	238,553	248,201
Weighted average number of shares	1,420,413	1,409,678	1,420,787	1,410,412

9 LOSS PER SHARE (Continued)

(b) Diluted loss per share

The diluted loss per share is based on the adjusted loss attributable to equity shareholders and the weighted average number of ordinary shares after adjusting for the convertible bonds issue in 2016, calculated as follows:

(i) Loss attributable to equity shareholders of the Company (diluted)

	Six months ended 30 June 2016 \$'000	Three months ended 30 June 2016 \$'000
Loss attributable to equity shareholders of the Company	(47,833)	(74,999)
Interest on convertible bonds	74,187	47,815
Fair value change on conversion option embedded in convertible bonds	(159,688)	(130,712)
Unamortised loss arising from the issuance of convertible bonds	(218,633)	(207,635)
Amortisation of loss arising from the issuance of convertible bonds	29,712	18,714
Loss attributable to equity shareholders (diluted)	(322,255)	(346,817)

(ii) Weighted average number of shares (diluted)

	'000	'000
Weighted average number of shares	1,420,413	1,420,787
Effect of deemed conversion of convertible bonds	308,168	404,957
Weighted average number of shares (diluted)	1,728,581	1,825,744

For the six months ended 2016 and 2015, the effect of outstanding share options was anti-dilutive.

10 INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Valuation

The valuations of investment properties and investment properties classified as held for sale (Note 15) carried at fair value were updated at 30 June 2016 by an independent firm of surveyors, DTZ Cushman & Wakefield 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 December 2015 valuations.

As a result of the update, a net gain of \$332,446,000 (Six months ended 30 June 2015: \$254,275,000) on investment properties (including those included in disposal group classified as held for sales (Note 14)) and investment properties classified as held for sale (Note 15)), and deferred tax thereon of \$143,104,000 (Six months ended 30 June 2015: \$97,824,000), has been recognised in profit or loss for the period in respect of investment properties.

- (b) The Group's certain investment properties, hotel properties and other land and buildings were pledged to secure bank loans, details of which are set out in note 17.

11 INVENTORIES

	At 30 June 2016 (unaudited) \$'000	At 31 December 2015 (audited) \$'000
Property development		
Leasehold land held for development for sale	1,042,390	549,041
Properties held for/under development for sale	5,992,514	12,098,115
Completed properties for sale	2,262,988	3,104,278
	9,297,892	15,751,434
Other operations		
Low value consumables and supplies	945	874
	9,298,837	15,752,308

The Group's certain leasehold land held for development for sale, properties under development for sale and completed properties for sale were pledged to secure bank loans, details of which are set out in note 17.

12 TRADE AND OTHER RECEIVABLES

	At 30 June 2016 (unaudited) \$'000	At 31 December 2015 (audited) \$'000
Debtors, prepayments and deposits	1,432,662	1,887,497
Amount due from an associate (Note (i))	23,254	5,842
Amount due from a joint venture (Note (ii))	–	47,756
Amounts due from non-controlling shareholders (Note (iii))	385,739	555,158
	1,841,655	2,496,253

Notes:

- (i) The balance is unsecured, interest-free and recoverable on demand. The balance is neither past due nor impaired.
- (ii) The balance was unsecured, interest-bearing at 12.5% per annum and recoverable within one year.
- (iii) The balance is unsecured, interest-bearing at 3% per annum and recoverable on demand as at 30 June 2016. For the balances as at 31 December 2015, apart from the amount due from a non-controlling shareholder of \$2,388,000 which was interest-free, all of the balances were unsecured, interest-bearing at 3% or 12.5% per annum and recoverable on demand or within one year. The balances are neither past due nor impaired.
- (iv) Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis based on due date at the end of the reporting period:

	At 30 June 2016 (unaudited) \$'000	At 31 December 2015 (audited) \$'000
Current or under 1 month overdue	37,414	41,299
More than 1 month overdue and up to 3 months overdue	2,748	617
More than 3 months overdue and up to 6 months overdue	4,473	212
More than 6 months overdue and up to 1 year overdue	623	2,111
More than 1 year overdue	3,186	3,258
	48,444	47,497

- (v) 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.
- (vi) Certain rental receivables of the Group were pledged to secure bank loans, details of which are set out in note 17.

13 RESTRICTED AND PLEDGED DEPOSITS

	At 30 June 2016 (unaudited) \$'000	At 31 December 2015 (audited) \$'000
Restricted deposits (Note (i))	95,567	65,110
Pledged deposits (Note (ii))	2,323,250	1,794,708
	2,418,817	1,859,818
Less: Non-current portion (Note (ii))	(11,689)	(11,939)
Current portion	2,407,128	1,847,879

Notes:

- (i) In accordance with relevant construction contracts, certain of the Group's PRC subsidiaries with property development projects are required to place certain amount of deposits for potential default in payment of construction costs payables at designated bank accounts. 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 \$2,289,300,000 (31 December 2015: \$1,680,143,000) have been pledged to secure short-term borrowings and are therefore classified as current assets. The remaining deposits amounting to \$11,689,000 (31 December 2015: \$11,939,000) 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 2016 (unaudited) \$'000	At 31 December 2015 (audited) \$'000
Bank loan facilities	2,300,989	1,692,082
Mortgage loan facilities granted by the banks to purchasers of the Group's properties	22,261	102,626
	2,323,250	1,794,708

14 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 19 May 2016, the Group entered into a framework agreement (the “**Framework Agreement**”) with Sunac China Holdings Limited (“**Sunac China**”), pursuant to which

- (i) the Group conditionally agreed to sell, and Sunac China conditionally to purchase the entire equity interest in Shanghai Huan Jian Investment Co., Ltd., Shanghai Li Te Man Real Estate Co., Ltd., Nanjing Top Spring Metropolitan Property Development Co., Ltd., Shenzhen Panye Technology Development Co., Ltd., Hui Dong Lai Yang Tian Property Co., Ltd., Hui Dong Lai Hai Tian Property Co., Ltd. and Top Spring Zhiye (Fuyang) Co., Ltd. (collectively, the “**Target Companies**”) and the equity interest in Jun Hong Da Information Consultancy (Shenzhen) Co. Ltd. (“**Jun Hong Da**”); and
- (ii) Sunac China shall settle the respective loans owed by the Target Companies and Jun Hong Da and their respective subsidiaries to the Group.

Sanhe Xue Zhe Zhi Jia Investment Co., Ltd. (“**Sanhe Xue Zhe Zhi Jia**”) was 51% owned by Shenzhen Sheng Shuo Investment Management Co., Ltd. (“**Shenzhen Sheng Shuo**”), a wholly owned subsidiary of Jun Hong Da, and 49% owned by Beijing Huaxia Shunze Investment Group Limited (“**Beijing Huaxia**”). Subsequent to the entering into of the Framework Agreement, Beijing Huaxia exercised its pre-emptive rights over the 51% equity interest in Sanhe Xue Zhe Zhi Jia by acquiring the entire equity interest in Shenzhen Sheng Shuo and hence, the transfer of the entire equity interest in Jun Hong Da from the Company to Sunac China would not proceed.

Pursuant to the second supplemental framework agreement entered into between the Group and Sunac China on 22 July 2016, the total consideration of disposal of the equity interest in the Target Companies shall be RMB2,114,410,000 (equivalent to approximately \$2,516,148,000), and the amount of loans owed by the Target Companies to the Group to be settled by Sunac China shall be RMB1,973,570,000 (equivalent to approximately \$2,348,548,000).

In addition, pursuant to a share transfer agreement between Jun Hong Da and Beijing Huaxia dated 8 July 2016, the consideration of disposal of the equity interest in Shenzhen Sheng Shuo shall be RMB445,770,000 (equivalent to approximately \$530,466,000), and the Group shall repay the loans of RMB40,520,000 (equivalent to approximately \$48,218,000) owed to Shenzhen Sheng Shuo and its subsidiaries.

With reference to the carrying amount of underlying assets held by each of the companies comprising the Target Companies and Shenzhen Sheng Shuo and their fair value less cost to sell, a provision for impairment loss of \$179,217,000 was made and the amount has been included in “other net income/(loss)” (see Note 6).

14 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

The assets and liabilities attributed to the Target Companies and Shenzhen Sheng Shuo, which have been reclassified to disposal group classified as held for sale at 30 June 2016 are as follows:

	At 30 June 2016 (unaudited) \$'000
Investment properties	954,997
Other property, plant and equipment	8,696
Goodwill	52,191
Deferred tax assets	10,273
Inventories	7,624,016
Other financial assets	46,756
Trade and other receivables	657,690
Prepaid tax	67,290
Restricted and pledged deposits	216,449
Cash and cash equivalents	579,489
Total assets of disposal group classified as held for sale	10,217,847
Trade and other payables	3,518,705
Bank and other borrowings	2,337,592
Deferred tax liabilities	63,315
Total liabilities directly associated with disposal group classified as held for sale	5,919,612

As at 30 June 2016, the disposal group's bank loans and other borrowings were secured by the following assets:

	At 30 June 2016 (unaudited) \$'000
Investment properties	954,997
Inventories	4,489,217
Trade and other receivables	5,099
Restricted and pledged deposits	51,509
	5,500,822

14 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

Certain bank loans of the disposal group were secured by investment properties with fair value of \$384,571,000 and other property, plant and equipment with carrying amount of \$13,561,000 which are not included in the disposal group.

In addition, as at 30 June 2016, the entire equity interest in certain of the Target Companies were pledged by the Group to Sunac China (or its designated companies) pursuant to a master charge agreement and certain charge agreements.

15 INVESTMENT PROPERTIES CLASSIFIED AS HELD FOR SALE

During the six months ended 30 June 2016, the Group put certain investment properties in the market for sale and entered into binding agreements with purchasers for the sale of certain of these investment properties. Accordingly, valuation gains on these properties of \$183,676,000 (Six months ended 30 June 2015: \$Nil) was recognised in profit or loss in this period.

16 TRADE AND OTHER PAYABLES

	At 30 June 2016 (unaudited) \$'000	At 31 December 2015 (audited) \$'000
Creditors and accrued charges	4,400,420	4,322,821
Rental and other deposits (Note (i))	2,460,720	133,729
Receipts in advance	2,244,746	4,953,225
Amounts due to non-controlling shareholders (Note (ii))	568,525	587,960
Amounts due to related companies (Note (iii))	44,016	45,014
	9,718,427	10,042,749

Notes:

- (i) Included in rental and other deposits is an amount of \$2,337,814,000 (31 December 2015: \$Nil) received from Sunac China in respect of the proposed disposal of the Target Companies as set out in note 14.
- (ii) Apart from the amounts due to non-controlling shareholders of \$353,282,000 (31 December 2015: \$368,118,000) which are interest-free, all of the balances are unsecured, interest-bearing at 20% (31 December 2015: 20%) above the 1-year RMB benchmark lending rate as determined by the People's Bank of China per annum and repayable within one year or on demand.
- (iii) The balances are unsecured, interest-free and repayable on demand.

16 TRADE AND OTHER PAYABLES (Continued)

Notes: (Continued)

- (iv) Included in trade and other payables are trade creditors with the following ageing analysis based on due date at the end of the reporting period:

	At 30 June 2016 (unaudited) \$'000	At 31 December 2015 (audited) \$'000
Due within 1 month or on demand	1,222,588	1,640,249
Due after 1 month but within 3 months	163,162	213,409
Due after 3 months but within 6 months	39,199	8,319
Due after 6 months but within 1 year	107,363	133,632
Due after 1 year	65,970	15,400
	1,598,282	2,011,009

17 BANK AND OTHER BORROWINGS

At 30 June 2016, the bank and other borrowings were analysed as follows:

	At 30 June 2016 (unaudited) \$'000	At 31 December 2015 (audited) \$'000
Bank loans		
– Secured	5,411,719	7,620,354
– Unsecured	198,714	59,693
	5,610,433	7,680,047
Other borrowings		
– Secured	–	823,897
– Unsecured	1,324,943	1,050,000
	6,935,376	9,553,944

17 BANK AND OTHER BORROWINGS (Continued)

At 30 June 2016, the bank and other borrowings were repayable as follows:

	At 30 June 2016 (unaudited) \$'000	At 31 December 2015 (audited) \$'000
Within 1 year and included in current liabilities	3,861,749	6,615,267
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	908,227	1,085,764
After 2 years but within 5 years	1,673,875	1,443,410
After 5 years	491,525	409,503
	3,073,627	2,938,677
	6,935,376	9,553,944

At 30 June 2016, the bank loans and other borrowings were secured by the following assets:

	At 30 June 2016 (unaudited) \$'000	At 31 December 2015 (audited) \$'000
Investment properties	4,308,591	6,110,781
Hotel properties	241,832	258,235
Other land and buildings	–	14,445
Leasehold land held for development for sale	–	450,041
Properties under development for sale	1,476,395	7,193,278
Completed properties for sale	227,627	1,205,063
Pledged deposits	2,300,989	1,692,082
Rental receivables	8,582	4,796
Investment properties classified as held for sale	–	1,216,821
	8,564,016	18,145,542

At 31 December 2015, the secured other borrowings were from an independent third party, interest-bearing at 10.94% per annum and secured by the Group's investment properties, properties under development for sale and equity interests in a subsidiary within the Group. Such balance has been repaid during the period.

At 30 June 2016, the unsecured other borrowings were from a shareholder of the Company and a related company, interest-bearing at 9% and 12% per annum and repayable in 2017 (31 December 2015: 6.9% or 9% per annum and repayable within one year).

18 NOTE PAYABLE

On 15 June 2015, the Company issued a note with principal amount of RMB990,000,000 due in 2018. The note is interest-bearing at 10.595% per annum which is payable quarterly in arrears. The note is secured by certain properties under development for sale included in the disposal group classified as held for sale with carrying amount of \$1,811,954,000 (31 December 2015: \$2,029,800,000) and guaranteed by the Group's certain subsidiaries.

19 BOND PAYABLE

On 27 April 2016, the Group issued a tranche of bond with principal amount of RMB350,000,000 due in 2019. The bond is interest-bearing at 6.25% per annum which is payable semi-annually in arrears. The bond is secured by the Group's certain leasehold land held for development for sale with carrying amount of \$943,390,000 (31 December 2015: \$Nil) and equity interest of a Group's subsidiary.

20 CONVERTIBLE BONDS

On 6 January and 21 March 2016, the Company issued two tranches of convertible bonds with each principal amount of US\$100 million due in 2019 respectively, in which US\$50 million of the convertible bonds was issued to a shareholder of the Company. The bonds are interest-bearing at 6.00% per annum which is payable semi-annually in arrears and are convertible at initial conversion price of HK\$3.8289 per share. The bonds are secured by equity interests of the Group's certain subsidiaries and guaranteed by the Group's certain subsidiaries.

The effective interest of the convertible bonds is 12.29% to 13.98% per annum. Upon the issuance of the convertible bonds, a loss of \$218,633,000 was offset against the liability component of the convertible bonds and will be amortised over the period of the convertible bonds.

Conversion option embedded in the convertible bonds represents the fair value of the holder's option to convert the bonds and is recorded as derivative financial instruments (note 22(a)(ii)).

21 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	At 30 June 2016 (unaudited)		At 31 December 2015 (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	1,181,433	118,143	1,160,734	116,073
Issuance of new shares under the Pre-IPO and Post-IPO Share Option Schemes (Note (i))	1,661	166	11,051	1,105
Issuance of new shares upon conversion of PCSs (Note (ii))	–	–	9,648	965
At 30 June/31 December	1,183,094	118,309	1,181,433	118,143

Notes:

- (i) During the six months ended 30 June 2016, 1,021,166 (Six months ended 30 June 2015: 4,024,333) share options under the Pre-IPO Share Option Scheme and 640,000 (Six months ended 30 June 2015: 2,319,000) share options under the Post-IPO Share Option Scheme were exercised to subscribe for a total of 1,661,166 (Six months ended 30 June 2015: 6,343,333) ordinary shares of the Company at a consideration of \$1.780 and \$2.264 (Six months ended 30 June 2015: \$1.780 and \$2.264) per share respectively, of which \$0.10 per share was credited to share capital and the balance was credited to the share premium account. \$4,580,000 (Six months ended 30 June 2015: \$17,902,000) 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 \$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 \$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 and awarded shares granted pursuant to the Group's Pre-IPO Share Option Scheme, Post-IPO Share Option Schemes and Pre-IPO Share Award Scheme (see notes 21(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. During the six months ended 30 June 2016, no PCSs (year ended 31 December 2015: 9,648,000) were converted to ordinary shares (year ended 31 December 2015: 9,648,000) by the holders of PCSs.

21 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 21(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 2015 and 2016.

The number of share options is as follows:

	Six months ended 30 June	
	2016 Number of options '000	2015 Number of options '000
Outstanding at the beginning of the period	13,012	20,584
Exercised during the period (note 21(a)(i))	(1,021)	(4,024)
Outstanding at the end of the period	11,991	16,560
Exercisable at the end of the period	11,991	16,560

21 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 a share award trust. Upon completion of the bonus issue (see note 21(a)(ii)), a total number of 2,067,000 awarded shares were adjusted.

No shares were awarded under the Pre-IPO Share Award Scheme during the six months ended 30 June 2015 and 2016. All outstanding awarded shares were vested during the year ended 31 December 2015.

(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.

Upon completion of the bonus issue (see note 21(a)(ii)), the exercise price of the Post-IPO Share Options granted in 2012 was adjusted to \$2.264.

No share options were granted under the Post-IPO Share Option Scheme during the six months ended 30 June 2016.

On 28 April 2015, 82,650,000 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 respectively. 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 2025. The exercise prices are \$3.30, being the weighted average closing price of the Company's ordinary shares immediately before the grant.

21 CAPITAL, RESERVES AND DIVIDENDS (Continued)

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

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

The number of share options is as follows:

	Six months ended 30 June	
	2016 Number of options '000	2015 Number of options '000
Outstanding at the beginning of the period	102,603	26,910
Granted during the period	–	82,650
Exercised during the period (note 21(a)(i))	(640)	(2,319)
Forfeited during the period	(3,900)	(3,228)
Outstanding at the end of the period	98,063	104,013
Exercisable at the end of the period	39,067	17,250

(c) Dividends

(i) No interim dividend was declared in respect of the interim period ended 30 June 2016 and 2015.

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

	Six months ended 30 June	
	2016 \$'000	2015 \$'000
Final dividend in respect of the previous financial year, approved and paid during the period, of 22 cents (2015: 11 cents) per ordinary share	312,667	155,624

In respect of the final dividend for the year ended 31 December 2015, there is a difference of \$270,000 between final dividend disclosed in the 2015 annual financial statements and amounts approved and paid during the period which represents dividends attributable to new shares issued upon the exercise of 1,227,000 share options, before the closing date of the register of members.

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

HKFRS 13, *Fair value measurement*, requires the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

At 30 June 2016, the Group's only financial instrument carried at fair value is the conversion option embedded in the convertible bonds (see note 20), which fall under Level 2 of the fair value hierarchy described above. No financial instrument was held by the Group at 31 December 2015.

During the six months ended 30 June 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occurred.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of conversion option is the estimated amount that the Group would receive or pay to terminate the option at the end of the reporting period, taking into account the underlying share price and the potential shares outstanding to be converted.

(b) 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 2015 and 30 June 2016.

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

	At 30 June 2016 (unaudited) \$'000	At 31 December 2015 (audited) \$'000
Contracted for	2,873,139	2,632,406
Authorised but not contracted for	2,535,926	2,183,670
	5,409,065	4,816,076

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

24 CONTINGENT LIABILITIES

(a)	At 30 June 2016 (unaudited) \$'000	At 31 December 2015 (audited) \$'000
Guarantees given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties	4,259,208	3,876,469

- (b) During the six months ended 30 June 2016, the Group entered into a new guarantee agreement ("**New Guarantee Agreement**") in favour of the banks, pursuant to which the Group agreed to provide joint liability guarantees in the amount of RMB1,500,000,000 (approximately equivalent to \$1,753,000,000) for loans granted by the banks to Shenzhen Yanhan Shiye Company Limited ("**Shenzhen Yanhan**"), and a new charge on the Group's 40% equity interest in Shenzhen Yanhan ("**New Charge**") in favour of the banks.

25 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 transactions during the period:

	Six months ended 30 June		Three months ended 30 June	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Remuneration of key management personnel	20,840	22,152	7,963	11,076
Interest income receivable from an associate (note (i))	–	788	–	394
Interest income receivable from joint ventures (note (ii))	15,715	29,264	7,766	17,974
Interest income receivable from non-controlling shareholders (note (iii))	14,551	11,908	7,510	5,954
Guarantee fee income receivable from joint venture	7,718	–	3,847	–
Construction management service income receivable from joint venture	11,589	–	11,589	–
Interest expense payable to shareholders (note (iv))	45,149	–	35,806	–
Interest expense payable to a related company (note (v))	23,800	–	18,421	–

Notes:

- (i) Interest income receivable from an associate was calculated at floating interest rate by reference to base lending rate of Abbey National Treasure Services plc.
- (ii) Interest income receivable from joint ventures were charged at fixed interest rates of 12.5% or 16.5% per annum.
- (iii) Interest income receivable from non-controlling shareholders were charged at fixed interest rates of 3% or 12.5% per annum.
- (iv) Interest expense payable to shareholders were charged at a fixed interest rate of 6.9%, 9% or 12.29% per annum.
- (v) Interest expense payable to a related party was charged at a fixed interest rate of 12% per annum.

26 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a) On 12 July 2016, the Group entered into a loan agreement with Dongguan Hai Long Da Xing Property Development Co., Ltd (“**Hai Long Da Xing**”) pursuant to which the Group agreed to provide a loan in the amount of RMB298,000,000 (equivalent to approximately HK\$354,620,000) to Hai Long Da Xing for a term of three years.
- (b) As set out in Note 14, the Group entered into a framework agreement and certain supplemental agreements with Sunac China in respect of disposal of the Target Companies. The disposal was approved in the extraordinary general meetings of Sunac China and the Company on 16 August 2016 and 18 August 2016 respectively.

REVIEW REPORT



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

INTRODUCTION

We have reviewed the interim financial report set out on pages 42 to 76 which comprises the consolidated statement of financial position of Top Spring International Holdings Limited (“the Company”) as of 30 June 2016 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 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 2016 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

31 August 2016



TOP SPRING

International Holdings Limited

萊蒙國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

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