TOP SPRING INTERNATIONAL HOLDINGS LIMITED
萊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 2017

HIGHLIGHTS

- For the six months ended 30 June 2017, the Group recorded contracted sales plus subscribed pre-sales of approximately HK$1,410.8 million, representing a decrease of approximately 55.3% as compared with the corresponding period of 2016. The Group recorded an aggregate of contracted sales of properties and contracted sales of car park units of approximately HK$1,250.3 million, of which approximately HK$1,146.5 million was from contracted sales of properties with contracted saleable GFA of approximately 56,196 sq.m. and approximately HK$103.8 million was from contracted sales of 801 car park units. The ASP of the Group's contracted sales of properties was approximately HK$20,401.8 per sq.m., representing a decrease of approximately 8.3% as compared with the corresponding period of 2016.

- As at 30 June 2017, the Group had 23 projects across 13 cities with a total estimated net saleable/leasable GFA of approximately 2,515,267 sq.m.

- Revenue for the six months ended 30 June 2017 decreased by approximately 70.9% to approximately HK$1,017.5 million from approximately HK$3,494.0 million for the six months ended 30 June 2016.

- For the six months ended 30 June 2017, the Group generated recurring rental income of approximately HK$119.2 million (for six months ended 30 June 2016: approximately HK$151.0 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 2017, the investment property portfolio (inclusive of investment properties classified as held for sale) had a total leasable GFA of approximately 442,719 sq.m. and a fair value of approximately HK$7,224.5 million, representing approximately 23.1% of the Group's total asset value.

- Gross profit margin for the six months ended 30 June 2017 was approximately 27.7%, as compared with approximately 10.7% for the corresponding period of 2016.

- For the six months ended 30 June 2017, the profit attributable to equity shareholders of the Company was approximately HK$103.5 million (for the six months ended 30 June 2016: loss attributable to equity shareholders of the Company of approximately HK$47.8 million).

- Basic earnings per Share and diluted loss per Share attributable to equity shareholders of the Company and the holders of PCSs for the six months ended 30 June 2017 were approximately HK$0.07 and HK$0.02, respectively (for the six months ended 30 June 2016: basic and diluted loss per Share attributable to equity shareholders of the Company and the holders of PCSs of HK$0.03 and HK$0.19, respectively).

- Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs as at 30 June 2017 was approximately HK$4.3 (as at 31 December 2016: approximately HK$4.1).

- As at 30 June 2017, the net gearing ratio of the Group was approximately 59.2% (as at 31 December 2016: approximately 43.3%).

- No interim dividend is declared for the six months ended 30 June 2017.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Top Spring International Holdings Limited (the "**Company**") is pleased to announce the interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2017 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2017 – UNAUDITED

		Six months ended 30 June		Three months ended 30 June	
		2017	2016	**2017**	2016
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	*3 & 4*	**1,017,472**	3,494,026	**460,465**	2,936,214
Direct costs		**(735,178)**	(3,119,155)	**(320,126)**	(2,790,636)
Gross profit		**282,294**	374,871	**140,339**	145,578
Valuation gains on investment properties and investment properties classified as held for sale		**314,048**	332,446	**100,799**	216,832
Other revenue	*5*	**77,258**	111,305	**30,201**	58,295
Other net income/(loss)	*6*	**413,322**	153,593	**65,895**	(43,251)
Selling and marketing expenses		**(86,489)**	(115,003)	**(30,446)**	(47,122)
Administrative expenses		**(272,191)**	(309,187)	**(142,316)**	(155,162)
Profit from operations		**728,242**	548,025	**164,472**	175,170
Finance costs	*7(a)*	**(285,065)**	(338,166)	**(160,527)**	(205,762)
Share of profits less losses of associates		**(3,604)**	6,711	**(2,166)**	(2,809)
Share of losses of joint ventures		**(2,335)**	(4,973)	**(1,393)**	(3,675)
Profit/(loss) before taxation	*7*	**437,238**	211,597	**386**	(37,076)
Income tax	*8*	**(329,148)**	(233,455)	**(152,804)**	(21,158)
Profit/(loss) for the period		**108,090**	(21,858)	**(152,418)**	(58,234)
Attributable to:					
Equity shareholders of the Company		**103,538**	(47,833)	**(160,352)**	(74,999)
Non-controlling interests		**4,552**	25,975	**7,934**	16,765
Profit/(loss) for the period		**108,090**	(21,858)	**(152,418)**	(58,234)
Earnings/(loss) per share (HK$)	*9*				
Basic		**0.07**	(0.03)	**(0.11)**	(0.05)
Diluted		**(0.02)**	(0.19)	**(0.15)**	(0.19)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2017 – UNAUDITED

	Six months ended 30 June		Three months ended 30 June	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit/(loss) for the period	**108,090**	(21,858)	**(152,418)**	(58,234)
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	**481,726**	(233,335)	**463,593**	(281,441)
Share of other comprehensive income of associates and joint ventures	**29,400**	(5,886)	**25,673**	(8,267)
	511,126	(239,221)	**489,266**	(289,708)
Total comprehensive income for the period	**619,216**	(261,079)	**336,848**	(347,942)
Attributable to:				
Equity shareholders of the Company	**584,227**	(259,952)	**309,287**	(332,048)
Non-controlling interests	**34,989**	(1,127)	**27,561**	(15,894)
Total comprehensive income for the period	**619,216**	(261,079)	**336,848**	(347,942)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2017 – UNAUDITED

	Note	At 30 June 2017 HK$'000	At 31 December 2016 HK$'000
Non-current assets			
Investment properties		**6,670,883**	6,046,160
Other property, plant and equipment		**354,032**	303,408
Interests in leasehold land held for own use under operating leases		**3,432**	3,391
		7,028,347	6,352,959
Interest in associates		**1,320,450**	87,718
Interest in joint ventures		**490,108**	225,822
Other financial assets		**271,504**	246,818
Restricted and pledged deposits		**114,995**	–
Deferred tax assets		**443,738**	424,444
		9,669,142	7,337,761
Current assets			
Inventories		**9,435,325**	9,019,239
Other financial assets		**47,792**	47,979
Trade and other receivables	*11*	**3,152,559**	2,623,876
Prepaid tax		**161,264**	133,295
Restricted and pledged deposits		**3,105,118**	2,488,695
Cash and cash equivalents		**5,195,324**	3,713,086
		21,097,382	18,026,170
Investment properties classified as held for sale		**553,603**	663,104
		21,650,985	18,689,274
Current liabilities			
Trade and other payables	*12*	**8,299,402**	6,710,457
Bank and other borrowings		**3,610,004**	3,013,730
Note payable		**1,127,661**	–
Derivative financial instruments		**36,193**	155,273
Tax payable		**2,149,200**	2,286,283
		15,222,460	12,165,743

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2017 – UNAUDITED (CONTINUED)

	Note	**At 30 June 2017** *HK$'000*	At 31 December 2016 *HK$'000*
Net current assets		**6,428,525**	6,523,531
Total assets less current liabilities		**16,097,667**	13,861,292
Non-current liabilities			
Bank and other borrowings		**3,138,309**	2,152,264
Note payable		**–**	1,097,035
Convertible bonds		**1,484,212**	1,384,699
Bonds payable		**3,077,279**	1,275,239
Deferred tax liabilities		**1,183,176**	1,116,909
		8,882,976	7,026,146
NET ASSETS		**7,214,691**	6,835,146
CAPITAL AND RESERVES			
Share capital		**118,383**	118,378
Reserves		**6,063,599**	5,780,518
Total equity attributable to equity shareholders of the Company		**6,181,982**	5,898,896
Non-controlling interests		**1,032,709**	936,250
TOTAL EQUITY		**7,214,691**	6,835,146

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 2017 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 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 31 August 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any 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.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to Hong Kong Financial Reporting Standards that are first effective for the current accounting period of the group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

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 five reportable segments. No operating segments have been aggregated to form the following reportable segments:

– Property development: this segment develops and sells residential and retails properties.

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

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

– Property management and related services: this segment mainly provides property management and related services to purchasers and tenants of the Group's self-developed residential and retail properties, and decoration services to group companies.

– Medical and healthcare services: this segment provides medical and healthcare services to general public.

3 SEGMENT REPORTING (CONTINUED)

(a) Segment results

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

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

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at "adjusted EBITDA", the Group's earnings are further adjusted for items which are non-recurring or not specifically attributed to individual segments, such as share of profits less losses of associates and joint ventures, directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation, provision on inventories, impairment loss on non-current assets, valuation changes on investment properties and investment properties classified as held for sale.

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**		**Medical and healthcare Services**		**Total**	
For the six months ended 30 June	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**778,197**	3,238,353	**119,166**	150,996	**32,101**	28,609	**88,008**	76,068	**–**	–	**1,017,472**	3,494,026
Inter-segment revenue	**–**	–	**23,225**	20,901	**–**	–	**24,311**	81,699	**–**	–	**47,536**	102,600
Reportable segment revenue	**778,197**	3,238,353	**142,391**	171,897	**32,101**	28,609	**112,319**	157,767	**–**	–	**1,065,008**	3,596,626
Reportable segment (loss)/profit (adjusted EBITDA)	**(27,448)**	10,834	**82,976**	65,585	**906**	1,512	**(15,743)**	(26,599)	**(4)**	(792)	**40,687**	50,540
Interest income from bank deposits	**16,379**	24,620	**916**	1,580	**–**	–	**472**	393	**2**	1	**17,769**	26,594
Interest expenses	**(276,782)**	(320,389)	**(3,166)**	(17,593)	**–**	–	**(5,117)**	(184)	**–**	–	**(285,065)**	(338,166)
Depreciation and amortisation for the period	**(9,142)**	(9,103)	**(698)**	(1,120)	**(7,922)**	(11,563)	**(487)**	(398)	**–**	–	**(18,249)**	(22,184)
Provision on inventories	**(19,496)**	(7,908)	**–**	–	**–**	–	**–**	–	**–**	–	**(19,496)**	(7,908)
Reversal of provision on inventories	**–**	81,722	**–**	–	**–**	–	**–**	–	**–**	–	**–**	81,722
Impairment loss on disposal group classified as held for sale	**–**	(179,217)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(179,217)
Valuation gains on investment properties and investment properties classified as held for sale	**–**	–	**314,048**	332,446	**–**	–	**–**	–	**–**	–	**314,048**	332,446

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		Medical and healthcare Services		Total	
For the three months ended 30 June	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**332,271**	2,799,647	**58,378**	80,119	**17,713**	16,055	**52,103**	40,393	**–**	–	**460,465**	2,936,214
Inter-segment revenue	**–**	–	**13,175**	10,863	**–**	–	**10,304**	53,527	**–**	–	**23,479**	64,390
Reportable segment revenue	**332,271**	2,799,647	**71,553**	90,982	**17,713**	16,055	**62,407**	93,920	**–**	–	**483,944**	3,000,604
Reportable segment profit/(loss) (adjusted EBITDA)	**3,590**	(38,256)	**35,626**	33,316	**1,295**	2,241	**(4,189)**	(14,105)	**(3)**	1,223	**36,319**	(15,581)
Interest income from bank deposits	**11,645**	7,134	**370**	645	**–**	–	**178**	214	**2**	1	**12,195**	7,994
Interest expenses	**(156,323)**	(193,966)	**(1,531)**	(11,688)	**–**	–	**(2,673)**	(108)	**–**	–	**(160,527)**	(205,762)
Depreciation and amortisation for the period	**(6,218)**	(4,163)	**(317)**	(662)	**(3,974)**	(5,760)	**(257)**	(47)	**–**	–	**(10,766)**	(10,632)
Reversal of provision on inventories	**16,067**	–	**–**	–	**–**	–	**–**	–	**–**	–	**16,067**	–
Impairment loss on disposal group classified as held for sale	**–**	(179,217)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(179,217)
Valuation gains on investment properties and investment properties classified as held for sale	**–**	–	**100,799**	216,832	**–**	–	**–**	–	**–**	–	**100,799**	216,832

3 SEGMENT REPORTING (CONTINUED)

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

	Six months ended 30 June		Three months ended 30 June	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue				
Reportable segment revenue	**1,065,008**	3,596,626	**483,944**	3,000,604
Elimination of inter-segment revenue	**(47,536)**	(102,600)	**(23,479)**	(64,390)
Consolidated revenue *(note 4)*	**1,017,472**	3,494,026	**460,465**	2,936,214
Profit/(loss)				
Reportable segment profit/(loss) derived from Group's external customers	**40,687**	50,540	**36,319**	(15,581)
Share of profits less losses of associates	**(3,604)**	6,711	**(2,166)**	(2,809)
Share of losses of joint ventures	**(2,335)**	(4,973)	**(1,393)**	(3,675)
Other revenue and net income	**490,580**	264,898	**96,096**	15,044
Depreciation and amortisation	**(19,522)**	(23,206)	**(11,577)**	(11,144)
Finance costs	**(285,065)**	(338,166)	**(160,527)**	(205,762)
Valuation gains on investment properties and investment properties classified as held for sale	**314,048**	332,446	**100,799**	216,832
Unallocated head office and corporate expenses	**(97,551)**	(76,653)	**(57,165)**	(29,981)
Consolidated profit/(loss) before taxation	**437,238**	211,597	**386**	(37,076)

(c) Geographic information

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

4 REVENUE

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

	Six months ended 30 June		Three months ended 30 June	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Sale of properties	**778,197**	3,238,353	**332,271**	2,799,647
Rental income	**119,166**	150,996	**58,378**	80,119
Hotel operations	**32,101**	28,609	**17,713**	16,055
Property management and related services income	**88,008**	76,068	**52,103**	40,393
Medical and healthcare services income	**–**	–	**–**	–
	1,017,472	3,494,026	**460,465**	2,936,214

5 OTHER REVENUE

	Six months ended 30 June		Three months ended 30 June	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Bank interest income	**22,073**	32,787	**14,398**	8,065
Other interest income	**15,868**	24,127	**8,121**	11,822
Construction management service income	**11,981**	19,034	**–**	15,290
Rental income from operating leases, other than those relating to investment properties	**11,881**	9,097	**7,547**	5,286
Other service income	**10,246**	7,718	**–**	3,847
Others	**5,209**	18,542	**135**	13,985
	77,258	111,305	**30,201**	58,295

6 OTHER NET INCOME/(LOSS)

	Six months ended 30 June		Three months ended 30 June	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Net gain on disposal of subsidiaries	**173,127**	–	**(1,180)**	–
Gain on previously held interest in subsidiaries upon loss of control	**82,090**	–	**–**	–
Net gain from disposal of joint venture	**42,425**	–	**–**	–
Net exchange (loss)/gain	**(4,145)**	35,615	**18,242**	25,294
Net gain/(loss) on sale of investment properties and investment properties classified as held for sale	**792**	(448)	**4,023**	(1,494)
Net (provision)/reversal of provision on inventories	**(19,496)**	73,814	**16,067**	–
Impairment loss on disposal group classified as held for sale	**–**	(179,217)	**–**	(179,217)
Amortisation of loss arising from the issuance of convertible bonds	**(37,887)**	(29,712)	**(19,210)**	(18,714)
Net gain on disposal of available-for-sale investments	**–**	100,397	**–**	–
Net (loss)/gain on disposal of property, plant and equipment	**–**	(725)	**–**	63
Fair value change on conversion option embedded in convertible bonds	**121,116**	159,688	**46,682**	130,712
Investments income	**25,686**	–	**–**	–
Others	**29,614**	(5,819)	**1,271**	105
	413,322	153,593	**65,895**	(43,251)

7 PROFIT/(LOSS) BEFORE TAXATION

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

	Six months ended 30 June		Three months ended 30 June	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
(a) Finance costs				
Interest on bank and other borrowings	**133,378**	291,044	**74,859**	150,261
Interest on amounts due to non-controlling shareholders	**–**	5,488	**–**	2,736
Interest on note payable	**60,328**	63,184	**30,509**	31,620
Interest on bonds payable	**51,686**	7,210	**38,953**	7,210
Interest on convertible bonds	**96,135**	74,187	**46,613**	47,815
Other borrowing costs	**11,539**	28,129	**8,308**	17,748
	353,066	469,242	**199,242**	257,390
Less: Amount capitalised	**(68,001)**	(131,076)	**(38,715)**	(51,628)
	285,065	338,166	**160,527**	205,762
(b) Staff costs				
Salaries, wages and other benefits	**117,362**	130,020	**66,928**	64,060
Contributions to defined contribution retirement plans	**10,835**	13,749	**5,672**	6,051
Equity settled share-based payment expenses	**11,676**	14,769	**5,276**	6,170
	139,873	158,538	**77,876**	76,281
(c) Other items				
Depreciation and amortisation	**19,759**	24,061	**11,770**	11,775
Less: Amount capitalised	**(237)**	(855)	**(193)**	(631)
	19,522	23,206	**11,577**	11,144
Cost of properties sold	**605,832**	2,986,264	**250,148**	2,720,379
Rental income from investment properties	**(119,166)**	(150,996)	**(58,969)**	(80,119)
Less: Direct outgoings	**17,032**	18,322	**10,079**	9,734
	(102,134)	(132,674)	**(48,890)**	(70,385)
Operating lease charges: minimum lease payments for land and buildings	**12,650**	17,358	**4,912**	8,378

8 INCOME TAX

	Six months ended 30 June		Three months ended 30 June	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current tax				
Provision for PRC Corporate Income Tax ("**CIT**")	**173,652**	81,262	**124,838**	50,836
Net provision for/(reversal of provision) Land Appreciation Tax ("**LAT**")	**103,913**	(4,825)	**9,406**	(149,448)
Withholding tax	**25,907**	30,423	**5,286**	8,392
	303,472	106,860	**139,530**	(90,220)
Deferred tax				
Origination and reversal of temporary differences	**25,676**	126,595	**13,274**	111,378
	329,148	233,455	**152,804**	21,158

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 2016 and 2017.

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 2017 (Six months ended 30 June 2016: 25%).

LAT is levied on properties developed by the Group and investment properties held by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures. During the six months ended 30 June 2016, a provision of LAT of HK$163,970,000 made in previous years was reversed upon the clearance obtained from the respective local tax bureau.

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

9 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to equity shareholders and the holders of bonus perpetual subordinated convertible securities ("**PCSs**") of the Company of HK$103,538,000 (2016: HK$(47,833,000)) and the weighted average number of 1,422,353,000 shares (2016: 1,420,413,000 shares) in issue during the period, calculated as follows:

	Six months ended 30 June		**Three months ended 30 June**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit/(Loss) attributable to equity shareholders of the Company	**103,538**	(47,833)	**(160,352)**	(74,999)
Weighted average number of shares (thousand shares)	***'000***	*'000*	***'000***	*'000*
Issued ordinary shares	**1,183,776**	1,181,433	**1,183,805**	1,182,054
Effect of share options exercised and PCSs converted	**24**	427	**8**	180
Effect of bonus issue of shares (with PCSs as an alternative)	**238,553**	238,553	**238,553**	238,553
Weighted average number of shares	**1,422,353**	1,420,413	**1,422,366**	1,420,787

(b) Diluted loss per share

The calculation of diluted loss per share for the six months ended 30 June 2017 and 2016 is based on the adjusted profit attributable to equity shareholders and the weighted average number of ordinary shares (diluted), calculated as follows:

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

	Six months ended 30 June		**Three months ended 30 June**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit/(loss) attributable to equity shareholders of the Company	**103,538**	(47,833)	**(160,352)**	(74,999)
Interest on convertible bonds	**96,135**	74,187	**46,613**	47,815
Fair value change on conversion option embedded in convertible bonds	**(121,116)**	(159,688)	**(46,682)**	(130,712)
Unamortised loss arising from the issuance of convertible bonds	**(151,135)**	(218,633)	**(132,458)**	(207,635)
Amortisation of loss arising from the issuance of convertible bonds	**37,887**	29,712	**19,210**	18,714
Loss attributable to equity shareholders (diluted)	**(34,691)**	(322,255)	**(273,669)**	(346,817)

9 **EARNINGS/(LOSS) PER SHARE (CONTINUED)**

(b) Diluted loss per share (Continued)

(ii) Weighted average number of shares (diluted)

	Six months ended 30 June		Three months ended 30 June	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Weighted average number of shares	**1,422,353**	1,420,413	**1,422,366**	1,420,787
Effect of declared issue of shares under the company's share option scheme for nil consideration	**5,062**	–	**5,222**	–
Effect of deemed conversion of convertible bonds	**411,454**	308,168	**417,879**	404,957
Weighted average number of shares (diluted)	**1,838,869**	1,728,581	**1,845,467**	1,825,744

10 **DIVIDENDS**

No interim dividend was declared in respect of the interim period ended 30 June 2017 and 2016.

11 **TRADE AND OTHER RECEIVABLES**

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
Debtors, prepayments and deposits	**2,759,184**	2,250,320
Amounts due from non-controlling shareholders *(Note (i))*	**393,375**	373,556
	3,152,559	2,623,876

Notes:

(i) Apart from the amount due from a non-controlling shareholder of HK$5,326,000 (31 December 2016: HK$5,170,000) which is interest-free, all of the balances are unsecured, interest-bearing at 3% (31 December 2016: 3%) per annum 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 based on due date at the end of the reporting period:

11 TRADE AND OTHER RECEIVABLES (CONTINUED)

	At 30 June 2017 HK$'000	At 31 December 2016 HK$'000
Current or under 1 month overdue	**27,016**	30,933
More than 1 month overdue and up to 3 months overdue	**2,099**	354
More than 3 months overdue and up to 6 months overdue	**133**	755
More than 6 months overdue and up to 1 year overdue	**4,945**	2,676
More than 1 year overdue	**2,451**	2,837
	36,644	37,555

(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 rental receivables of the Group were pledged to secure bank loans.

12 TRADE AND OTHER PAYABLES

	At 30 June 2017 HK$'000	At 31 December 2016 HK$'000
Creditors and accrued charges *(Note (i))*	**6,870,583**	5,173,023
Rental and other deposits	**118,886**	217,890
Receipts in advance	**872,488**	828,304
Amounts due to non-controlling shareholders *(Note (ii))*	**432,726**	489,259
Amounts due to related companies *(Note (iii))*	**4,719**	1,981
	8,299,402	6,710,457

Notes:

(i) All of the Group's trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand except for an amount of HK$4,522,729,000 (2016: HK$3,426,185,000), including accruals of HK$4,499,773,000 (2016: HK$3,372,806,000) in relation to estimated value of future settlement apartments to be compensated to residents, which is expected to be settled after more than one year.

(ii) Apart from the amounts due to non-controlling shareholders of HK$188,598,000 (31 December 2016: HK$250,330,000) which are interest-free, all of the balances are unsecured, interest-bearing at 20% (31 December 2016: 20%) above the 1-year RMB benchmark lending rate as determined by the People's Bank of China per annum and repayable within one year or on demand.

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

12 TRADE AND OTHER PAYABLES (CONTINUED)

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

	At 30 June 2017 *HK$'000*	At 31 December 2016 *HK$'000*
Due within 1 month or on demand	**660,615**	696,511
Due after 1 month but within 3 months	**148,216**	148,939
Due after 3 months but within 6 months	**45,707**	49,078
Due after 6 months but within 1 year	**228,313**	253,810
Due after 1 year	**22,956**	53,379
	1,105,807	1,201,717

13 CAPITAL COMMITMENTS

	At 30 June 2017 *HK$'000*	At 31 December 2016 *HK$'000*
Contracted for	**1,619,062**	2,012,438
Authorised but not contracted for	**2,350,328**	2,452,633
	3,969,390	4,465,071

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

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Business for the six months ended 30 June 2017

(1) Contracted Sales

For the six months ended 30 June 2017, the Group recorded an aggregate of contracted sales of properties and contracted sales of car park units of approximately HK$1,250.3 million, of which approximately HK$1,146.5 million was from contracted sales of properties, representing a decrease of approximately 55.7% over the corresponding period of 2016. The Group's total contracted saleable gross floor area ("**GFA**") was approximately 56,196 sq.m., representing a decrease of approximately 54.5% from approximately 123,404 sq.m. for the six months ended 30 June 2016. The average selling price ("**ASP**") of the Group's contracted sales of properties for the six months ended 30 June 2017 was approximately HK$20,401.8 per sq.m. (for the six months ended 30 June 2016: approximately HK$22,248.9 per sq.m.). In addition, the Group recorded contracted sales of car park units of approximately HK$103.8 million from 801 car park units for the six months ended 30 June 2017.

A breakdown of the total contracted sales of the Group during the six months ended 30 June 2017 is set out as follows:

City	**Project and Type of Project**	**Contracted Saleable GFA**		**Contracted Sales**		**Contracted ASP**
		sq.m.	*%*	*HK$ million*	*%*	*HK$/sq.m.*
Shanghai	Shanghai Shama Century Park					
	– serviced apartments	5,784	10.3	518.1	45.2	89,574.7
Nanchang	Nanchang Fashion Mark					
	– residential	516	0.9	9.8	0.9	18,992.2
	– retail	6,406	11.4	94.9	8.3	14,814.2
	– office	20,962	37.2	242.0	21.2	11,544.7
Sub-total		27,884	49.5	346.7	30.4	12,433.7
Nanjing	The Sunny Land – Nanjing					
	– residential	2,376	4.2	52.0	4.5	21,885.5
	– retail	1,266	2.3	47.0	4.1	37,124.8
Sub-total		3,642	6.5	99.0	8.6	27,182.9

City	Project and Type of Project	Contracted Saleable GFA		Contracted Sales		Contracted ASP
		sq.m.	*%*	*HK$ million*	*%*	*HK$/sq.m.*
Hangzhou	The Spring Land – Hangzhou					
	– retail	2,331	4.1	54.4	4.7	23,337.6
Changzhou	Changzhou Fashion Mark					
	– retail	433	0.8	5.3	0.4	12,240.2
Changzhou	Changzhou Le Leman City					
	– residential	438	0.8	4.6	0.4	10,502.3
	– retail	539	1.0	8.4	0.7	15,584.4
Sub-total		977	1.8	13.0	1.1	13,306.0
Tianjin	Tianjin Le Leman City					
	– residential	13,579	24.2	93.2	8.1	6,863.5
	– retail	1,566	2.8	16.8	1.5	10,728.0
Sub-total		15,145	27.0	110.0	9.6	7,263.1
Total		56,196	100.0	1,146.5	100.0	20,401.8

City	Project	Number of Contracted Sales of Car Park Units		Contracted Sales		Contracted ASP
		unit	*%*	*HK$ million*	*%*	*HK$/unit*
Shanghai	Shanghai Shama Century Park	29	3.6	9.4	9.1	324,137.9
Nanchang	Nanchang Fashion Mark	86	10.7	14.5	14.0	168,604.7
Nanjing	The Sunny Land – Nanjing	324	40.5	44.6	43.0	137,654.3
Nanjing	The Spring Land – Nanjing	42	5.2	7.0	6.7	166,666.7
Hangzhou	The Spring Land – Hangzhou	66	8.2	15.9	15.3	240,909.1
Changzhou	Changzhou Le Leman City	254	31.8	12.4	11.9	48,818.9
		801	100.0	103.8	100.0	129,588.0

(2) *Projects Delivered and Booked for the Six Months Ended 30 June 2017*

For the six months ended 30 June 2017, the Group's property development business in Nanchang, Nanjing, Hangzhou, Changzhou and Tianjin achieved revenue from sale of properties (excluding sale of car park units) of approximately HK$636.3 million with saleable GFA of approximately 41,795 sq.m. being recognised, representing a decrease of approximately 80.1% and 78.3%, respectively, over the corresponding period of 2016. The recognised ASP of the Group's sale of properties was approximately HK$15,224.3 per sq.m. for the six months ended 30 June 2017 (for the six months ended 30 June 2016: approximately HK$16,629.0 per sq.m.). The approximately 8.4% decrease in recognized ASP was primarily attributable to a significant proportion of recognised sale of properties (excluding sale of car park units) being contributed by the Group's retail and office project in Nanchang, which has a relatively lower ASP as compared with the corresponding period of 2016 mainly contributed by the sale of residential units.

For the six months ended 30 June 2017, the Group delivered and recognised sale of car park units of approximately HK$141.9 million from the sale of 1,157 car park units.

Details of sale of properties recognised by the Group during the six months ended 30 June 2017 are listed below:

City	**Project and Type of Project**	**Saleable GFA Booked**	**Sale of Properties Recognised**	**Recognised ASP**
		sq.m.	*HK$ million*	*HK$/sq.m.*
Nanchang	Nanchang Fashion Mark			
	– residential	3,823	57.5	15,040.5
	– retail and office	20,007	258.6	12,925.5
Sub-total		23,830	316.1	13,264.8
Nanjing	The Sunny Land – Nanjing			
	– residential	1,650	30.9	18,727.3
	– retail	4,485	151.4	33,757.0
Sub-total		6,135	182.3	29,714.8
Hangzhou	The Spring Land – Hangzhou			
	– residential	177	3.9	22,033.9
	– retail	1,909	50.4	26,401.3
Sub-total		2,086	54.3	26,030.7

City	Project and Type of Project	Saleable GFA Booked *sq.m.*	Sale of Properties Recognised *HK$ million*	Recognised ASP *HK$/sq.m.*
Changzhou	Changzhou Fashion Mark			
	– residential	110	1.0	9,090.9
	– retail	274	3.4	12,408.8
Sub-total		384	4.4	11,458.3
Changzhou	Changzhou Le Leman City			
	– residential	4,466	28.7	6,426.3
	– retail	2,048	29.2	14,257.8
Sub-total		6,514	57.9	8,888.5
Tianjin	Tianjin Le Leman City			
	– residential	2,846	21.3	7,484.2
Total		41,795	636.3	15,224.3

City	Project	Number of Car Park Units Booked *unit*	Sale of Car Park Units Recognised *HK$ million*	Recognised ASP *HK$/unit*
Nanchang	Nanchang Fashion Mark	581	67.7	116,523.2
Nanjing	The Sunny Land – Nanjing	237	42.1	177,637.1
Nanjing	The Spring Land – Nanjing	45	7.1	157,777.8
Hangzhou	The Spring Land – Hangzhou	48	13.6	283,333.3
Changzhou	Changzhou Le Leman City	246	11.4	46,341.5
Total		1,157	141.9	122,644.8

(3) Investment Properties (inclusive of investment properties classified as held for sale)

In addition to the sale of properties developed by the Group, the Group has also leased out or expects to lease out its investment property portfolio comprising mainly shopping malls, community commercial centres, retail shops, serviced apartments and car park units in The Spring Land – Shenzhen, Changzhou Fashion Mark, Changzhou Le Leman City, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden, Chengdu Fashion Mark, Nanchang Fashion Mark, Shanghai Shama Century Park and Hangzhou Spring Land in the PRC. As at 30 June 2017, the total fair value of the investment properties of the Group was approximately HK$7,224.5 million, representing approximately 23.1% of the Group's total asset value. The Group's investment property portfolio had a total leasable GFA of approximately 442,719 sq.m., of which investment properties under operation with a leasable GFA of approximately 243,620 sq.m. had a fair value of approximately HK$5,816.9 million. A supermarket at Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk which was completed but yet to operate as at 30 June 2017, had leasable GFA of approximately 23,099 sq.m. and fair value of approximately HK$188.6 million. The investment property comprising a shopping mall, retail shops and serviced apartments of Nanchang Fashion Mark which was under development as at 30 June 2017, had leasable GFA of approximately 176,000 sq.m. and a fair value of approximately HK$1,219.0 million. The Group recorded approximately HK$314.0 million (for the six months ended 30 June 2016: approximately HK$332.4 million) as gain in fair value of its investment properties for the six months ended 30 June 2017.

The Group carefully plans and selects tenants based on factors such as the project's overall positioning, market demand in surrounding areas, market rent and development needs of tenants. The Group attracts large-scale anchor tenants which assist in enhancing the value of its projects. The Group enters into longer-term and more favourable lease contracts with such anchor and reputable tenants which include well-known brands, chain cinema operators, reputable restaurants and top operators of catering businesses. As at 30 June 2017, the GFA taken up by these anchor and reputable tenants, whose leased GFA was over 10.0% of the total leasable GFA of a single investment property, made up approximately 39.7% (as at 31 December 2016: approximately 35.9%) of the Group's total leasable GFA in its investment properties under operation.

For the six months ended 30 June 2017, the occupancy rate decreased from approximately 83.4% as at 31 December 2016 to 82.0% as at 30 June 2017. Owing to the sale of Shanghai Shama Century Park during the six months ended 30 June 2017, which led to a reduction of the Group's leasable GFA, the Group generated rental income of approximately HK$0.5 million for the six months ended 30 June 2017, representing a decrease of approximately 98.0% from approximately HK$25.5 million for the six months ended 30 June 2016. The average monthly rental income of the Group's investment properties under operation for the six months ended 30 June 2017 was approximately HK$99.4 per sq.m. (for the six months ended 30 June 2016: approximately HK$120.0 per sq.m.). The decrease in the average monthly rental income was mainly attributable to a decrease in rental rate of the Group's existing investment property under operation, in particular, Shanghai Shama Century Park, during the six months ended 30 June 2017.

The Group's investment property under development as at 30 June 2017, namely, Nanchang Fashion Mark, is expected to have construction completed and commence operation in 2019.

Details of the Group's investment properties as at 30 June 2017 and the Group's rental income for the six months ended 30 June 2017 are set out as follows:

Investment Properties (inclusive of investment properties classified as held for sale)	**Leasable GFA as at 30 June 2017**	**Fair Value as at 30 June 2017**	**Rental Income for the six months ended 30 June 2017**	**Average Monthly Rental Income per sq.m. for the six months ended 30 June 2017**	**Occupancy Rate as at 30 June 2017**
	(Note 4)				
	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)	78,068	1,476.6	25.5	60.9	89.1
Dongguan Landmark (Shopping mall and car park units)	20,172	540.5	19.5	161.1	100.0
Hangzhou Landmark (Shopping mall)	24,667	387.5	14.9	100.7	100.0
Shenzhen Water Flower Garden (Retail assets)	4,992	265.6	10.8	367.4	98.1
The Spring Land – Shenzhen Phase 1 – Fashion Walk (Retail assets)	3,356	194.3	6.6	341.6	96.0
The Spring Land – Shenzhen Phase 3 – Fashion Walk (Retail assets and car park units)	22,393	680.8	12.6	105.8	88.6
The Spring Land – Shenzhen Phase 5 – Fashion Walk (Retail assets)	3,521	213.9	8.4	411.5	96.6
The Spring Land – Shenzhen Phase 6A – Fashion Walk (Retail assets)	1,291	70.1	3.6	473.6	98.1
The Spring Land – Shenzhen Phase 6B – Fashion Walk (Retail assets)	2,893	169.0	2.6	161.1	93.0
Changzhou Le Leman City Phase 11 (Retail asset) *(Note 1)*	16,858	128.8	0.4	8.7	45.3
Chengdu Fashion Mark (Shopping mall and car park units)	38,285	779.7	12.4	93.4	57.8
Shanghai Shama Century Park (Serviced apartments and car park units) *(Note 2)*	6,778	553.6	0.5	N/A	N/A
Hangzhou Spring Land (Office)	20,346	356.5	1.4	11.5	100.0
Sub-total	243,620	5,816.9	119.2	99.4	82.0

Investment Properties (inclusive of investment properties classified as held for sale)	**Leasable GFA as at 30 June 2017**	**Fair Value as at 30 June 2017**	**Rental Income for the six months ended 30 June 2017**
	(Note 4)		
	sq.m.	*HK$ million*	*HK$ million*
Investment property completed but yet to operate			
Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk (Retail asset)	23,099	188.6	–
Investment property under development			
Nanchang Fashion Mark (Shopping mall, retail shops and serviced apartments) *(Note 3)*	176,000	1,219.0	–
Total	442,719	7,224.5	119.2

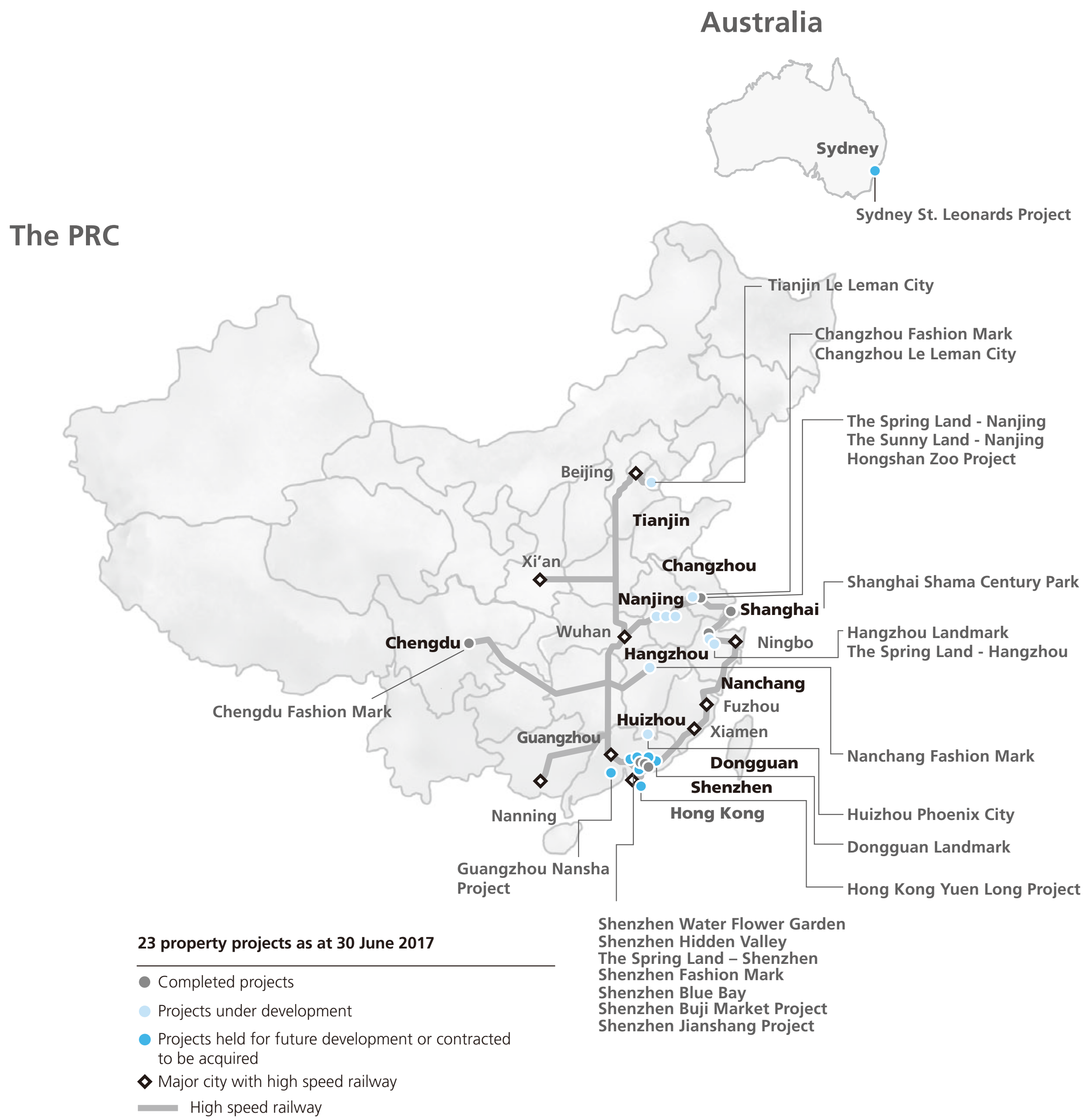
Note 1: The retail asset represents a habilitation and recreation centre of Changzhou Le Leman City Phase 11 for leasing purposes.

Note 2: As at 30 June 2017, approximately 48,135 sq.m. out of the total leaseable GFA of 49,357 sq.m of Shanghai Shama Century Park was sold and approximately 42,579 sq.m. was delivered (for the six months ended 30 June 2017: approximately 2,062 sq.m. was delivered).

Note 3: The land use rights certificates of the investment property of Nanchang Fashion Mark were obtained in June 2013. The investment property is expected to have construction completed and commence operation in 2019. This investment property is planned to comprise a shopping mall, retail shops and serviced apartments for leasing purposes with leasable GFA of approximately 118,000 sq.m., 38,000 sq.m. and 20,000 sq.m., respectively.

Note 4: The leasable GFA as at 30 June 2017 excluded car park units.

(4) Land Bank as at 30 June 2017



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

As at 30 June 2017, the Group had a total of 23 projects over 13 cities in various stages of development, including an estimated net saleable/leasable GFA of completed projects of approximately 411,452 sq.m., an estimated net saleable/leasable GFA of projects under development of approximately 519,121 sq.m., an estimated net saleable/leasable GFA of projects held for future development of approximately 216,881 sq.m. and an estimated net saleable/leasable GFA of projects contracted to be acquired or under application for change in land use of approximately 1,367,813 sq.m., totalling an estimated net saleable/leasable GFA of approximately 2,515,267 sq.m.

Details of the property projects held by the Group as at 30 June 2017 are set out below:

Project no.	**City**	**Project**	**Type of Property/ Land Use**	**Estimated Net Saleable/ Leasable GFA**	**Interest Attributable to the Group**
				sq.m.	*%*
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley	Residential	4,014	100
2	Shenzhen	The Spring Land - Shenzhen	Commercial	33,453	100
3	Shenzhen	Shenzhen Water Flower Garden	Commercial	4,992	100
4	Changzhou	Changzhou Fashion Mark	Commercial	83,090	100
5	Changzhou	Changzhou Le Leman City	Residential/ Commercial	96,147	100
6	Dongguan	Dongguan Landmark	Commercial	20,172	100
7	Hangzhou	Hangzhou Landmark	Commercial	26,264	100
8	Hangzhou	The Spring Land - Hangzhou	Commercial/ Office	22,268	100
9	Chengdu	Chengdu Fashion Mark	Commercial	38,285	100
10	Shanghai	Shanghai Shama Century Park	Serviced apartments	6,778	70
11	Tianjin	Tianjin Le Lemen City	Residential/ Commercial	28,242	58
12	Nanchang	Nanchang Fashion Mark	Commercial	44,172	70
13	Nanjing	The Spring Land - Nanjing	Commercial	717	100
14	Nanjing	The Sunny Land - Nanjing	Residential/ Commercial	2,858	100
Sub-total				**411,452**	

Project no.	City	Project	Type of Property/ Land Use	Estimated Net Saleable/ Leasable GFA	Interest Attributable to the Group
				sq.m.	*%*
Projects Under Development					
12	Nanchang	Nanchang Fashion Mark	Commercial/ Office	345,959	70
15	Shenzhen	Shenzhen Jianshang Project	Residential/ Commercial	32,661	49
16	Huizhou	Huizhou Phoenix City	Residential	140,501	60
Sub-total				**519,121**	
Projects Held For Future Development					
5	Changzhou	Changzhou Le Leman City	Residential/ Commercial	33,145	100
11	Tianjin	Tianjin Le Lemen City	Commercial	50,850	58
17	Shenzhen	Shenzhen Blue Bay	Residential	15,000	92
18	Shenzhen	Shenzhen Buji Market Project	Commercial	46,349	55
19	Sydney	Sydney St. Leonards Project	Residential	30,537	49
20	Nanjing	Nanjing Hongshan Zoo Project	Commercial	41,000	100
Sub-total				**216,881**	
Projects Contracted To Be Acquired or Under Application For Change in Land Use					
18	Shenzhen	Shenzhen Buji Market Project	Commercial	202,828	55
21	Shenzhen	Shenzhen Fashion Mark	Residential/ Commercial/ Office	1,139,280	100
22	Hong Kong	Hong Kong Yuen Long Project	Agricultural	25,705	100
23	Guangzhou	Guangzhou Nansha Project	Industrial	–	70
Sub-total				**1,367,813**	
Total				**2,515,267**	

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

Region	Estimated Net Saleable/ Leasable GFA	Average land cost[1]
	sq.m.	*HK$/sq.m.*
Shenzhen and surrounding regions (including Dongguan, Guangzhou and Huizhou)	1,639,250	1,540.6
Hong Kong	25,705	N/A[2]
Sydney, Australia	30,537	N/A[2]
Shanghai	6,778	N/A[2]
Nanchang	390,131	2,799.6
Nanjing	44,575	8,571.0
Hangzhou	48,532	7,650.2
Changzhou	212,382	708.0
Tianjin	79,092	799.1
Chengdu	38,285	1,640.4
Total	2,515,267	2,365.0

Notes:

(1) The average land cost excludes Shanghai Shama Century Park, Shenzhen Fashion Mark, Shenzhen Buji Market Project, Shenzhen Jianshang Project, Sydney St. Leonards Project and Hong Kong Yuen Long Project and is based on the remaining estimated land bank of the Group of approximately 1,031,129 sq.m.

(2) "N/A" means not applicable.

Details of the new projects acquired and interest agreed to be disposed of in existing projects from 1 January 2017 to the date of this announcement are set out below:

New projects acquired from 1 January 2017 to the date of this announcement

City, Country/ Region	Project	Total Consideration	Estimated Net Saleable/ Leasable GFA	Estimated Number of Car Park Units	Interest Attributable to the Group
Nanjing, PRC	Nanjing Hongshan Zoo Project [1]	RMB290,000,000	41,000 sq.m.	325	100
Sydney, Australia	Sydney, St. Leonards Projects [2]	AUD80,117,946	30,537 sq.m.	413	49
Huizhou, PRC	Huizhou Phoenix City [3]	RMB77,000,000	140,501 sq.m.	2,100	60
Fanling, Hong Kong	Hong Kong Fanling Project [4]	HK$200,000,000	9,629 sq.m.	N/A	50
Shanghai, PRC	Shanghai Wangu Project[5]	RMB2,397,426,430	97,854 sq.m	210	100

Notes:

(1) On 14 February 2017, the Group successfully bid a parcel of commercial land in Nanjing, the PRC through public auction at a consideration of RMB290,000,000 (equivalent to approximately HK$323,733,000). The Group entered into a land grant contract for the land with a total site area of approximately 23,295 sq.m. on 2 March 2017. As at the date of this announcement, the Group had yet to obtain the land use rights certificate of this commercial land.

(2) On 10 March 2017, Top Spring Australia St Leonards No. 1 Pty Ltd ("**Top Spring Australia**"), an indirect wholly-owned subsidiary of the Group, entered into a sale and purchase agreement (as amended and supplemented by a supplemental agreement dated 3 April 2017) with Silver Pond Investments Pty Ltd (as trustee of a trust known as the "Silver Pond Unit Trust" (the "**Trust**")) (the "**Trustee**"), New Spring Developments Pty Ltd (as trustee of a discretionary family trust known as the "New Spring Family Trust") (the "**Vendor**"), New Spring Developments Pty Ltd (the "**Silver Pond Vendor**") and Mr Wong Chun Hong, pursuant to which (i) the Vendor agreed to sell, and Top Spring Australia or its nominee agreed to purchase, the 49 units in the Trust held by the Vendor at a consideration of AUD1,436,074 (equivalent to approximately HK$8,401,033); and (ii) the Silver Pond Vendor agreed to sell, and Top Spring Australia or its nominee agreed to purchase, the 49 ordinary shares in the capital of the Trustee at a consideration of AUD49 (equivalent to approximately HK$287) (the "**Acquisition**"). Upon completion of the Acquisition in May 2017, Top Spring Australia owns (i) 49% of the units in the Trust; and (ii) 49% of the issued shares of the Trustee, and has 49% interest in 20 parcels of land with an estimated net saleable GFA of approximately 30,537 sq.m. in St. Leonards of Sydney, New South Wales, Australia. Pursuant to the above sale and purchase agreement, the Group will make a capital contribution in the amount of AUD78,681,823 (equivalent to approximately HK$460,288,665) as soon as practicable after the completion of the Acquisition. For details, please refer to the Company's announcement dated 10 March 2017 and the Company's circular dated 7 April 2017.

(3) On 13 June 2017, the Group entered into two sale and purchase agreements pursuant to which the Group agreed to purchase 60% of equity interest in Huizhou City Tengxin Property Development Co., Ltd.* (惠州市騰信房地產開發有限公司) from an independent third party and 60% of equity interest in Huizhou City Chengnuo Enterprise Co., Ltd.* (惠州市承諾實業有限公司) from two independent third parties, at a total consideration of RMB77,000,000 (equivalent to approximately HK$88,546,458). The two target companies collectively own the project of Huizhou Phoenix City.

(4) On 11 July 2017, the Group and an independent third party as purchasers entered into a provisional sale and purchase agreement with an independent third party as vendor for the acquisition of a number of parcels of agricultural land situated in Fanling, Hong Kong for a total consideration of HK$200 million, which will be settled in January 2018.

(5) On 11 July 2017, the Group as purchaser entered into a provisional subscription agreement with an independent third party as vendor for the acquisition of three office buildings situated in Shanghai, the PRC for a total consideration of approximately RMB2,397,426,430 (equivalent to approximately HK$2,756,930,000), which will be settled by the end of 2017. A formal sale and purchase agreement is expected to be entered into by the Group and the vendor in September 2017.

The Group intends to continue to leverage its experience in identifying land in and/or outside the PRC with investment potential at advantageous times and acquiring land reserves which are or will be well connected with transportation and infrastructure developments. Moreover, the Group intends to continue to acquire new land or projects in locations in and/or outside the PRC with vibrant economies and strong growth potential, in particular, Shenzhen (including surrounding regions like Dongguan and Huizhou) and Shanghai of the PRC, as well as Hong Kong and Sydney of Australia.

Projects agreed to be disposed of from 1 January 2017 to the date of this announcement

On 15 August 2017, the Company entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with H-Change Real Estate Group Ltd.* (和昌地產集團有限公司) ("**H-Change**"), pursuant to which (i) the Company (or its designated companies) conditionally agreed to sell, and H-Change (or its designated companies) conditionally agreed to purchase, equity interests in each of Tai Xiang Information Consulting (Shenzhen) Co., Ltd.* (泰祥信息諮詢(深圳)有限公司), Changzhou Top Spring Water Flower Property Development Co., Ltd.* (常州萊蒙水榭花都房地產開發有限公司), Shenzhen Water Flower Property Development Co., Ltd.* (深圳市水榭花都房地產有限公司) and Nanchang Top Spring Real Estate Co., Ltd.* (南昌萊蒙置業有限公司) (collectively, the "**Target Companies**"); and (ii) H-Change (or its designated companies) shall settle the intercompany loans owed by the Target Companies and/or their subsidiaries to the Group.

According to the Sale and Purchase Agreement, subject to adjustments, the aggregate value of the consideration and the intercompany loans of RMB13,325,903,636 (equivalent to approximately HK$15,324,789,000), comprising (i) the consideration in an aggregate amount of RMB10,672,084,432 (equivalent to approximately HK$12,272,897,000); and (ii) the intercompany loans in an aggregate amount of RMB2,653,819,204 (equivalent to approximately HK$3,051,892,000), will be payable to the Group.

The Target Companies, directly or indirectly, own eight property projects at various stages of development in six cities in the PRC. For details, please refer to the Company's announcement dated 15 August 2017.

(5) *Projects with Commencement of Construction in the First Half of 2017*

In the first half of 2017, the Group commenced construction of two projects with a total estimated net saleable/leasable GFA of approximately 378,620 sq.m.

Details of such projects are set out below:

City	**Project**	**Estimated Net Saleable/ Leasable GFA** *sq.m.*
Shenzhen	Shenzhen Jianshang Project	32,661
Nanchang	Nanchang Fashion Mark	345,959
Total		378,620

(6) *Project with Expected Commencement of Construction in the Second Half of 2017*

In the second half of 2017, the Group intends to commence construction of one project with a total estimated net saleable/leasable GFA of approximately 3,337 sq.m.

Details of such project are set out below:

City	**Project**	**Estimated Net Saleable/ Leasable GFA** *sq.m.*
Hong Kong	Hong Kong Yuen Long Project (partial)	3,337

BUSINESS REVIEW

In the first half of 2017, the Group launched eight projects across six cities in the PRC, recorded an aggregate of contracted sales from the sale of properties and car park units plus subscribed pre-sales of approximately HK$1.41 billion, of which subscribed pre-sales amounted to approximately HK$160 million, representing a decrease of approximately 55.3% as compared with the first half of 2016, mainly due to the decline in saleable resources in the first half of 2017. Excluding the subscribed pre-sales, the Group recorded an aggregate of contracted sales of approximately HK$1.25 billion (of which approximately HK$1.15 billion was from contracted sales of properties with contracted saleable area of approximately 56,196 sq.m and approximately HK$100 million was from contracted sales of 801 car park units) in the first half of 2017. The ASP of the Group's contracted sales of properties was approximately HK$20,401.8 per sq.m., representing a decrease of approximately 8.3% as compared with the corresponding period of 2016. Despite the decrease in the Group's overall ASP, the ASP of Shanghai Shama Century Park, which is located in Lujiazui, Pudong New District, Shanghai, stayed high. In the first half of 2017, the contracted ASP of Shanghai Shama Century Park was up to approximately HK$89,574.7 per sq.m., which is, in general, higher than (i) the average selling price of the other second-hand properties in the same district; and (ii) the average selling price of Shanghai Shama Century Park in the corresponding period of 2016.

Other than the sales of the Group's properties in the PRC, the Group achieved reasonable investment returns and had considerable cash returns through the disposals of equity interests in certain companies in the first half of 2017. The gain before tax reflected in the other net income of the Group for the first half of 2017 was approximately HK$413 million. In addition, on 15 August 2017, the Group and H-Change entered into the Sale and Purchase Agreement to dispose all the relevant equity interests in the Target Companies, which directly and indirectly own eight property projects with net saleable/leasable GFA of approximately 1.97 million sq.m. in Shenzhen, Nanchang, Nanjing, Hangzhou, Guangzhou and Changzhou of the PRC. The aggregate value of the consideration for the disposal and the intercompany loans to be payable to the Group is estimated to be approximately RMB13.33 billion (equivalent to approximately HK$15.32 billion) (subject to adjustments). The Group considers that the transaction is in the interests of the Group and its shareholders as a whole. As disclosed in the announcement of the Company dated 15 August 2017, the proposed disposal will allow the Group to better align its business strategy and represents a good opportunity for the Group to immediately cash in and realise a considerable return on its investments in property projects which have a long-term development cycle. Furthermore, the transaction will enhance the net asset value of the Company, thereby creating higher value and maximizing return for the shareholders of the Company. In addition, the transaction will also greatly improve the Group's cash position, lower the overall borrowing level of the Group and enable the Group to free up capital for its operations and explore potential new investment opportunities that may arise in the future.

In the first half of 2017, the Group's rental income from investment properties decreased from approximately HK$151 million in the first half of 2016 to approximately HK$119 million, representing a decline of approximately 21.1%. This was mainly due to the fact that the Group had lower rental income from Shanghai Shama Century Park in the first half of 2017 as compared to the corresponding period in 2016. As at 30 June 2017, the total occupancy rate of the Group's investment properties was approximately 82.0%. As at 30 June 2017, the total leasable GFA of the Group's operating investment property portfolio slightly increased to approximately 243,620 sq.m. from approximately 235,753 sq.m. as at 31 December 2016. As at 30 June 2017, taking into account the projects that have been completed but yet to operate or to be developed in the next one to two years, the estimated total leasable GFA of the Group's investment property portfolio will reach up to approximately 442,719 sq.m. Its fair value was approximately HK$7,224.5 million as at 30 June 2017, representing approximately 23.1% of the Group's total asset value. In addition, as at 30 June 2017, the accumulated total area of properties managed by the Group amounted to approximately 5,210,000 sq.m., of which approximately 510,000 sq.m. was property area not developed by the Group and approximately 620,000 sq.m. was for retail purposes. Currently, one of the property companies under the Group ranks 78th in the "Top 100 Real Estate Enterprises in China" and has been recognised as the "Top 100 Property Service Enterprises in China" for three consecutive years from 2015 to 2017 with its scale of property management expanding year on year.

As at 30 June 2017, the land bank (that is, the net saleable/leasable GFA) of the Group was approximately 2,515,267 sq.m.. The land bank of the Group comprises 23 property projects in total, including the eight projects to be sold to H-Change. Excluding these eight property projects, the net saleable/leasable GFA of the remaining 15 projects was approximately 529,119 sq.m. In terms of land bank strategy, the Group will focus on the first-tier cities in China, such as Shenzhen (including neighboring cities like Dongguan and Huizhou) and Shanghai. From 1 January 2017 up to the date of this announcement, the Group continued to identify and acquire high-quality property projects and has secured or subscribed for three property projects (including commercial, residential and office buildings, respectively) located in Nanjing, Huizhou and Shanghai in the PRC by way of bidding, acquisition of equity interests and capital injection, and entering into a subscription agreement, respectively, with the total saleable/leasable GFA of approximately 285,000 sq.m. As for the overseas land bank expansion, subsequent to the Group's successful acquisition of the land located next to Tai Tong Road and Shap Pat Heung Road in Yuen Long, Hong Kong (which is currently zoned for agricultural use) in December 2015, the Group has acquired 49% interest in the development right and ownership of a residential project in Sydney, Australia through the acquisition of 49% interest in the Trust in May 2017. The Group believes that the project is located in a prime location in proximity to Sydney's city centre with convenient transportation and good environment. Therefore, the project is expected to benefit from future population growth in Sydney and the huge investment in public infrastructure by the municipal government. In addition, the Group also entered into a provisional sale and purchase agreement with an independent third party in July 2017 to acquire a number of parcels of agricultural land located in Ma Sik Road, Fanling, Hong Kong (in the vicinity of Good View New Village) with a site area of approximately 103,000 square feet. The consideration of this transaction is HK$200 million and it is expected to be duly completed in January 2018. With a growing demand in the property market in Hong Kong, the increase of land bank in Hong Kong can bring greater synergy to the Group.

At last, the Group recorded a turnaround from loss in the first half of 2017 as compared to the corresponding period in 2016, mainly due to (i) the Group having recorded an one-off other net income of approximately HK$256.4 million through equity transfer of a property project company in the first half of 2017; (ii) cost control and a decline of finance costs; and (iii) the impairment losses of some of the inventories of the Group made in accordance with Hong Kong Accounting Standards in the corresponding period of 2016. In addition, taking advantage of the Group's creditworthiness, Shenzhen SZITIC Property Development Co., Ltd. *(深圳深國投房地產開發有限公司) ("**Shenzhen SZITIC**"), an indirectly wholly-owned subsidiary of the Company established in the PRC, completed the non-public issue of domestic corporate bonds (the "**Corporate Bonds**") with an issue size of RMB1.9 billion on 27 April 2017. The issue of the Corporate Bonds is beneficial for improving the financing capability of the Group's onshore platforms in the PRC capital market, securing a relatively low cost of financing and facilitating a more flexible debt structure for the Group's onshore companies. For details, please refer to the section headed "Liquidity, Financial and Capital Resources — RMB1,900,000,000 domestic Corporate Bonds due 2020" in this announcement.

FUTURE OUTLOOK

Growth of the PRC real estate market is expected to slow down, with undervalued assets to be acquired by the end of 2017 or the first half of 2018 when opportunities arise

Starting from 2017, China's real estate market has experienced significant changes. During the 2017 Central Economic Work Conference, the Central Government pointed out that "houses are meant for residence, not speculation", and required to quicken the steps of studying and establishing a groundwork system and long-term mechanism according to national conditions and market regularity. Such system and mechanism are expected to curb the property bubbles, facilitate the stable and healthy development of the real estate market, and prevent massive volatility in the selling prices of the real estate sector. Given such considerations, there will be limited room for the Central Government to further loosen its monetary policy, with more emphasis on stabilizing the financial policies of the real estate market instead. In fact, starting from the second quarter of 2017, the domestic financial market has experienced greater difficulty in obtaining approvals for financing activities, greater costs and larger restrictions on use of proceeds, coupled with rising interest rates. On the contrary, there have been downward trends on returns from real estate investment projects. Hence, the Group believes that the golden age of PRC property development is gone, with less room for reaping profits in the future and much smaller growth in property prices in first and second-tier cities. Small and medium-sized real estate developers will be mired in slashed profits, rising costs and strained cash flows, which may lead to forced disposal of assets at lower prices or market exit by such developers. The Group also expects that quite a few large enterprises would continue with their mergers and acquisitions in the second half of 2017 and next year, or that the majority of market share will concentrate on dozens of big real estate developers. As such, it is not suitable for the Group to acquire expensive land in first and second-tier cities through public land auction. Instead, the Group plans to obtain land and property projects through undervalued asset packages that are expected to emerge by the end of this year or the second half of next year. Furthermore, the Group's success in gaining large sums of cash and reasonable profits and reducing liabilities by transferring certain equity interests in property project companies to independent third parties could serve as a new operation model for the Group which, compared with self-development, is considered easier, faster and more able to secure reasonable investment returns.

Active transformation into a "Property + Healthcare" enterprise

Domestically, the past two decades has seen an economic takeoff, increasing per capita income and an ageing population. People have placed greater emphasis on health. As such, the Group has realized the importance of the healthcare business, which has great potential, presenting numerous business opportunities and enjoying popularity among investors in the capital markets. In view of this, the Group has entered the health sector since late 2015 by participating in the capital increase in New China Life Excellent Health Investment Management Co., Ltd., a wholly-owned health check chain corporation established by New China Life Insurance Co., Ltd. (Stock Code: 601336.SH) in 2011, and acquired 10% of its equity interest after the capital injection. In the near future, the Group may consider taking more ways of direct investment and actively explore potential healthcare resources in the market with an aim to become a leading healthcare resource investor and operator in the PRC and Hong Kong. The Group will also take advantage of the huge market demand arising from the Chinese social and economic transformation, striving to pursue diversified investment and development in the future. The above transformation plan is expected to generate sources of stable profit growth for the Group, enabling the Group to achieve its ultimate target of capital appreciation so as to break the situation where PRC real estate enterprises have long been underestimated in the Hong Kong capital market.

Maximizing profit and shareholders' interest: maintaining and moderately increasing rental properties with stable growth, and expanding overseas real estate business

Adhering to the principle of "maximizing profit and shareholders' interest", the Group conducts sales, acquisitions or investments on the premise that the existing and potential projects have to be able to provide maximum profit for its stakeholders. In the absence of pressure from funding needs and high level of inventories, the Group would not adopt reckless price-cutting strategy to quickly sell off its inventories. On the contrary, the Group would from time to time consider asset realization by way of cooperation or transfer of equity interests in projects in order to bring stable returns to shareholders.

Looking forward, the Group considers that maintaining steadily rising rental income is very important. Currently, the Group has rental properties of approximately 240,000 sq.m., which is able to bring the Group rental income of not less than HK$200 million per annum. The Group also expects to create more room for rental income growth by holding more self-owned properties in the future.

At the same time, the Group believes that, as a result of asset appreciation brought by quantitative easing in the PRC in the previous years and wealth accumulation, people from the PRC are interested in making more investments in overseas real estate properties. In light of the above changes, the Group will continue to proactively explore investment opportunities in those western countries and cities where PRC citizens are interested in immigrating and investing, such as Australia, the United Kingdom and Hong Kong (which, in particular, will benefit from the concept of Guangdong-Hong Kong-Macao Bay Area (大灣區)), which are closely connected to the PRC, for future investments. The Group believes that its current investments in Hong Kong and Australian property projects are favorable in all respects, in terms of the relevant financing costs and taxation costs, and given the strong housing demand, they will bring good returns for the Group. Hence, the Group would not rule out the possibility of expanding its overseas investments.

FINANCIAL REVIEW

For the six months ended 30 June 2017, the Group's total revenue and income from sale of properties were approximately HK$1,017.5 million and HK$778.2 million, respectively, decreased by approximately 70.9% and 76.0%, respectively, as compared with the corresponding period of 2016. The Group recorded a profit attributable to equity shareholders of the Company of approximately HK$103.5 million as compared with a loss of HK$47.8 million recorded in the corresponding period of 2016. For the six months ended 30 June 2017, the Group had a basic earnings per ordinary share ("**Share**") of HK$0.07, compared with a basic loss per Share of HK$0.03 in the corresponding period of 2016. Net assets per Share attributable to equity shareholders of the Company and holders of the bonus perpetual subordinated convertible securities ("**PCSs**") were approximately HK$4.3 as at 30 June 2017 and approximately HK$4.1 as at 31 December 2016.

Revenue

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

The Group's revenue decreased by approximately 70.9% to approximately HK$1,017.5 million for the six months ended 30 June 2017 from approximately HK$3,494.0 million for the six months ended 30 June 2016. This decrease was primarily due to a decrease in the Group's income from sale of properties. The Group recognised property sales of approximately HK$778.2 million, representing approximately 76.5% of the revenue for the six months ended 30 June 2017. The remaining approximately 23.5% represented rental income, income from hotel operations, and property management and related services income. No income from medical and health services was recorded for the six months ended 30 June 2017.

Revenue from the Group's sale of properties decreased by approximately 76.0% for the six months ended 30 June 2017 as compared with the corresponding period of 2016 primarily due to a decrease in the Group's total saleable GFA sold and delivered (excluding sale of car park units) from approximately 192,555 sq.m. in the first half of 2016 to approximately 41,795 sq.m. in the first half of 2017. The Group's rental income decreased primarily due to the sale and delivery of Shanghai Shama Century Park, which consequently reduced the rental income of the Group's investment properties under operation for the six months ended 30 June 2017. Income from the Group's hotel operations remained stable as compared with the corresponding period of 2016. As a result of an increase in the GFA of the properties managed by the Group, the income from the property management and related services increased.

Direct costs

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

The Group's direct costs decreased to approximately HK$735.2 million for the six months ended 30 June 2017 from approximately HK$3,119.2 million for the six months ended 30 June 2016. Such decrease was primarily attributable to a decrease in the saleable GFA and the related construction costs of the Group's properties completed and delivered for the six months ended 30 June 2017.

Gross profit

The Group's gross profit decreased by approximately 24.7% to approximately HK$282.3 million for the six months ended 30 June 2017 from approximately HK$374.9 million for the six months ended 30 June 2016. The Group reported a gross profit margin of approximately 27.7% for the six months ended 30 June 2017 as compared with approximately 10.7% for the six months ended 30 June 2016. The increase in gross profit margin was primarily driven by a lower proportion of properties sold and delivered from The Sunny Land – Nanjing, which contributed approximately 28.5% of the Group's total revenue from sale of properties for the six months ended 30 June 2017 (for the six months ended 30 June 2016: approximately 77.2%) and had a relatively lower gross profit margin.

Other revenue

Other revenue decreased by approximately HK$34.0 million, or approximately 30.6%, to approximately HK$77.3 million for the six months ended 30 June 2017 from approximately HK$111.3 million for the six months ended 30 June 2016. The decrease was primarily attributable to a decrease in construction management service income and bank and other interest income of approximately HK$7.1 million and HK$19.0 million, respectively, in the first half of 2017 as compared with the corresponding period of 2016.

Other net income/(loss)

Other net income increased significantly by approximately 169.1% to approximately HK$413.3 million of the six months ended 30 June 2017 from approximately HK$153.6 million for the six months ended 30 June 2016, mainly due to the disposal of a certain percentage of equity interests in one of the PRC subsidiaries of the Group and the interest in a joint venture of approximately HK$324.5 million, which held redevelopment projects in Shenzhen, to respective buyers.

Selling and marketing expenses

Selling and marketing expenses decreased by approximately 24.8% to approximately HK$86.5 million for the six months ended 30 June 2017 from approximately HK$115.0 million for the six months ended 30 June 2016, mainly due to a decrease in advertising and promotion expenses paid of approximately HK$37.3 million. The selling and marketing expenses accounted for approximately 7.5% of total contracted sales for the six months ended 30 June 2017 (for the six months ended 30 June 2016: approximately 4.1%).

Administrative expenses

Administrative expenses decreased by approximately 12.0% to approximately HK$272.2 million for the six months ended 30 June 2017 from approximately HK$309.2 million for the six months ended 30 June 2016. The decrease was mainly due to a decrease in recognition of other taxes mainly arising from delivering the investment properties classified as held for sale of approximately HK$49.7 million for the six months ended 30 June 2017.

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

Valuation gains on investment properties and investment properties classified as held for sale decreased slightly by approximately 5.5% to approximately HK$314.0 million for the six months ended 30 June 2017 from approximately HK$332.4 million for the six months ended 30 June 2016. During the six months ended 30 June 2017, approximately HK$174.7 million out of the total valuation gain of approximately HK$314.0 million was recorded as a fair value gain from Shanghai Shama Century Park. The Group has been selling Shanghai Shama Century Park, an operational serviced apartments project, since 2015, from which a relatively high fair value gain was recognised during the six months ended 30 June 2017 as driven by the high contracted ASP achieved, which was one of the key factors adopted in the valuation of Shanghai Shama Century Park.

Finance costs

Finance costs decreased by approximately 15.7% to approximately HK$285.1 million for the six months ended 30 June 2017 from approximately HK$338.2 million for the corresponding period of 2016. The decrease was primarily attributable to a decrease in average borrowings for the six months ended 30 June 2017 as compared with the corresponding period of 2016.

Income tax

Income tax expenses increased by approximately 41.0% to approximately HK$329.1 million for the six months ended 30 June 2017 from approximately HK$233.5 million for the six months ended 30 June 2016. The increase was mainly attributable to (i) absence of reversal of land appreciation tax provision for the six months ended 30 June 2017 as compared with approximately HK$164.0 million for the corresponding period of 2016, partly set off by (ii) a decrease in deferred tax arising from fair vale gain on the project of Shanghai Shama Century Park of approximately HK$93.2 million for the six months ended 30 June 2017.

Non-controlling interests

The profit attributable to non-controlling interests was approximately HK$4.6 million for the six months ended 30 June 2017 as compared with approximately HK$26.0 million in the corresponding period of 2016. The decrease was primarily due to the decreased profit of a non-wholly owned subsidiary (which holds Shanghai Shama Century Park) shared by the non-controlling interests from approximately HK$27.8 million for the six months ended 30 June 2016 to approximately HK$13.8 million for the six months ended 30 June 2017.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2017, the carrying amount of cash and bank deposits (including restricted and pledged deposits) of the Group was approximately HK$8,415.4 million (as at 31 December 2016: approximately HK$6,201.8 million), representing an increase of approximately 35.7% as compared with that as at 31 December 2016.

Borrowings and charges on the Group's assets

The Group had an aggregate borrowings (including bank and other borrowings, convertible bonds, bonds payable, note payable and amounts due to non-controlling shareholders) as at 30 June 2017 of approximately HK$12,683.6 million (as at 31 December 2016: approximately HK$9,161.9 million), of which approximately HK$4,983.8 million is repayable within one year, approximately HK$7,189.8 million is repayable after one year but within five years and approximately HK$510.0 million is repayable after five years.

As at 30 June 2017, the Group's bank loans of approximately HK$6,339.9 million (as at 31 December 2016: approximately HK$4,658.2 million), bonds payable and note payable were secured by certain investment properties (inclusive of investment properties classified as held for sale), hotel properties, other land and buildings, properties under development for sale, interest in a joint venture, pledged deposits and rental receivables of the Group with total carrying values of approximately HK$9,450.0 million (as at 31 December 2016: approximately HK$9,878.2 million). As at 30 June 2017, the Group's convertible bonds were secured by equity interests of certain subsidiaries of the Group. As at 30 June 2017, the Group's note payable was secured by an investment property.

The carrying amounts of all the Group's bank and other borrowings, bonds payable and note payable were denominated in Renminbi ("**RMB**") except for certain borrowings with an aggregate amount of approximately HK$3,186.0 million (as at 31 December 2016: approximately HK$2,135.6 million), HK$1,484.2 million (as at 31 December 2016: approximately HK$1,834.2 million) and HK$207.2 million (as at 31 December 2016: Nil) as at 30 June 2017 which were denominated in Hong Kong dollars, US dollars and Australian dollars, respectively.

As at 30 June 2017, the Group had bank borrowings of approximately HK$1,998.9 million which bore fixed interest rates ranging from 1.2% to 7.8% per annum.

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

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

RMB800,000,000 first tranche corporate bonds due 2021 (the "Corporate Bonds Due 2021")

Shenzhen SZITIC received the "Approval Letter for the Public Offering of Corporate Bonds of Shenzhen SZITIC to Qualified Investors" (Zheng Jian Xu Ke [2016] No. 1364) from the China Securities Regulatory Commission ("**CSRC**") pursuant to which CSRC approved Shenzhen SZITIC to issue the Corporate Bonds Due 2021 of up to RMB4,000,000,000 to qualified investors. For details, please refer to the Company's announcement dated 9 September 2016.

On 14 September 2016, a total size of the first tranche Corporate Bonds Due 2021 of RMB800,000,000 (which comprises (i) Corporate Bonds Due 2021 in the principal amount of RMB500,000,000; and (ii) additional Corporate Bonds Due 2021 in the amount of RMB300,000,000 upon the exercise of the over-allotment option) was issued at the coupon rate of 5.8% per annum. The first tranche Corporate Bonds Due 2021 were listed on the Shenzhen Stock Exchange on 25 November 2016. For details, please refer to the Company's announcements dated 14 September 2016 and 22 November 2016, respectively.

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

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

The Bonds in the aggregate principal amount of US$100 million each were issued to the respective Investors on 6 January 2016 and 21 March 2016, respectively. For details, please refer to the Company's announcements dated 6 January 2016 and 21 March 2016, respectively.

The Bonds bear interest at the rate of 6.0% per annum payable semi-annually in arrear on 6 January and 6 July in each year. The liability component of the Bonds is stated at amortised cost and the conversion option is stated at fair value after initial recognition.

As at 30 June 2017, the Group recognised derivative financial instruments relating to the conversion option and liability component of the Bonds of approximately HK$36.2 million and approximately HK$1,484.2 million, respectively.

The Bonds will, at the option of the bondholders, be convertible into fully paid ordinary shares in the issued and paid up capital of the Company at an initial conversion price of HK$3.8289 per Share, but will be subject to adjustment in accordance with the terms and conditions of the Bonds. If the Bonds have not been converted, they will be redeemed at US$1,136.04 in respect of each Calculation Amount (as defined in the Company's circular dated 26 February 2016) on 6 January 2019 together with interest accrued but unpaid to (but excluding) such date (if any).

Pursuant to the provisions of the adjustments to the conversion price as stated in the terms and conditions of the Bonds, the conversion price, initially HK$3.8289 per Share, was adjusted to HK$3.4910 per Share as a result of the declaration of the final dividend of HK22 cents per Share for the year ended 31 December 2016 approved by the shareholders of the Company at the annual general meeting of the Company held on 23 May 2017 with effect from 10 June 2017, being the day immediately after the record date for the determination of the entitlement to the above final dividend. For the details, please refer to the Company's announcement dated 29 May 2017.

As at 30 June 2017, if the Bonds are fully converted into Shares, it will be converted into 444,153,536 Shares, representing approximately 37.5% of the total issued share capital of the Company as at 30 June 2017.

RMB1,900,000,000 domestic Corporate Bonds due 2020

On 27 April 2017, Shenzhen SZITIC completed the non-public issue of the Corporate Bonds with an issue size of RMB1,900,000,000. The Corporate Bonds were issued in two types. The first type has a term of three years, in respect of which Shenzhen SZITIC is entitled to opt to adjust the coupon rate while the investors are entitled to opt to sell back the Corporate Bonds as at the end of the second year. The coupon rate is 7.50% and the issue size was RMB1,650,000,000. The second type has a term of three years, in respect of which Shenzhen SZITIC is entitled to opt to adjust the coupon rate while the investors are entitled to opt to sell back the Corporate Bonds as at the end of the first year and second year. The coupon rate is 7.28% and the issue size was RMB250,000,000. For details, please refer to the Company's announcement dated 27 April 2017.

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 6.5% for the six months ended 30 June 2017 (for the six months ended 30 June 2016: approximately 8.1%).

Net gearing ratio

The net gearing ratio is calculated by dividing the Group's net borrowings (aggregate borrowings net of cash and cash equivalents and restricted and pledged deposits) by the total equity. The Group's net gearing ratio as at 30 June 2017 and 31 December 2016 was approximately 59.2% and 43.3%, respectively. The increase in net gearing ratio was mainly due to the settlement of land premium in respect of the newly acquired land reserves in Nanjing, the PRC and Sydney, Australia during the six months ended 30 June 2017.

Foreign exchange risk

As at 30 June 2017, the Group had cash balances denominated in RMB of approximately RMB6,815.3 million (equivalent to approximately HK$7,837.3 million), in US dollars of approximately US$19.0 million (equivalent to approximately HK$148.2 million) and in Australian dollars of approximately AUD0.7 million (equivalent to approximately HK$4.4 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, US dollars or Australian dollars as a result of its investment in the PRC and the settlement of certain administrative expenses and borrowings in Hong Kong dollars, US dollars or Australian dollars. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

NET ASSETS PER SHARE

Net assets per Share of the Company as at 30 June 2017 and 31 December 2016 are calculated as follows:

	As at 30 June 2017	As at 31 December 2016
Net assets attributable to equity shareholders of the Company *(HK$'000)*	**6,181,982**	5,898,896
Number of issued ordinary Shares *('000)*	**1,183,828**	1,183,776
Number of outstanding PCSs *('000)*	**238,553**	238,553
Number of Shares for the calculation of net assets per Share *('000)*	**1,422,381**	1,422,329
Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs *(HK$) (Note)*	**4.3**	4.1

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 2017 and 31 December 2016.

CONTINGENT LIABILITIES

As at 30 June 2017, save for the guarantees of approximately HK$2,727.9 million (as at 31 December 2016: approximately HK$4,508.5 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, the Group is required by the relevant banks to guarantee its purchasers' mortgage loans until it completes the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to its purchasers. If a purchaser defaults on a mortgage loan, the Group may have to repurchase the underlying property by paying off the mortgage. If the Group fails to do so, the mortgagee bank may auction the underlying property and recover any shortfall from the Group as the guarantor of the mortgage loan.

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

On 27 February 2017, Shenzhen Water Flower Property Development Co., Ltd.* (深圳市水榭花都房地產有限公司) ("**Shenzhen Water Flower**"), a wholly-owned subsidiary of the Company, entered into a termination agreement with Shenzhen Zongxin Shiye Investment Company Limited* (深圳市宗新實業投資有限公司) ("**Shenzhen Zongxin**"), Shenzhen Yanhan Shiye Company Limited* (深圳市燕翰實業有限公司) (the "**Project Company**"), Shenzhen Zhujiang Junan Cement Products Company Limited* (深圳珠江均安水泥製品有限公司) and Shenzhen Jianning Real Estate Investment Company Limited* (深圳市健寧房地產投資有限公司) to terminate a cooperation agreement dated 21 October 2014 entered into by and among the same parties (the "**Termination**"). As a result of the Termination, Shenzhen Zongxin entered into an agreement in February 2017 to repurchase from Shenzhen Water Flower 40% of the equity interests in the Project Company acquired and owned by Shenzhen Water Flower upon fulfilment of certain conditions. The completion of the repurchase of equity interests took place in March 2017. For details of the Termination, please refer to the Company's announcement dated 27 February 2017.

Save as disclosed above and elsewhere in this announcement, the Group did not have any material acquisitions or disposals of assets during the six months ended 30 June 2017.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2017, the Group employed a total of 1,255 employees (as at 31 December 2016: 1,499 employees) in the PRC and Hong Kong, of which, 97 were under the headquarters team, 308 were under the property development division and 850 were under the retail operation and property management division. For the six months ended 30 June 2017, the total staff costs incurred was approximately HK$139.9 million (for the six months ended 30 June 2016: approximately HK$158.5 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 2017, 23,000 (for the six months ended 30 June 2016: 1,021,166) share options had been exercised by the grantees and 761,400 (for the six months ended 30 June 2016: Nil) share option had been lapsed. As a result, 10,709,696 (as at 31 December 2016: 11,494,096) share options were outstanding as at 30 June 2017 under the pre-IPO share option scheme.

The Company 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, 20 June 2013, 28 April 2015, 8 September 2015 and 23 October 2015, the Group granted 15,720,000 share options (Lot 1), 14,000,000 share options (Lot 2), 82,650,000 share options (Lot 3), 3,000,000 share options (Lot 4), 10,000,000 share options (Lot 5) and 31,000,000 share options (Lot 6), respectively, under the post-IPO share option scheme at the exercise prices of HK$2.264 per Share (adjusted), HK$4.14 per Share, HK$3.3 per Share, HK$3.65 per Share, HK$3.45 per Share and HK$2.796 per Share, respectively, to certain Directors, senior management and selected employees of the Group.

Movement of the outstanding share options under the pre-IPO and post-IPO share option scheme for the six months ended 30 June 2017 is as follows:

	Exercise Price	As at 1 January 2017	Share options granted	Share options exercised	Share options cancelled	Share options lapsed	As at 30 June 2017
	HK$ per Share						
Pre-IPO	1.78	11,494,096	–	23,000	–	761,400	10,709,696
Post-IPO							
Lot 1	2.264	10,843,500	–	29,500	–	840,000	9,974,000
Lot 2	4.14	7,850,000	–	–	–	400,000	7,450,000
Lot 3	3.3	64,860,000	–	–	–	2,660,000	62,200,000
Lot 4	3.65	2,000,000	–	–	–	–	2,000,000
Lot 5	3.45	10,000,000	–	–	–	–	10,000,000
Lot 6	2.796	31,000,000	–	–	–	500,000	30,500,000
Sub-total		126,553,500	–	29,500	–	4,400,000	122,124,000
Total		138,047,596	–	52,500	–	5,161,400	132,833,696

IMPORTANT EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD

Saved as disclosed in this announcement, there are no important events affecting the Group after the end of the interim reporting period.

INTERIM DIVIDEND

The Board will only consider the declaration of dividend at its meeting for the approval of final results. As a result, the Board has resolved not to declare an interim dividend for the six months ended 30 June 2017 (2016 interim dividend: Nil).

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the Code Provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "**CG Code**") during the six months ended 30 June 2017 and, where appropriate, adopted the Recommended Best Practices set out in the CG Code, except for the following deviation:

Under Code Provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the six months ended 30 June 2017, Mr WONG Chun Hong performed his duties as the chairman and the co-chief executive officer of the Company. The Board believes that the serving by the same individual as the chairman and the co-chief executive officer during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company. Since the appointment of Mr CHEN Feng Yang as the co-chief executive officer, the powers and authorities between the co-chief executive officers have not been concentrated as the responsibilities have been shared between the co-chief executive officers. The Board will continue to review the current management structure from time to time and shall make changes where appropriate and inform the investors of the Company accordingly.

In respect of Code Provision E.1.2 of the CG Code, all Directors attended the annual general meeting of the Company held on 23 May 2017 and made themselves available to answer questions to ensure effective communication with the shareholders of the Company.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct for securities transactions by the Directors. After having made specific enquiries with all the Directors, all the Directors have confirmed that they had complied with the required standards set out in the Model Code and its code of conduct during the six months ended 30 June 2017.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company 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 2017. The audit committee of the Company comprises three independent non-executive Directors, namely Mr CHENG Yuk Wo (Chairman), Mr LEUNG Kwong Choi and Professor WU Si Zong.

The financial information in this announcement is unaudited and is derived from the interim financial report for the six months ended 30 June 2017. The interim financial report is unaudited, but has been reviewed by KPMG, the Company's auditor, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, KPMG did not express an audit opinion.

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

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, 31 August 2017

As at the date of this announcement, the executive Directors are Mr WONG Chun Hong, Mr CHEN Feng Yang and Mr WANG Tian Ye; the non-executive Directors are Mr XU Lei and Mr CHIANG Kok Sung Lawrence; and the independent non-executive Directors are Mr CHENG Yuk Wo, Professor WU Si Zong and Mr LEUNG Kwong Choi.

Note: Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Accordingly, figures shown as total sums in certain tables may not be an arithmetic aggregation of figures preceding them.

* *For identification purposes only*