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合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

Website: http://www.irasia.com/listco/hk/hopson

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2013

FINANCIAL HIGHLIGHTS

(for the six months ended 30th June 2013)

— Turnover was HK$4,967 million.

— Profit attributable to shareholders amounted to HK$2,124 million.

— Basic earnings per share was HK$1.223 per share.

BUSINESS REVIEW

Industry overview

In the first half of 2013

- In the first half of 2013, the macro-economy of China showed a weak recovery. According to the principles of the Central Economic Working Conference, China will continue to implement the prudent policies in 2013 and the amounts of new monetary supply and loans will slightly increase. It is expected that the economic and price situation will improve in 2013, which will continue to benefit the real estate industry.

* *For identification purposes only*

- Notwithstanding the generally positive tone of the market, the control measures on real estate are still stringent. The implementation of "Five Measures" and its implementation rules illustrated the determination of the new government to restraint the real estate market. It also indicated that the general principle to suppress speculative investment demands and to safeguard reasonable demands will remain unchanged, and policies including restrictions on property purchases, mortgage loans and property prices will be maintained. As a result, the real estate market is still exposed to political risk resulting from suppressing the excessive rise in property prices.

- The control measures on the domestic real estate industry will not change in the short term and the real estate market will become more mature gradually. To seek for opportunities among challenges and develop against adversities, the Group will make timely moves so as to seize the critical opportunity of in-depth adjustment in the real estate market structure.

Contracted sales performance

Details of properties sold under sale and pre-sale contracts in the first half of 2013 totalling RMB5,564 million (2012: RMB5,820 million) were as follows:

- In Beijing and Tianjin, a total GFA of 142,502 square metres (2012: 63,377 square metres), with a carrying value of RMB2,804 million (2012: RMB1,707 million) was sold. The increase of sales was mainly attributable to the commencement of sale of Hopson Regal Park, which was well received by the market.

- In Shanghai, a total GFA of 60,842 square metres (2012: 73,462 square metres), with a carrying value of RMB1,138 million (2012: RMB1,124 million) was sold. The increase of sales was mainly attributable to the replenishment of new units of The Town of Hangzhou Bay and Hopson Times Garden.

- In Guangzhou, a total GFA of 46,119 square metres (2012: 122,914 square metres), with a carrying value of RMB1,039 million (2012: RMB1,930 million) was sold. The decrease of sales was mainly attributable to the fact that the remaining unsold units were being sold in most of the projects.

- In Huizhou, a total GFA of 60,878 square metres (2012: 98,132 square metres), with a carrying value of RMB583 million (2012: RMB1,059 million) was sold. The decrease of sales was mainly attributable to the limited supply of saleable properties of Huizhou Regal Bay and the sale of the remaining unsold units.

Properties sold but yet delivered

As at 30th June 2013, the GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was 1,030,585 square metres (31st December 2012: 982,105 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK$16,470 million will be recognised as revenue in the Group's financial statements in the second half of 2013 and thereafter.

Delivery of properties

A total GFA of 261,861 square metres (2012: 248,871 square metres) was delivered in the first half of 2013.

Project development progress

- A total GFA of approximately 301,097 square metres was completed in the first half of 2013.
- A total GFA of approximately 1,558,276 square metres is expected to be completed in the second half of 2013.

Landbank

As of 30th June 2013, the Group had a landbank of 32.97 million square metres (31st December 2012: 33.24 million square metres).

Prospects

- The macro-control of the real estate market in 2013 is expected to be adopted continuously and the restraining policies will focus on cities where property prices increased excessively. While focusing on the short-term policies on the real estate industry, we should look at the long term development of the real estate market of China rationally. In the long run, the real estate industry remains the integral component of the PRC economy. Given that the urbanization rate of China has currently exceeded 50%, the process of industrialization and urbanization will remain the driving forces of the continuous development of the PRC real estate industry. Besides, as certain rigid demands have not been timely unleashed due to the pressure from the policies and effects of the market expectations, it is expected that the future market demand for real estate will continue to be enormous. It is justified to believe that as the government gradually deepens the macro-control on the real estate market, the real estate market will progressively develop in a benign manner and the real estate industry will become more mature.

- In the second half of the year, the Group will launch a series of new projects which are mainly situated in prosperous hotspot cities such as Beijing, Shanghai, Guangzhou, Tianjin, Taiyuan, Ningbo, Kunshan of Jiangsu, Qinhuangdao and Dalian. These new projects will either be in core prime locations of the cities, or will be large-scale composite projects in second-tier cities with well-developed and comprehensive amenities. Adhering to the high quality standard for developed products of the Group with world-class services and clear market positioning, these projects started to gain the attention and recognition from target customers. The Group expects that through leveraging on the strong brand recognition and implementing effective marketing strategies, such projects will generate continuous satisfactory sales for the Group.

The board (the "Board") of directors (the "Directors") of Hopson Development Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th June 2013 together with the comparative figures for the corresponding previous period.

The interim financial information of the Company for the six months ended 30th June 2013 has been reviewed by the Company's audit committee and the Board.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30th June **2013** *HK$'000* **(Unaudited)**	2012 *HK$'000* (Unaudited)
Revenues	*4*	**4,967,360**	5,122,555
Cost of sales	*7*	**(3,122,692)**	(2,836,980)
Gross profit		**1,844,668**	2,285,575
Fair value gain on investment properties		**76,762**	107,697
Gain on disposal of available-for-sale financial assets	*5*	**—**	1,729,556
Other income/gains, net	*6*	**207,022**	100,037
Selling and marketing expenses	*7*	**(204,392)**	(208,089)
General and administrative expenses	*7*	**(593,026)**	(540,268)
Finance income	*8*	**18,014**	10,603
Finance costs	*8*	**(13,784)**	(124,335)
Share of profit of associates		**555**	1,490
Share of profit/(loss) of jointly controlled entities	*9*	**1,399,444**	(1,210)
Profit before taxation		**2,735,263**	3,361,056
Taxation	*10*	**(666,429)**	(767,883)
Profit for the period		**2,068,834**	2,593,173
Attributable to:			
Equity holders of the Company		**2,123,979**	2,631,219
Non-controlling interests		**(55,145)**	(38,046)
		2,068,834	2,593,173
Earnings per share for profit attributable to equity holders of the Company during the period (in HK$ per share)			
— basic and diluted	*11*	**1.223**	1.516
Dividend	*12*	**—**	—

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30th June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**2,068,834**	2,593,173
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Fair value loss on available-for-sale financial assets	**(522,583)**	(120,742)
Assets revaluation reserve realised upon disposal of available-for-sale financial assets	**—**	(1,581,316)
Assets revaluation reserve realised upon disposal of properties held for sale	**(1,681)**	(9,152)
Deferred tax	**131,447**	206,677
Currency translation differences	**870,122**	(375,202)
Other comprehensive income/(loss) for the period, net of tax	**477,305**	(1,879,735)
Total comprehensive income for the period	**2,546,139**	713,438
Attributable to:		
Equity holders of the Company	**2,551,836**	767,863
Non-controlling interests	**(5,697)**	(54,425)
	2,546,139	713,438

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30th June 2013 HK$'000 (Unaudited)	As at 31st December 2012 HK$'000 (Audited)
ASSETS			
Non-current assets			
Land costs		**1,556,904**	1,528,998
Prepayments for acquisition of land		**133,552**	131,197
Properties and equipment		**3,655,210**	3,435,475
Investment properties		**17,810,558**	16,535,733
Intangible assets		**41,978**	41,237
Investments in associates		**157,997**	154,659
Investments in jointly controlled entities		**5,511,746**	4,027,439
Available-for-sale financial assets		**2,205,761**	2,684,836
Deferred tax assets		**329,549**	299,334
		31,403,255	28,838,908
Current assets			
Prepayments for acquisition of land		**11,204,809**	11,006,809
Properties under development for sale		**55,821,263**	54,314,252
Completed properties for sale		**16,167,928**	14,407,957
Financial assets at fair value through profit or loss		**12,206**	13,552
Accounts receivable	*13*	**358,839**	347,695
Prepayments, deposits and other current assets		**2,402,629**	2,924,163
Due from associates		**32,456**	31,884
Due from related companies		**6,628**	6,361
Pledged/charged bank deposits		**800,846**	1,232,929
Cash and cash equivalents		**4,350,463**	4,356,241
		91,158,067	88,641,843
Total assets		**122,561,322**	117,480,751

	Note	As at 30th June 2013 HK$'000 (Unaudited)	As at 31st December 2012 HK$'000 (Audited)
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**173,600**	173,600
Reserves	*16*	**44,566,025**	42,014,189
		44,739,625	42,187,789
Non-controlling interests		**2,751,643**	2,806,811
Total equity		**47,491,268**	44,994,600
LIABILITIES			
Non-current liabilities			
Land cost payable		**60,621**	59,651
Borrowings	*14*	**26,008,587**	21,270,578
Due to minority shareholders of subsidiaries		**566,063**	556,080
Deferred tax liabilities		**5,512,498**	5,548,087
		32,147,769	27,434,396
Current liabilities			
Accounts payable	*15*	**5,260,560**	5,137,933
Land cost payable		**554,611**	750,732
Borrowings	*14*	**12,023,264**	15,520,648
Deferred revenue		**16,470,050**	14,233,334
Accruals and other payables		**2,472,278**	2,762,720
Due to an associate		**6,929**	6,807
Due to related companies		**154,479**	265,210
Due to jointly controlled entities		**2,385,611**	2,145,551
Current tax liabilities		**3,594,503**	4,228,820
		42,922,285	45,051,755
Total liabilities		**75,070,054**	72,486,151
Total equity and liabilities		**122,561,322**	117,480,751
Net current assets		**48,235,782**	43,590,088
Total assets less current liabilities		**79,639,037**	72,428,996

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 30th June 2013			
	Attributable to equity holders of the Company		**Non-controlling interests**	**Total**
	Share capital	**Reserves**		
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Balance at 1st January 2013	**173,600**	**42,014,189**	**2,806,811**	**44,994,600**
Total comprehensive income for the period	**—**	**2,551,836**	**(5,697)**	**2,546,139**
Transactions with owners:				
Capital contribution by non-controlling interests	**—**	**—**	**34,217**	**34,217**
Dividends paid	**—**	**—**	**(83,688)**	**(83,688)**
	—	**—**	**(49,471)**	**(49,471)**
Balance at 30th June 2013	**173,600**	**44,566,025**	**2,751,643**	**47,491,268**

	Unaudited six months ended 30th June 2012			
	Attributable to equity holders of the Company		Non-controlling interests	Total
	Share capital	Reserves		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1st January 2012	173,600	40,910,852	2,981,657	44,066,109
Total comprehensive income for the period	—	767,863	(54,425)	713,438
Transactions with owners:				
Disposal of a subsidiary	—	—	(17,696)	(17,696)
Balance at 30th June 2012	173,600	41,678,715	2,909,536	44,761,851

Notes:

(1) GENERAL INFORMATION

Hopson Development Holdings Limited ("the Company") and its subsidiaries (together "the Group") are mainly engaged in the development of residential properties in Mainland China. The Group is also involved in property investment, hotel operations and property management.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

This unaudited interim financial information is presented in Hong Kong dollars, unless otherwise stated and has been approved for issue by the Board of Directors on 27th August 2013.

(2) BASIS OF PREPARATION

This unaudited interim financial information for the six months ended 30th June 2013 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.

Management has periodically prepared cash flow projections and the Group has a number of alternative plans to offset the potential impact on the Group's business development and current operation, should there be circumstances that the anticipated cash flow may be affected by any unexpected changes in global/Mainland China economic conditions. The Company's Directors consider that the Group will be able to maintain sufficient financial resources to meet its needs. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial information.

This unaudited interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31st December 2012.

(3) ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of this unaudited interim financial information are consistent with those used in the annual financial statements for the year ended 31st December 2012, except for the adoption of new or revised accounting standards as described below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Adoption of new or revised standards and amendments

In 2013, the Group adopted the following new or revised standards and amendments, which are effective for accounting periods beginning on or after 1st January 2013 and relevant to the Group's operations.

HKAS 1 Amendment	Presentation of Financial Statements
HKFRS 7 Amendment	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interest in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 Amendment	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements Project	Annual Improvements 2009–2011 Cycle

The Group has assessed the impact of the adoption of these new or revised standards and amendments and considered that there was no significant impact on the Group's results and financial position, except for certain disclosure in respect of HKAS 1 Amendment and HKFRS 13.

Standards, interpretations and amendments to existing standards that are not yet effective

		Effective for accounting periods beginning on or after
New or revised standards, interpretations and amendments		
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKAS 36 Amendment	Recoverable Amount Disclosures for Non-financial Assets	1st January 2014
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure	1st January 2015
HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011) (Amendment)	Investment Entities	1st January 2014
HKFRS 9	Financial Instruments	1st January 2015
HK (IFRIC)-Int 21	Levies	1st January 2014

The Group has already commenced an assessment of the impact of these new or revised standards, interpretations and amendments, certain of which are relevant to the Group's operation and will give rise to changes in accounting policies, disclosures or measurement of certain items in the financial statements. However, the Group is not yet in a position to ascertain their impact on its results and financial position.

(4) SEGMENT INFORMATION

The chief operating decision maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business from both a business and geographic perspective. Reportable business segments identified are property development, property investment, hotel operations and property management. Geographically, the Executive Directors consider that the reportable business segments can be further segregated into three main geographical areas, namely Southern China (SC) (including Guangzhou, Huizhou, Zhongshan and Hong Kong), Northern China (NC) (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao) and Eastern China (EC) (including Shanghai, Hangzhou and Ningbo).

The Executive Directors assess the performance of the operating segments based on a measure of adjusted segment results. Corporate expenses, finance income and finance costs are not included in the results for each operating segment that is reviewed by the Executive Directors.

Segment assets consist primarily of properties and equipment, investment properties, investments in jointly controlled entities, prepayments for acquisition of land, properties under development for sale, completed properties for sale, prepayments, deposits and other current assets and cash and cash equivalents. They exclude available-for-sale financial assets which are managed on a central basis, and deferred tax assets.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated income statement.

Revenues comprise turnover which included gross proceeds from sales of properties, revenue from rental and hotel operations, and property management income.

	Six months ended 30th June	
	2013	2012
	HK$'000	*HK$'000*
Sales of properties	**4,367,839**	4,605,321
Property management income	**318,091**	277,597
Income from hotel operations	**118,423**	112,063
Rental income		
— Investment properties	**100,546**	59,495
— Others	**62,461**	68,079
	4,967,360	5,122,555

The segment results by business lines and by geographical areas for the six months ended 30th June 2013 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30th June 2013											
Total revenues	**1,824,434**	**850,187**	**2,023,345**	**42,353**	**58,380**	**934**	**19,811**	**—**	**98,657**	**331,093**	**5,249,194**
Inter-segment revenues	**(236,217)**	**—**	**(31,449)**	**—**	**(1,121)**	**—**	**—**	**—**	**(45)**	**(13,002)**	**(281,834)**
Revenues	**1,588,217**	**850,187**	**1,991,896**	**42,353**	**57,259**	**934**	**19,811**	**—**	**98,612**	**318,091**	**4,967,360**
Adjusted segment results	**398,866**	**227,121**	**479,804**	**87,279**	**(46,317)**	**1,499,083**	**(8,852)**	**(15,043)**	**(114,140)**	**18,426**	**2,526,227**
Depreciation	**(3,370)**	**(1,434)**	**(9,634)**	**(59)**	**(47)**	**(5)**	**(3,770)**	**(5)**	**(55,871)**	**(1,279)**	**(75,474)**
Amortisation	**—**	**—**	**—**	**—**	**—**	**—**	**(3,601)**	**(13,355)**	**(3,379)**	**—**	**(20,335)**
Provision for impairment of accounts receivable	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(8,936)**	**(8,936)**
Fair value gain/(loss) on investment properties	**—**	**—**	**—**	**58,252**	**(91,241)**	**109,751**	**—**	**—**	**—**	**—**	**76,762**
Share of profit of associates	**153**	**—**	**402**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**555**
Share of profit/(loss) of jointly controlled entities	**11,567**	**—**	**(597)**	**—**	**—**	**1,388,474**	**—**	**—**	**—**	**—**	**1,399,444**

The segment results by business lines and by geographical areas for the six months ended 30th June 2012 are as follows:

	Property development			Property investment			Hotel operations		Property management	Group
	SC	EC	NC	SC	EC	NC	SC	NC		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30th June 2012										
Total revenues	1,130,596	2,546,662	1,125,089	24,180	35,315	—	16,462	95,601	278,931	5,252,836
Inter-segment revenues	(115,748)	—	(13,199)	—	—	—	—	—	(1,334)	(130,281)
Revenues	1,014,848	2,546,662	1,111,890	24,180	35,315	—	16,462	95,601	277,597	5,122,555
Adjusted segment results	290,550	1,055,385	259,032	(70,264)	208,386	(4,581)	(5,834)	(84,134)	20,271	1,668,811
Depreciation	(3,761)	(1,750)	(8,238)	(65)	(68)	(12)	(3,677)	(59,792)	(1,157)	(78,520)
Amortisation	—	—	—	—	—	—	(1,599)	(1,726)	—	(3,325)
Fair value gain/(loss) on investment properties	—	—	—	(81,013)	193,126	(4,416)	—	—	—	107,697
Share of profit of associates	95	—	1,395	—	—	—	—	—	—	1,490
Share of loss of a jointly controlled entity	—	—	(1,210)	—	—	—	—	—	—	(1,210)

The segment assets by business lines and by geographical areas as at 30th June 2013 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at and for the six months ended 30th June 2013	**35,388,462**	**19,871,960**	**39,699,716**	**5,625,728**	**10,822,906**	**3,864,513**	**649,726**	**1,059,457**	**2,700,770**	**342,774**	**120,026,012**
Segment assets include:											
Investments in associates	**2,433**	**—**	**155,564**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**157,997**
Investments in jointly controlled entities	**2,498,445**	**—**	**1,233,223**	**—**	**—**	**1,780,078**	**—**	**—**	**—**	**—**	**5,511,746**
Additions to non-current assets (other than financial instruments and deferred tax assets)	**1,912**	**333**	**3,344**	**36,311**	**342,209**	**37,705**	**26,301**	**2,887**	**163,497**	**658**	**615,157**

The segment assets by business lines and by geographical areas as at 31st December 2012 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at and for the year ended 31st December 2012	34,895,952	18,791,759	39,011,526	5,332,406	10,429,824	1,471,040	607,718	1,051,538	2,642,492	262,326	114,496,581
Segment assets include:											
Investments in associates	2,237	—	152,422	—	—	—	—	—	—	—	154,659
Investments in jointly controlled entities	2,442,920	—	1,584,519	—	—	—	—	—	—	—	4,027,439
Additions to non-current assets (other than financial instruments and deferred tax assets)	744,141	22,110	40,691	241,966	420,502	44,037	4,825	94,320	50,222	2,206	1,665,020

Reconciliation of reportable segment profit from operations to profit before taxation is as follows:

	Six months ended 30th June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Reportable segment profit from operations	**2,526,227**	1,668,811
Unallocated corporate income/(expenses) (including exchange gain/(loss)), net	**67,250**	(39,226)
Dividend income	**137,556**	115,647
Gain on disposal of available-for-sale financial assets	**—**	1,729,556
Finance income	**18,014**	10,603
Finance costs	**(13,784)**	(124,335)
Profit before taxation	**2,735,263**	3,361,056

Reconciliation of reportable segment assets to total assets is as follows:

	As at	
	30th June	31st December
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Total segment assets	**120,026,012**	114,496,581
Available-for-sale financial assets	**2,205,761**	2,684,836
Deferred tax assets	**329,549**	299,334
Total assets	**122,561,322**	117,480,751

The Group primarily operates in Mainland China. All revenues for the six months ended 30th June 2013 and 2012 are from Mainland China.

As at 30th June 2013 and 31st December 2012, all non-current assets are located in Mainland China.

(5) GAIN ON DISPOSAL OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

For the six months ended 30th June 2012, the Group disposed of an aggregate of 199,040,000 shares of BBMG Corporation ("BBMG") for a total consideration of RMB1,689,697,000 (equivalent to approximately HK$2,084,300,000) on the "A" share market of the Shanghai Stock Exchange, resulting in gain on disposal of available-for-sale financial assets of RMB1,406,060,000 (equivalent to approximately HK$1,729,556,000).

(6) OTHER INCOME/GAINS, NET

	Six months ended 30th June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividend income from		
— available-for-sale financial assets (unlisted securities)	**137,326**	115,424
— financial assets at fair value through profit or loss	**230**	223
Government grants	**5,276**	3,407
Fair value (loss)/gain on financial assets at fair value through profit or loss	**(1,342)**	1,239
Net exchange gain/(loss)	**65,532**	(20,256)
	207,022	100,037

(7) EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and general and administrative expenses are analysed as follows:

	Six months ended 30th June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Advertising costs	**112,743**	105,975
Amortisation of land costs	**20,335**	3,325
Cost of completed properties sold	**2,699,155**	2,516,275
Depreciation of properties and equipment	**75,474**	78,520
Direct operating expenses arising from investment properties that		
— generated rental income	**24,759**	22,172
— did not generate rental income	**10,629**	23,261
Employees' benefits costs (including Directors' emoluments)	**442,564**	339,084
Loss on disposal of properties and equipment	**68**	—
Operating lease rental in respect of premises	**19,644**	10,586
Provision for impairment of accounts receivable	**8,936**	—

(8) FINANCE INCOME AND COSTS

	Six months ended 30th June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expense:		
— on loans from banks and financial institutions wholly repayable within five years	**1,301,031**	1,065,024
— on loans from banks and financial institutions not wholly repayable within five years	**8,063**	135,037
— on senior notes wholly repayable within five years	**247,674**	259,580
Total borrowing costs incurred	**1,556,768**	1,459,641
Less: Amount capitalised as part of the cost of properties under development	**(1,542,984)**	(1,335,306)
	13,784	124,335
Interest income from banks	**(18,014)**	(10,603)
Net finance (income)/costs	**(4,230)**	113,732

The average interest rate of borrowing costs capitalised for the six months ended 30th June 2013 was approximately 8.9% (2012: 8.3%) per annum.

(9) SHARE OF PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES

For the six months ended 30th June 2013, amount mainly contributed from the share of fair value gain, net of tax, on the investment properties of a jointly controlled entity located in Beijing, amounting to approximately HK$1,388,000,000 (2012: nil).

(10) TAXATION

	Six months ended 30th June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Taxation consists of:		
Current tax		
Mainland China corporate income tax	**292,349**	357,377
Mainland China land appreciation tax	**401,254**	434,742
	693,603	792,119
Deferred tax		
Mainland China corporate income tax	**(13,689)**	(17,371)
Mainland China land appreciation tax	**(13,485)**	(6,865)
	(27,174)	(24,236)
Taxation	**666,429**	767,883

No Hong Kong profits tax was provided for the six months ended 30th June 2013 and 30th June 2012 as the Group did not have any assessable profit. Subsidiaries established and operated in Mainland China are subject to Mainland China corporate income tax at the rate of 25% (2012: 25%) for the six months ended 30th June 2013. Mainland China land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

(11) EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30th June	
	2013	2012
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company *(HK$'000)*	**2,123,979**	2,631,219
Weighted average number of ordinary shares in issue *('000)*	**1,736,003**	1,736,003
Basic earnings per share *(HK$ per share)*	**1.223**	1.516

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since there was no dilutive potential ordinary shares for the six months ended 30th June 2013 and 30th June 2012, diluted earnings per share is equal to basic earnings per share.

(12) DIVIDEND

The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30th June 2013 and 30th June 2012.

(13) ACCOUNTS RECEIVABLE

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sale and purchase agreements. Rentals in respect of leased properties and property management fees are generally payable in advance on a monthly basis.

The ageing analysis of accounts receivable is as follows:

	As at	
	30th June 2013	31st December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 3 months	**83,020**	113,614
3 to 6 months	**46,520**	46,987
6 to 9 months	**73,290**	32,122
9 to 12 months	**26,609**	22,615
Over 12 months	**129,400**	132,357
	358,839	347,695

Carrying values of accounts receivable denominated in Renminbi approximate their fair values. The accounts receivable relate to a number of independent customers.

(14) BORROWINGS

	As at	
	30th June 2013	31st December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current		
Bank and financial institution borrowings	**21,429,092**	18,978,209
Senior notes	**4,579,495**	2,292,369
	26,008,587	21,270,578
Current		
Bank and financial institution borrowings	**12,023,264**	15,520,648
Total borrowings	**38,031,851**	36,791,226

Notes:

(a) In January 2011, the Company issued 11.75% senior notes with an aggregate nominal value of US$300,000,000 (equivalent to approximately HK$2,340,000,000), for a total consideration of approximately HK$2,340,000,000. The senior notes mature in five years (January 2016) and are repayable at their nominal value of US$300,000,000. The Company will be entitled at its option to redeem all or a portion of the senior notes at the redemption prices specified in the offering circular, plus accrued and unpaid interests to the redemption date subject to the terms and conditions specified in the offering circular.

(b) In January 2013, the Company issued 9.875% senior notes with an aggregate nominal value of US$300,000,000 (equivalent to approximately HK$2,327,000,000), for a total consideration of approximately HK$2,327,000,000. The senior notes mature in five years (January 2018) and are repayable at their nominal value of US$300,000,000. The Company will be entitled at its option to redeem all or a portion of the senior notes at the redemption prices specified in the offering circular, plus accrued and unpaid interests to the redemption date subject to the terms and conditions specified in the offering circular.

(15) ACCOUNTS PAYABLE

Ageing analysis of accounts payable (including amounts due to related companies of trading in nature) is as follows:

	As at	
	30th June 2013	31st December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 3 months	**1,125,842**	1,528,933
3 to 6 months	**972,970**	1,276,981
6 to 9 months	**489,643**	531,406
9 to 12 months	**457,641**	512,795
Over 12 months	**2,214,464**	1,287,818
	5,260,560	5,137,933

As at 30th June 2013, approximately HK$683,733,000 (2012: HK$623,119,000) of accounts payable was due to certain related companies in respect of property construction fees.

Carrying values of accounts payable denominated in Renminbi approximate their fair values.

(16) RESERVES

For the six months ended 30th June 2013

	Share premium *HK$'000*	**Capital redemption reserve** *HK$'000*	**Statutory reserve** *HK$'000*	**Assets revaluation reserve** *HK$'000*	**Currency translation differences** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*
Balance at 1st January 2013	**10,692,732**	**4,183**	**161,117**	**1,153,863**	**5,375,390**	**24,626,904**	**42,014,189**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**2,123,979**	**2,123,979**
Currency translation differences	**—**	**—**	**—**	**—**	**820,674**	**—**	**820,674**
Fair value loss on available-for-sale financial assets	**—**	**—**	**—**	**(522,583)**	**—**	**—**	**(522,583)**
Realised upon disposal of properties held for sale	**—**	**—**	**—**	**(1,681)**	**—**	**—**	**(1,681)**
Deferred tax	**—**	**—**	**—**	**131,447**	**—**	**—**	**131,447**
Balance at 30th June 2013	**10,692,732**	**4,183**	**161,117**	**761,046**	**6,196,064**	**26,750,883**	**44,566,025**

For the six months ended 30th June 2012

	Share premium *HK$'000*	Capital redemption reserve *HK$'000*	Statutory reserve *HK$'000*	Assets revaluation reserve *HK$'000*	Currency translation differences *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
Balance at 1st January 2012	10,692,732	4,183	161,117	2,923,078	5,485,628	21,644,114	40,910,852
Profit for the period	—	—	—	—	—	2,631,219	2,631,219
Currency translation differences	—	—	—	—	(358,823)	—	(358,823)
Fair value loss on available-for-sale financial assets	—	—	—	(120,742)	—	—	(120,742)
Realised upon disposal of available-for-sale financial assets	—	—	—	(1,581,316)	—	—	(1,581,316)
Realised upon disposal of properties held for sale	—	—	—	(9,152)	—	—	(9,152)
Deferred tax	—	—	—	206,677	—	—	206,677
Balance at 30th June 2012	10,692,732	4,183	161,117	1,418,545	5,126,805	24,275,333	41,678,715

DIVIDEND

The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30th June 2013 and 30th June 2012.

FINANCIAL REVIEW

Turnover

(i) Recognised Sales

For the first six months of 2013, the Group completed a turnover of HK$4,967 million, drop 3% (2012: HK$5,123 million), with a total GFA of 261,861 square metres (2012: 248,871 square metres). The major projects delivered include Hopson Dreams World (合生世界村) in Beijing and Ningbo International City (寧波國際城) and Hopson Yuting Garden (合生御廷園) in Shanghai.

The overall average selling price in respect of delivered and completed properties decreased by 12% to RMB13,234 per square metre (2012: RMB14,989 per square metre). Summarily viewed, as affected by the change in delivered projects and product mix, the average selling price of the Group in all regions except in Beijing and Tianjin dropped in the first half of 2013.

In Beijing, due to the delivery of Hopson Dreams World (合生世界村), which is a project with relatively higher price, the overall average selling price in the first half of 2013 increased significantly to RMB19,101 per square metre (2012: RMB15,375 per square metre).

In Shanghai, as high end projects such as Sheshan Dongziyuan (佘山東紫園) recorded less delivery, coupled with the delivery of Ningbo International City (寧波國際城) and Hopson Yuting Garden (合生御廷園), which were projects with relatively lower prices, the overall average selling price in the first half of 2013 dropped to RMB13,571 per square metre (2012: RMB15,491 per square metre).

In Guangzhou, the major delivered projects were the relatively lower-priced Junjing Bay (君景灣) and Zhongshan Regal Court (中山帝景苑). As a consequence, the overall average selling price in the first half of 2013 dropped to RMB11,324 per square metre (2012: RMB15,339 per square metre).

In Huizhou, as the products of Regal Bay (帝景灣) and International New City (國際新城) in Huizhou were mainly delivered at bare shell standard, the overall average selling price in the first half of 2013 dropped slightly to RMB7,593 per square metre (2012: RMB8,371 per square metre).

(ii) Contracted Sales

The Group recorded a total of RMB5,564 million contracted sales (2012: RMB5,820 million). Average contracted selling price increased by 10% to RMB17,928 per square metre (2012: RMB16,263 per square metre).

The combined contracted sales of Beijing and Tianjin were RMB2,804 million, representing 50% of the total contracted sales of the Group in the first half of 2013. Eleven projects were on sale in Beijing and Tianjin, of which Hopson World Garden (合生世界花園) and Hopson Regal Park (合生濱江帝景) were the major sales contributors.

There were five property projects on sale in Shanghai, mainly comprising The Town of Hangzhou Bay (合生杭州灣國際新城) and Hopson Times Garden (合生前灘一號). Contracted sales of Shanghai amounted to RMB1,138 million, representing 21% of the total contracted sales of the Group.

Nineteen property projects were on sale in Guangdong and the contracted sales were RMB1,622 million in the first half of 2013, representing 29% of the total contracted sales of the Group. The major projects in Guangdong were Regal Riviera (珠江帝景), Regal Villa (帝景山莊), Huizhou Regal Bay (惠州帝景灣) and International New City (國際新城).

Gross Profit

Gross profit for the first half of 2013 amounted to HK$1,845 million (2012: HK$2,286 million) with a gross profit margin of 37% (2012: 45%). The decrease in gross profit margin was mainly attributable to the increase in the proportion of lower-priced products in recognised sales for the period which resulted in a decrease in the overall selling price.

Other Income/Gains, Net

Other income/gains for the six months ended 30th June 2013 amounted to HK$207.0 million (2012: HK$100.0 million) comprising (1) dividend income of HK$137.5 million from investment in listed and unlisted securities; (2) grants totalling HK$5.3 million from government authorities in Mainland China; (3) fair value loss of HK$1.3 million from listed investments; and (4) net exchange gain of HK$65.5 million.

Operating Costs

The operating costs relating to expenses for selling, marketing, general and administration increased by 7% to HK$797 million in the first half of 2013 (2012: HK$748 million). The increase was primarily attributable to (1) the increase in compensation costs expended and number of new staff employed for various new projects; and (2) the start-up and other operating expenses of two restaurants which were opened recently.

Finance Costs

Gross interest expenses before capitalisation for the first half of 2013 increased to HK$1,557 million (2012: HK$1,460 million), up HK$97 million or 7%. The increase was primarily attributable to the increase in average amount of bank and financial institution borrowings and interest rates thereof in 2013. The effective interest rate in respect of the Group's borrowings was approximately 8.9% per annum (2012: 8.3%).

Share of Profit of Jointly Controlled Entities

Share of profit of jointly controlled entities represented the Group's share of profit of HK$1,399 million from three jointly controlled entities located in Beijing and Guangzhou.

Taxation

The effective tax rate was 24% for the first half of 2013, up 1% as compared with that of the same period last year.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders was HK$2,124 million for the first half of 2013 (2012: HK$2,631 million). Basic earnings per share was HK$1.223. Excluding the effect of the net of tax gain from investment property revaluation of HK$58 million and the net of tax gain from investment property revaluation of a jointly controlled entity of HK$1,388 million, underlying profit for the period under review was HK$678 million, representing a decrease of HK$143 million, or 17%, as compared with that of the corresponding period in the prior year. The overall decrease was mainly attributable to the decrease in gross profit.

Segmental Information

Property development continued to be the Group's core business activity (88%). In 2013, the Group continued to develop its business in the three core economic regions, namely the Pearl River Delta, Yangtze River Delta and Huanbohai Area. Northern China (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao) contributed 44% to the revenues of the Group, followed by Southern China (including Guangzhou, Huizhou and Zhongshan) (37%), and Eastern China (including Shanghai, Hangzhou and Ningbo) (19%).

Financial Position

As at 30th June 2013, total assets of the Group amounted to HK$122,561 million and its total liabilities came to HK$75,070 million, representing an increase of 4% respectively as compared to those at 31st December 2012. The increase in total assets was attributable to the combined effect of (1) the increase in investment properties; (2) the increase in development cost incurred in the construction and completion of projects; and (3) the increase in investments in jointly controlled entities. Aligned with this, total liabilities also increased, primarily attributable to the combined effect of the additional borrowings obtained and the increase in deferred income.

The Group's current ratio as at 30th June 2013 was 2.12 (31st December 2012: 1.97). Equity at 30th June 2013 increased 6% to HK$47,491 million from 31st December 2012, primarily due to the combined effect of (1) the increase in profit attributable to equity holders during the period; (2) the increase in currency translation differences reserve; and (3) the decrease in assets revaluation reserve. The net-asset-value ("NAV") per share as at 30th June 2013 was HK$27.36.

Liquidity and Financial Position

As at 30th June 2013, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding non-controlling interests) was 61% (31st December 2012: 62%). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders' equity) was 69% (31st December 2012: 69%).

As at 30th June 2013, the Group had cash and short-term bank deposits amounting to HK$5,151 million (31st December 2012: HK$5,589 million) of which approximately HK$4 million (31st December 2012: HK$139 million) was charged by certain banks in respect of the processing of mortgage facilities granted by the banks to the buyers of the Group's properties. 93.95% of the cash and bank deposits were denominated in Renminbi, 0.93% in Hong Kong dollars and 5.12% in United States dollars.

Total borrowings from banks and financial institutions amounted to HK$33,452 million as at 30th June 2013 representing a decrease of 3% or HK$1,047 million as compared to those at 31st December 2012. Gearing, measured by net bank and financial institution borrowings and Guaranteed Senior Notes (i.e. total bank and financial institution borrowings and Guaranteed Senior Notes less cash and bank deposits) as a percentage of shareholders' equity, was 69%, which was in line with that of 69% at 31st December 2012.

All of the bank and financial institution borrowings were either secured or covered by guarantees and were substantially denominated in Renminbi with fixed interest rates whereas the United States Dollar denominated Senior Notes due 2016 and Senior Notes due 2018 were jointly and severally guaranteed by certain subsidiaries with fixed interest rate, representing approximately 82% and 11% respectively of the Group's total borrowings.

All of the other borrowings were unsecured, interest-free and substantially denominated in Renminbi.

The Group's borrowings repayment profile as at 30th June 2013 was as follows:

	As at 30th June 2013					As at 31st December 2012				
(HK$ million)	**Bank and financial institution borrowings**	**Guaranteed senior notes**	**Other borrowings**	**Total**		Bank and financial institution borrowings	Guaranteed senior notes	Other borrowings	Total	
1 year	**12,023**	**—**	**2,547**	**14,570**	**(36%)**	15,521	—	2,418	17,939	(46%)
1–2 years	**9,320**	**—**	**—**	**9,320**	**(23%)**	7,128	—	—	7,128	(18%)
2–5 years	**11,620**	**4,580**	**—**	**16,200**	**(40%)**	11,606	2,292	—	13,898	(35%)
After 5 years	**489**	**—**	**—**	**489**	**(1%)**	244	—	—	244	(1%)
Total	**33,452**	**4,580**	**2,547**	**40,579**		34,499	2,292	2,418	39,209	
Less: Cash and bank deposits				**(5,151)**					(5,589)	
Net borrowings				**35,428**					33,620	

As at 30th June 2013, the Group had banking facilities of approximately HK$69,358 million (31st December 2012: HK$64,402 million) for short-term and long-term bank loans, of which HK$35,906 million (31st December 2012: HK$29,903 million) were unutilised.

Charge on Assets

As at 30th June 2013, certain assets of the Group with an aggregate carrying value of HK$26,841 million (31st December 2012: HK$26,012 million) were pledged with banks and financial institutions for loan facilities used by subsidiaries.

Financial Guarantees

As at 30th June 2013, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK$10,014 million (31st December 2012: HK$9,616 million).

Treasury Policies and Capital Structure

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange fluctuation arising from the exposure of Renminbi against Hong Kong dollar and US dollar. However, the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollar, US dollar and Renminbi in the foreseeable future.

MANAGEMENT CONTRACT

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

EMPLOYEES

As at 30th June 2013, the Group, excluding its associates and jointly controlled entities, employed a total of 9,488 (as at 31st December 2012: 9,023) staff, the majority of which were employed in Mainland China. Employees' costs (including Directors' emoluments) amounted to HK$443 million for the six months ended 30th June 2013 (2012: HK$339 million). The remuneration policies remained the same as disclosed in the Annual Report for the year ended 31st December 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the six months ended 30th June 2013.

CORPORATE GOVERNANCE

During the six months ended 30th June 2013, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") contained in Appendix 14 of the Listing Rules except for the code provisions A.4.1 and E.1.2 as described below.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

None of the independent non-executive Directors is appointed for specific term. This constitutes a deviation from code provision A.4.1. However, as all the independent non-executive Directors are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Company's Bye-laws, in the opinion of the Directors, this meets the objective of the CG Code.

Code E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board of Directors did not attend the annual general meeting for the year 2013 due to other business commitment.

PURCHASE, REDEMPTION AND SALE OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the six months ended 30th June 2013.

After the six months ended 30th June 2013, the Company repurchased a total of 4,948,000 of its own shares from 17th July 2013 to 22nd July 2013 on the Stock Exchange for an aggregate consideration of approximately HK$45,382,000. All the repurchased shares were cancelled by the Company on 22nd August 2013.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Company's audit committee comprises all the three independent non-executive Directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial information for the six months ended 30th June 2013.

INTERIM REPORT

The 2013 interim report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website http://www.irasia.com/listco/hk/hopson.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the period under review the amount of public float as required under the Listing Rules.

DIRECTORS

As at the date of this announcement, the Board is composed of six executive Directors, namely Mr. Chu Mang Yee (Chairman), Ms. Chu Kut Yung (Deputy Chairman), Mr. Au Wai Kin, Mr. Liao Ruo Qing, Mr. Zheng Shao Hui and Mr. Xie Bao Xin; and three independent non-executive Directors, namely Mr. Lee Tsung Hei, David, Mr. Wong Shing Kay, Oliver and Mr. Tan Leng Cheng, Aaron.

By order of the Board
Hopson Development Holdings Limited
Chu Mang Yee
Chairman

Hong Kong, 27th August 2013