TOP SPRING INTERNATIONAL HOLDINGS LIMITED

莱 蒙 國 際 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03688)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

HIGHLIGHTS

- For the six months ended 30 June 2014, the Group achieved contracted sales of approximately HK$3,107.3 million with contracted saleable GFA of approximately 165,418 sq.m. and contracted average selling price of approximately HK$18,784.5 per sq.m., representing a decrease of approximately 22.4%, 4.5% and 18.8% respectively, as compared with the corresponding period of 2013. For the period from 1 January 2014 to 24 August 2014, the Group achieved contracted sales of approximately HK$4,610.0 million (for the period from 1 January 2013 to 24 August 2013: approximately HK$6,060.2 million) with contracted saleable GFA of approximately 255,262 sq.m. (for the period from 1 January 2013 to 24 August 2013: approximately 249,739 sq.m.) and contracted average selling price of approximately HK$18,059.9 per sq.m. (for the period from 1 January 2013 to 24 August 2013: approximately HK$24,266.1 per sq.m.), representing a decrease of approximately 23.9%, an increase of approximately 2.2% and a decrease of approximately 25.6% respectively over the corresponding period of 2013 and achieving approximately 35.5% of its 2014 contracted sales target of HK$13.0 billion.

- During the six months ended 30 June 2014, the Group acquired a new project in Sanhe City of Hebei Province with the total estimated saleable GFA of approximately 405,870 sq.m. at a total consideration of approximately RMB365.5 million (equivalent to approximately HK$464.2 million) for a 51% effective interest in the project.

- As at 30 June 2014, the Group had 21 projects over 11 cities with a total net saleable/leasable land bank of approximately 5,520,037 sq.m. Excluding Shanghai Shama Century Park (an operational serviced apartment project), Shenzhen Fashion Mark and Shenzhen Buji Market Project (both are redevelopment projects), the remaining land bank of the Group of approximately 3,872,989 sq.m. has an average land cost of approximately RMB2,768.7 per sq.m. (equivalent to approximately HK$3,451.4 per sq.m.).

- The Group has targeted to complete a total saleable/leasable GFA of approximately 418,257 sq.m. in the second half of 2014, in which approximately 272,392 sq.m. or 65.1% of the expected completion saleable GFA has been locked-in through pre-sales as of 24 August 2014.

- Turnover for the six months ended 30 June 2014 decreased by approximately 25.3%, to approximately HK$910.1 million from approximately HK$1,218.9 million for the six months ended 30 June 2013.

- For the six months ended 30 June 2014, the Group generated recurring rental income of approximately HK$154.3 million (for six months ended 30 June 2013: approximately HK$73.4 million) from its investment properties which mainly comprised shopping malls, community commercial centres, retail shops, serviced apartments and car park units. As at 30 June 2014, the investment property portfolio had a total leasable GFA of approximately 466,305 sq.m. and a fair value of approximately HK$9,164.8 million, representing approximately 22.5% of the Group's total assets value.

- Gross profit margin for the six months ended 30 June 2014 was approximately 41.0%, as compared with approximately 41.8% for the corresponding period of 2013.

- For the six months ended 30 June 2014, the loss attributable to equity shareholders of the Company was approximately HK$274.0 million, as compared to a profit attributable to equity shareholders of the Company of approximately HK$221.3 million for the corresponding period of 2013.

- Basic loss per Share attributable to equity shareholders of the Company and the holders of PCSs for the six months ended 30 June 2014 was approximately HK$0.19, as compared to basic earnings per Share attributable to equity shareholders of the Company and the holders of PCSs of HK$0.16 for the corresponding period of 2013.

- Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs as at 30 June 2014 was approximately HK$3.6 (as at 31 December 2013: approximately HK$4.0).

- As at 30 June 2014, the net gearing ratio of the Group was approximately 119.8% (as at 31 December 2013: approximately 100.6%).

- To maintain a stable dividend policy, the Board declared the payment of an interim dividend of HK11 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the six months ended 30 June 2014 (for the six months ended 30 June 2013: HK11 cents per Share).

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Top Spring International Holdings Limited (the "Company") announces the interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2014 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014 – UNAUDITED

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014 – UNAUDITED

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

CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2014 – UNAUDITED

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

CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2014 – UNAUDITED (CONTINUED)

	Note	**At 30 June 2014 (unaudited)** *HK$'000*	At 31 December 2013 (audited) *HK$'000*
Net current assets		**3,230,835**	2,787,525
Total assets less current liabilities		**13,858,856**	14,789,489
Non-current liabilities			
Bank and other borrowings		**6,787,542**	5,989,594
Loans from joint ventures		**–**	1,223,687
Deferred tax liabilities		**1,287,478**	1,301,124
		8,075,020	8,514,405
NET ASSETS		**5,783,836**	6,275,084
CAPITAL AND RESERVES			
Share capital		**115,945**	115,530
Reserves		**4,931,294**	5,530,466
Total equity attributable to equity shareholders of the Company		**5,047,239**	5,645,996
Non-controlling interests		**736,597**	629,088
TOTAL EQUITY		**5,783,836**	6,275,084

NOTES:

1 BASIS OF PREPARATION

The interim results set out in this announcement do not constitute the Group's interim financial report for the six months ended 30 June 2014 but are extracted from that financial report.

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

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

The 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.

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

2 CHANGES IN ACCOUNTING POLICIES

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

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

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

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

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

– HK(IFRIC) 21, *Levies*

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

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

3 SEGMENT REPORTING

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

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

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

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

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

(a) Segment results

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

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

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

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

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

3 SEGMENT REPORTING (CONTINUED)

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

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

(c) Geographic information

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

4 TURNOVER

Turnover represents income from sale of properties, rental income, income from hotel operations and income from provision of property management and related services earned during the period, net of business tax and other sales related taxes and discounts allowed, and is analysed as follows:

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

5 OTHER REVENUE

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

6 OTHER NET (LOSS)/INCOME

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

Note:

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

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

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

7 (LOSS)/PROFIT BEFORE TAXATION

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

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

8 INCOME TAX

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

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

No provision was made for Hong Kong Profits Tax as the Group's Hong Kong subsidiaries did not earn any assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2013 and 2014.

The provision for CIT is based on the respective applicable CIT rates on the estimated assessable profits of the PRC subsidiaries within the Group as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rate was 25% for the six months ended 30 June 2014 (2013: 25%).

LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures.

Withholding taxes are levied on dividend distributions arising from profit of the PRC subsidiaries within the Group earned after 1 January 2008, rental income earned in the PRC by a Hong Kong subsidiary and profit arising from disposal of a subsidiary at the applicable tax rates.

9 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

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

(b) Diluted (loss)/earnings per share

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

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

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

10 DIVIDENDS

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

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Interim dividend declared and paid after the interim period of HK11 cents (2013: HK11 cents) per ordinary share and unit of PCS	**154,841**	154,628

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

11 TRADE AND OTHER RECEIVABLES

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

Notes:

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

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

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

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

(iv) Certain of the Group's rental receivables have been pledged to secure a bank loan.

12 TRADE AND OTHER PAYABLES

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

Notes:

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

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

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

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

13 CAPITAL COMMITMENTS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Business for the six months ended 30 June 2014

(1) Contracted Sales

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

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

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

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

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

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

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

City	Project/Phase and Type of Project	Saleable/ leasable GFA of Properties Completed *sq.m.*	Saleable GFA Booked *sq.m.*	Sales of Properties Recognised *HK$ million*	Recognised ASP *HK$/sq.m.*
Shenzhen	The Spring Land – Shenzhen				
	Phase 5 – residential	–	3,984	136.8	34,337.3
	Phase 6A – residential	–	1,952	51.1	26,178.3
Sub-total		–	5,936	187.9	31,654.3
Hangzhou	Hangzhou Hidden Valley				
	Phase 1 – residential	–	1,476	32.6	22,086.7
Changzhou	Changzhou Fashion Mark				
	Phase 2 – residential	–	205	1.7	8,292.7
	Phase 4 – residential	–	6,421	79.7	12,412.4
	Phase 4 – retail	–	22	2.4	109,090.9
	Changzhou Le Leman City				
	Phase 3 (1-C) – residential	–	722	9.8	13,573.4
	Phase 4 (3-B) – residential	–	131	1.2	9,160.3
	Phase 4 (3-B) – retail	–	85	1.6	18,823.5
	Phase 7 (4-A) – residential	84,598	43,300	331.1	7,646.7
	Phase 7 (4-B) – retail	–	309	4.5	14,563.1
	Phase 9 (2-B) – residential	–	1,132	9.2	8,127.2
Sub-total		84,598	52,327	441.2	8,431.6
Chengdu	Chengdu Fashion Mark				
	Office	–	60	0.8	13,333.3
Less: Sales return *(Note)*					
Changzhou	Changzhou Le Leman City				
	Phase 2 (2-A) – residential	–	(204)	(0.9)	4,411.8
	Phase 5 (1-B) – residential	–	(148)	(1.1)	7,432.4
	Phase 7 (4-B) – residential	–	(86)	(0.5)	5,814.0
Sub-total		–	(438)	(2.5)	5,707.8
Total		84,598	59,361	660.0	11,118.4

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

(3) *Investment Properties*

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

We carefully plan and select tenants based on factors such as the project's overall positioning, market demand in surrounding areas, level of market rent and needs of tenants. We attract large-scale anchor tenants which assist us in enhancing the value of our projects. We enter into longer and more favourable lease contracts with such anchor tenants which include well-known brands, chain cinema operators, major game centres and top operators of catering businesses. As at 30 June 2014, the GFA taken up by our anchor tenants, whose leased GFA was over 10.0% of the total leasable GFA of a single investment property, made up approximately 40.1% (as at 31 December 2013: approximately 48.6%) of our total leasable area in our investment properties under operation.

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

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

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

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

Investment Properties	**Leasable GFA as at 30 June 2014**	**Fair Value as at 30 June 2014**	**Rental Income for the six months ended 30 June 2014**	**Average Monthly Rental Income per sq.m. for the six months ended 30 June 2014**	**Occupancy Rate as at 30 June 2014**
	(Note 7)				
	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	1,480.9	31.8	73.2	93.3
Dongguan Landmark (Shopping mall and car park units)	20,172	507.4	11.4	95.4	98.7
Hangzhou Landmark (Shopping mall)	24,667	385.2	13.1	88.5	100.0
Shenzhen Water Flower Garden (Retail assets)	4,992	224.4	7.9	280.6	94.0
The Spring Land – Shenzhen Phase 1 – Fashion Walk (Retail assets) *(Note 1)*	3,355	187.0	3.5	233.1	74.6
The Spring Land – Shenzhen Phase 3 – Fashion Walk (Retail assets and car park units)	22,393	655.7	10.5	78.4	99.7

Investment Properties	Leasable GFA as at 30 June 2014	Fair Value as at 30 June 2014	Rental Income for the six months ended 30 June 2014	Average Monthly Rental Income per sq.m. for the six months ended 30 June 2014	Occupancy Rate as at 30 June 2014
	(Note 7)				
	sq.m.	*HK$ million*	*HK$ million*	*HK$/sq.m.*	*%*
The Spring Land – Shenzhen Phase 5 – Fashion Walk (Retail assets) *(Note 2)*	3,495	193.2	2.5	193.5	61.6
Changzhou Le Leman City Phase 11 (Retail asset) *(Note 3)*	16,858	133.4	0.9	15.8	56.3
Chengdu Fashion Mark (Shopping mall and car park units)	38,525	792.8	18.2	78.7	100.0
Shanghai Shama Century Park (Service apartments and car park units)	49,357	2,996.8	54.5	197.7	93.1
Sub-total	261,395	7,556.8	154.3	106.0	92.8
Investment properties completed but yet to operate					
Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk (Retail asset) *(Note 4)*	21,450	168.3	–		
The Spring Land – Shenzhen Phase 6A – Fashion Walk (Retail assets) *(Note 5)*	4,500	205.7	–		
Sub-total	25,950	374.0	–		
Investment properties under development					
The Spring Land – Shenzhen Phase 6B – Fashion Walk (Retail assets) *(Note 5)*	2,960	149.5	–		
Nanchang Fashion Mark (Shopping mall, retail shops and serviced apartments) *(Note 6)*	176,000	1,084.5	–		
Sub-total	178,960	1,234.0	–		
Total	466,305	9,164.8	154.3		

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

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

Note 3: The retail asset represents a habilitation and recreation centre of Changzhou Le Leman City Phase 11 for leasing purpose.

Note 4: The retail asset of Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk is expected to commence operation in the second half of 2015. As at 30 June 2014, 100% of the total leasable GFA was pre-leased to a supermarket store and the expected average monthly rental will be approximately HK$36.5 per sq.m.

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

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

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

(4) *Land Bank*

The Group is specialising in the development and operation of urban mixed-use communities and the development and sale of residential properties in the Pearl River Delta, the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC.

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

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

Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA	Interest Attributable to the Group
				sq.m.	*%*
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley Phase 1	Residential	996	100
1	Shenzhen	Shenzhen Hidden Valley Phase 2	Residential	724	100
1	Shenzhen	Shenzhen Hidden Valley Phase 3	Residential	3,297	100
2	Shenzhen	The Spring Land – Shenzhen Phase 1	Residential/ Commercial	3,355	100
2	Shenzhen	The Spring Land – Shenzhen Phase 3	Residential/ Commercial	22,972	100
2	Shenzhen	The Spring Land – Shenzhen Phase 5	Residential/ Commercial	4,982	100
2	Shenzhen	The Spring Land – Shenzhen Phase 6A	Residential/ Commercial	5,420	100
3	Shenzhen	Shenzhen Water Flower Garden (Retail assets)	Residential/ Commercial	4,992	100
4	Changzhou	Changzhou Fashion Mark Phase 1	Commercial	46,627	100
4	Changzhou	Changzhou Fashion Mark Phase 2	Residential/ Commercial	31,894	100
4	Changzhou	Changzhou Fashion Mark Phase 4	Residential/ Commercial	16,608	100

Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA *sq.m.*	Interest Attributable to the Group *%*
5	Changzhou	Changzhou Le Leman City Phase 1 (1-A)	Residential/ Commercial	1,549	100
5	Changzhou	Changzhou Le Leman City Phase 2 (2-A)	Commercial	246	100
5	Changzhou	Changzhou Le Leman City Phase 3 (1-C)	Residential	2,940	100
5	Changzhou	Changzhou Le Leman City Phase 4 (3-B)	Residential/ Commercial	1,070	100
5	Changzhou	Changzhou Le Leman City Phase 5 (1-B)	Residential/ Commercial	1,593	100
5	Changzhou	Changzhou Le Leman City Phase 6 (3-A)	Residential	521	100
5	Changzhou	Changzhou Le Leman City Phase 7 (4-A)	Residential/ Commercial	41,298	100
5	Changzhou	Changzhou Le Leman City Phase 7 (4-B)	Residential/ Commercial	6,080	100
5	Changzhou	Changzhou Le Leman City Phase 9 (2-B)	Residential/ Commercial	40,069	100
5	Changzhou	Changzhou Le Leman City Phase 11 (Retail asset and Holiday-Inn Hotel)	Commercial/ Hotel	50,716	100
6	Dongguan	Dongguan Landmark	Residential/ Commercial	20,217	100
7	Hangzhou	Hangzhou Landmark	Commercial	26,182	100
8	Hangzhou	Hangzhou Hidden Valley Phase 1	Residential	21,509	100
9	Chengdu	Chengdu Fashion Mark	Commercial	38,525	100
10	Shanghai	Shanghai Shama Century Park	Serviced apartments/ Car parks	49,357	70
Subtotal				**443,739**	

Projects Under Development

Project no.	City	Project	Type of Property	Net Saleable/ Leasable GFA *sq.m.*	Interest Attributable to the Group *%*
2	Shenzhen	The Spring Land – Shenzhen Phase 6B	Residential/ Commercial	56,900	100
5	Changzhou	Changzhou Le Leman City Phase 8 (5-B)	Residential	96,123	100
8	Hangzhou	Hangzhou Hidden Valley Phase 2	Residential	24,107	100
11	Tianjin	Tianjin Le Leman City (Lot 4) Phase 1	Commercial	34,204	58
12	Huizhou	Huizhou Hidden Bay Phase 1	Residential	132,750	51
12	Huizhou	Huizhou Hidden Bay Phase 2	Residential	56,541	51
13	Nanchang	Nanchang Fashion Mark (Lots North and South)	Residential/ Commercial	323,770	70
14	Nanjing	The Spring Land – Nanjing	Residential/ Commercial	147,099	100
15	Nanjing	The Sunny Land – Nanjing	Residential	160,958	100
16	Hangzhou	The Spring Land – Hangzhou	Residential/ Commercial	112,518	100
Subtotal				**1,144,970**	

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

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

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

New projects acquired or additional interest in existing project acquired:

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

BUSINESS REVIEW

During the first half of 2014, the PRC property market underwent a transitional period due to the liquidity tightening measures imposed by financial institutions and imbalances of supply and demand in certain cities. Both transaction prices and volume have decreased. According to the data from National Bureau of Statistics, for the period from January to July in 2014, the total saleable area of commodity properties was approximately 565 million sq.m. and the total sales value was approximately RMB3,631.5 billion, representing a 7.6% and 8.2% year-on-year decrease, respectively. According to the statistics from the National Development and Reform Commission, the total land area acquired by real estate developers across the PRC decrease on a year-on-year basis by 4.8% for the period from January to July in 2014. Accordingly, it is expected that there will be a gradual decrease in the supply of residential properties in the market.

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

70% of our residential units are ranged from 90 to 144 sq.m., with contemporary layout and interior design aim at attracting the new generation of first-time home buyers and first-time home upgrader.

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

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

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

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

Since the second half of 2012, the Group has maintained a prudent and anti-cyclical land banking strategy to look for new projects or land acquisition opportunities. In the first half of 2014, the Group acquired 51% interest in Hebei Sanhe Yanjiao Project at a consideration of RMB365,527,755 (equivalent to approximately HK$464,220,249). The total estimated saleable GFA of the project was approximately 405,870 sq.m. In addition, the Group successfully expanded into the overseas property market in July 2014 by establishing a joint venture company with Scarborough UK and Metro Holdings Limited (a company listed on the Main Board of the Singapore Exchange Securities Trading Limited) to develop two residential projects, Middlewood Locks Property and Milliners Wharf Property in Manchester, UK. Middlewood Locks Property is a comprehensive community of net saleable/leasable GFA of approximately 250,000 sq.m. with the prospect of becoming the largest comprehensive community in Manchaster and its construction is expected to commence in 2015. Milliners Wharf Property was a relatively small residential project with two phases. Most of the units of Phase I of Millers Wharf Property have been sold and/or leased, while Phase II is planned to comprise a total of 144 residential units with a net saleable/leasable GFA of approximately 4,000 sq.ft. of commercial premises, and is expected to be launched in the second half of 2014. The Group owns 25% interest in each of Middlewood Locks Property and Milliners Wharf Property with a total investment of not more than GBP10 million (equivalent to approximately HK$132,900,000).

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

FUTURE OUTLOOK

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

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

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

The Group will maintain its stable operating philosophy rather than seeking excessive rapid expansion. We will focus on the overall gross margin. During the second half of 2014, the Group will have 7 projects to be recognised, of which The Spring Land Shenzhen, The Spring Land – Nanjing and the Nanchang Fashion Mark are expected to achieve higher gross margins. Accordingly, we expect that the Group will be able to achieve a gross margin higher than the industry average for a period of time. As at 24 August 2014, the Group has locked in approximately 65.1% of its saleable GFA through contracted sales for units to be completed and recognised in the second half of 2014. Barring unforeseeable circumstances, we foresee the recognised sales will experience a year-on-year improvement for the full year. Under the Group's proactive and diversified sales strategies and enhanced efforts in cash proceeds collections, barring unforeseeable circumstances, we are optimistic the Group's net gearing ratio will be lowered to below 80% by the end of 2014. By that time, we expect our financials will improve.

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

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

FINANCIAL REVIEW

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

Turnover

Turnover represents income from sale of properties, rental income, income from hotel operations and income from provision of property management and related services earned during the period, net of business tax and other sales related taxes and discounts allowed.

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

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

Direct costs

The major components of direct costs are the cost of completed properties sold, which consists of land premium, construction and other development costs, capitalised borrowing costs during the construction period, the cost of rental income, the cost of hotel operations and the cost of property management and related services. We recognise the cost of completed properties sold for a given period to the extent that revenue from such properties has been recognised in that period.

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

Gross profit

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

Other revenue

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

Other net (loss)/income

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

Selling and marketing expenses

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

Administrative expenses

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

Valuation gains on investment properties

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

Finance costs

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

Income tax

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

Non-controlling interests

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

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

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

For the six months ended 30 June 2014, excluding restricted and pledged deposits, the Group had net cash generated from operating activities of approximately HK$589.6 million, net cash used in investing activities of approximately HK$403.3 million and net cash generated from financing activities of approximately HK$12.3 million.

Borrowings and charges on the Group's assets

The Group had an aggregate borrowings (including bank and other borrowings and amounts due to a non-controlling shareholder) as at 30 June 2014 of approximately HK$16,772.8 million, of which approximately HK$9,985.2 million is repayable within 1 year, approximately HK$5,771.6 million is repayable after 1 year but within 5 years and approximately HK$1,016.0 million is repayable after 5 years. As at 30 June 2014, the Group's bank loans of approximately HK$13,881.8 million (as at 31 December 2013: approximately HK$13,920.4 million) were secured by certain investment properties, hotel properties, other land and buildings, properties under development for sale, completed properties for sale, pledged deposits and rental receivables of the Group with total carrying values of approximately HK$21,949.9 million (as at 31 December 2013: approximately HK$21,800.8 million). As at 30 June 2014, the Group's other borrowings of approximately HK$2,512.9 million (as at 31 December 2013: approximately HK$463.3 million) were secured by the Group's certain properties under development for sale or equity interests in certain subsidiaries within the Group. The carrying amounts of all the Group's bank and other borrowings were denominated in Renminbi ("RMB") except for certain loan balances with an aggregate amount of approximately HK$2,410.0 million (as at 31 December 2013: approximately HK$1,789.4 million) and approximately HK$2,102.4 million as at 30 June 2014 (as at 31 December 2013: approximately HK$2,512.3 million) which were denominated in Hong Kong dollars and US dollars respectively.

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

Cost of borrowings

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

Net gearing ratio

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

Foreign exchange risk

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

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

NET ASSETS PER SHARE

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

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

Note:

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

CONTINGENT LIABILITIES

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

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

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2014, the Group employed a total of 1,751 employees (as at 31 December 2013: 1,697 employees) in the PRC and Hong Kong. Of them, 145 were under the headquarters team, 452 were under the property development division and 1,154 were under the retail operation and property management division. For the six months ended 30 June 2014, the total staff costs incurred was approximately HK$123.3 million (for the six months ended 30 June 2013: approximately HK$118.3 million). The remuneration of the employees was based on their performance, work experience, skills, knowledge and the prevailing market wage level. The Group remunerated the employees by means of basic salaries, cash bonus and equity settled share-based payment.

The Company adopted a pre-IPO share option scheme and a share award scheme on 2 December 2010 under which the Company granted share options and awarded Shares to certain eligible employees. During the six months ended 30 June 2014, 1,012,500 (for the six months ended 30 June 2013: 2,551,500) share options had been exercised by the grantees and a total number of 177,333 and 46,166 (for the six months ended 30 June 2013: 2,621,666 and 100,000) share options had been cancelled and lapsed respectively upon the resignation of certain grantees. As a result, 29,225,190 (as at 31 December 2013: 30,461,189) share options were outstanding as at 30 June 2014 under the pre-IPO share option scheme. During the six months ended 30 June 2014, no (for the six months ended 30 June 2013: 216,000) awarded Shares under the share award scheme had been cancelled. As a result, based on the Directors' knowledge, 7,123,200 (as at 31 December 2013: 7,123,200) awarded Shares were outstanding as at 30 June 2014 under the share award scheme.

The Company has also adopted a post-IPO share option scheme on 28 February 2011 for the purpose of recognising and acknowledging the contribution that eligible employees have made or may make to the Group. On 26 June 2012 and 20 June 2013, the Group granted 15,720,000 share options (Lot 1) and 14,000,000 share options (Lot 2) respectively under the post-IPO share option scheme at the exercise prices of HK$2.264 per Share (adjusted) and HK$4.14 per Share respectively to Directors, senior management and selected employees of the Group.

Movement of the outstanding share options under the post-IPO share option scheme for the six months ended 30 June 2014 is as follows:

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

INTERIM DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS AND REGISTER OF HOLDERS OF PCSs

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

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the Code Provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "Code") during the six months ended 30 June 2014 and, where appropriate, adopted the Recommended Best Practices set out in the Code, except for the following deviation:

Under Rule A.2.1 of the Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the six months ended 30 June 2014, Mr WONG Chun Hong performed his duties as the chairman and the chief executive officer of the Company. The Board believes that the serving by the same individual as chairman and chief executive officer during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company. The Board will continue to review the current management structure from time to time and shall make changes where appropriate and inform the investors of the Company accordingly.

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.

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 during the six months ended 30 June 2014.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

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

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at www.hkex.com.hk and at the website of the Company at www.topspring.com. The interim report will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
TOP SPRING INTERNATIONAL HOLDINGS LIMITED
WONG Chun Hong
Chairman

Hong Kong, 27 August 2014

As at the date of this announcement, the executive directors of the Company are Mr WONG Chun Hong, Ms LI Yan Jie, Mr LEE Sai Kai David and Mr CHEN Feng Yang; the non-executive director of the Company is Mr CHIANG Kok Sung Lawrence; and the independent non-executive directors of the Company are Mr BROOKE Charles Nicholas, Mr CHENG Yuk Wo and Professor WU Si Zong.

* *For identification purposes only*