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 2018

HIGHLIGHTS

- For the six months ended 30 June 2018, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK$732.4 million, representing a decrease of approximately 48.1% as compared with the corresponding period of 2017, of which approximately HK$723.5 million was from pre-sales of properties with pre-sold saleable GFA of approximately 100,397 sq.m. and approximately HK$8.9 million was from pre-sales of 52 car park units. The ASP of the Group's pre-sales of properties was approximately HK$7,206.4 per sq.m., representing a decrease of approximately 64.5% as compared with the corresponding period of 2017.

- As at 30 June 2018, the Group had 20 projects across 11 cities with a total estimated net saleable/leasable GFA of approximately 680,144 sq.m.

- Revenue for the six months ended 30 June 2018 decreased by approximately 69.6% to approximately HK$308.9 million from approximately HK$1,017.5 million for the six months ended 30 June 2017.

- For the six months ended 30 June 2018, the Group generated recurring rental income of approximately HK$131.2 million (for six months ended 30 June 2017: approximately HK$119.2 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 2018, the investment property portfolio (inclusive of investment properties classified as held for sale) had a total leasable GFA of approximately 201,927 sq.m. and a fair value of approximately HK$5,369.4 million, representing approximately 20.8% of the Group's total asset value.

- Gross profit margin for the six months ended 30 June 2018 was approximately 48.2%, as compared with approximately 27.7% for the corresponding period of 2017.

- For the six months ended 30 June 2018, the loss attributable to equity shareholders of the Company was approximately HK$30.3 million (for the six months ended 30 June 2017: profit attributable to equity shareholders of the Company of approximately HK$103.5 million).

- Basic loss 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 2018 were approximately HK$0.02 and HK$0.12, respectively (for the six months ended 30 June 2017: basic earnings and diluted loss per Share attributable to equity shareholders of the Company and the holders of PCSs of HK$0.07 and HK$0.02, respectively).

- Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs as at 30 June 2018 was approximately HK$7.1 (as at 31 December 2017: approximately HK$7.5).

- As at 30 June 2018, the net gearing ratio of the Group was approximately 40.4% (as at 31 December 2017: approximately 24.2%).

- No interim dividend is declared for the six months ended 30 June 2018.

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 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2018 – UNAUDITED

		Six months ended 30 June	
		2018	2017 (Note)
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**308,855**	1,017,472
Direct costs		**(159,955)**	(735,178)
Gross profit		**148,900**	282,294
Valuation gains on investment properties and investment properties classified as held for sale		**181,996**	314,048
Other revenue	*4*	**119,335**	77,258
Other net income	*5*	**91,591**	413,322
Selling and marketing expenses		**(16,381)**	(86,489)
Administrative expenses		**(252,967)**	(272,191)
Profit from operations		**272,474**	728,242
Finance costs	*6(a)*	**(271,363)**	(285,065)
Share of losses of associates		**(8,245)**	(3,604)
Share of losses of joint ventures		**(444)**	(2,335)
(Loss)/profit before taxation	*6*	**(7,578)**	437,238
Income tax	*7*	**(28,176)**	(329,148)
(Loss)/profit for the period		**(35,754)**	108,090
Attributable to:			
Equity shareholders of the Company		**(30,322)**	103,538
Non-controlling interests		**(5,432)**	4,552
(Loss)/profit for the period		**(35,754)**	108,090
(Loss)/earnings per share (HK$)	*8*		
Basic		**(0.02)**	0.07
Diluted		**(0.12)**	(0.02)

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 2.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018 – UNAUDITED

	Six months ended 30 June	
	2018	2017 (Note)
	HK$'000	*HK$'000*
(Loss)/profit for the period	**(35,754)**	108,090
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	**(104,860)**	481,726
Share of other comprehensive income of associates and joint ventures	**(22,559)**	29,400
	(127,419)	511,126
Total comprehensive income for the period	**(163,173)**	619,216
Attributable to:		
Equity shareholders of the Company	**(155,835)**	584,227
Non-controlling interests	**(7,338)**	34,989
Total comprehensive income for the period	**(163,173)**	619,216

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018 – UNAUDITED

	Note	At 30 June 2018 HK$'000	At 31 December 2017 (Note) HK$'000
Non-current assets			
Investment properties		**5,271,399**	4,837,896
Other property, plant and equipment		**148,477**	153,680
		5,419,876	4,991,576
Intangible assets		**3,769**	–
Goodwill		**98,263**	–
Interest in associates		**1,689,679**	1,385,817
Interest in joint ventures		**510,470**	533,571
Other financial assets	*10*	**263,999**	151,309
Other receivables	*12*	**950,394**	1,441,512
Deferred tax assets		**251,560**	307,752
		9,188,010	8,811,537
Current assets			
Inventories and other contract costs	*11*	**6,339,576**	1,641,881
Other financial assets	*10*	**17,982**	–
Trade and other receivables	*12*	**5,405,778**	9,699,088
Prepaid tax		**47,167**	51,703
Restricted and pledged deposits		**1,562,980**	2,071,706
Cash and cash equivalents		**3,197,669**	4,599,697
		16,571,152	18,064,075
Investment properties classified as held for sale		**97,953**	106,274
		16,669,105	18,170,349
Current liabilities			
Trade and other payables	*13*	**2,112,603**	2,730,975
Contract liabilities	*2*	**987,865**	–
Bank and other borrowings		**3,165,825**	2,921,827
Derivative financial instruments		**6,115**	242,478
Note payable		**–**	1,183,283
Convertible bonds		**1,383,197**	–
Bonds payable		**1,176,975**	1,171,920
Tax payable		**1,839,506**	2,213,830
Provision		**22,070**	8,923
		10,694,156	10,473,236

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018 – UNAUDITED (CONTINUED)

	Note	At 30 June 2018 HK$'000	At 31 December 2017 (Note) HK$'000
Net current assets		**5,974,949**	7,697,113
Total assets less current liabilities		**15,162,959**	16,508,650
Non-current liabilities			
Bank and other borrowings		**3,253,831**	2,663,521
Convertible bonds		**–**	1,299,330
Deferred tax liabilities		**847,330**	889,842
Provision		**24,870**	43,048
		4,126,031	4,895,741
NET ASSETS		**11,036,928**	11,612,909
CAPITAL AND RESERVES			
Share capital		**138,558**	138,344
Reserves		**10,771,826**	11,312,202
Total equity attributable to equity shareholders of the Company		**10,910,384**	11,450,546
Non-controlling interests		**126,544**	162,363
TOTAL EQUITY		**11,036,928**	11,612,909

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 2.

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 2018 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 29 August 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Top Spring International Holdings Limited ("**the Company**") and its subsidiaries (collectively referred to as "**the Group**") since the 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

2 CHANGES IN ACCOUNTING POLICIES

(a) Overview

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*
- HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as HKFRS 9.

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Overview (Continued)

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by HKFRS 15 in relation to capitalisation of contract costs, significant financing benefit obtained from customers and presentation of contract assets and contract liabilities. Details of the changes in accounting policies are discussed in Note 2(b) for HKFRS 9 and Note 2(c) for HKFRS 15.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 and HKFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated.

(b) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. However, there is no impact to the opening equity at 1 January 2018 by the initial application of HKFRS 9. The comparative information continues to be reported under HKAS 39.

(c) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

The following table summarises the impact of transition to HKFRS 15 on retained earnings and the related tax impact at 1 January 2018:

	HK$'000
Retained earnings	
Capitalisation of sales commissions	5,787
Related tax	(1,447)
Net increase in total equity at 1 January 2018	4,340
Net increase in non-controlling interests at 1 January 2018	(1,736)
Net increase in retained earnings at 1 January 2018	2,604

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**").

– 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.

– Education and related services: this segment mainly provides education related services and products to students.

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

During the period, due to the change of strategy, the segment related to medical and healthcare services was no longer a reportable segment for the Group.

(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, other revenue and net income, valuation gain on investment properties and investment properties classified as held for sale 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.

3 SEGMENT REPORTING (CONTINUED)

(a) Segment results (Continued)

Disaggregation of revenue from contracts with customers, revenue from other sources as well as 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.

For the six months ended 30 June 2018	**Property development** *HK$'000*	**Property investment** *HK$'000*	**Property management and related services** *HK$'000*	**Education related services** *HK$'000*	**Hotel operations** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**63,383**	**131,068**	**100,723**	**13,681**	**–**	**308,855**
Inter-segment revenue	**–**	**28,861**	**28,932**	**–**	**–**	**57,793**
Reportable segment revenue	**63,383**	**159,929**	**129,655**	**13,681**	**–**	**366,648**
Reportable segment (loss)/profit (adjusted EBITDA)	**(96,222)**	**83,773**	**(11,762)**	**(5,429)**	**–**	**(29,640)**
Interest income from bank deposits	**25,998**	**436**	**668**	**1**	**–**	**27,103**
Interest expenses	**(258,062)**	**(5,835)**	**(7,158)**	**(308)**	**–**	**(271,363)**
Depreciation and amortisation for the period	**(909)**	**(613)**	**(564)**	**(249)**	**–**	**(2,335)**
Provision on inventories	**–**	**–**	**–**	**–**	**–**	**–**
Valuation gains on investment properties and investment properties classified as held for sale	**–**	**181,996**	**–**	**–**	**–**	**181,996**
Reportable segment assets	**20,682,509**	**5,124,625**	**324,458**	**180,886**	**–**	**26,312,478**
Reportable segment liabilities	**(16,696,629)**	**(279,440)**	**(295,803)**	**(50,915)**	**(13,524)**	**(17,336,311)**

For the six months ended 30 June 2017	Property development *HK$'000*	Property investment *HK$'000*	Property management and related services *HK$'000*	Education related services *HK$'000*	Hotel operations *HK$'000*	Total *HK$'000*
Revenue from external customers	778,197	119,166	88,008	–	32,101	1,017,472
Inter-segment revenue	–	23,225	24,311	–	–	47,536
Reportable segment revenue	778,197	142,391	112,319	–	32,101	1,065,008
Reportable segment (loss)/profit (adjusted EBITDA)	(27,448)	82,976	(15,743)	–	906	40,691
Interest income from bank deposits	16,379	916	472	–	–	17,767
Interest expenses	(276,782)	(3,166)	(5,117)	–	–	(285,065)
Depreciation and amortisation for the period	(9,142)	(698)	(487)	–	(7,922)	(18,249)
Provision on inventories	(19,496)	–	–	–	–	(19,496)
Valuation gains on investment properties and investment properties classified as held for sale	–	314,048	–	–	–	314,048
Reportable segment assets	**18,784,618**	**5,052,144**	**472,678**	**–**	**–**	**24,309,440**
Reportable segment liabilities	**(11,305,169)**	**(398,299)**	**(287,772)**	**–**	**(13,700)**	**(12,004,940)**

3 SEGMENT REPORTING (CONTINUED)

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**366,648**	1,065,008
Elimination of inter-segment revenue	**(57,793)**	(47,536)
Consolidated revenue	**308,855**	1,017,472
Profit or loss		
Reportable segment (loss)/profit derived from Group's external customers	**(29,640)**	40,691
Share of losses of associates	**(8,245)**	(3,604)
Share of losses of joint ventures	**(444)**	(2,335)
Other revenue and net income	**210,926**	490,580
Depreciation and amortisation	**(3,721)**	(19,522)
Finance costs	**(271,363)**	(285,065)
Valuation gains on investment properties and investment properties classified as held for sale	**181,996**	314,048
Unallocated head office and corporate expenses	**(87,087)**	(97,555)
Consolidated (loss)/profit before taxation	**(7,578)**	437,238

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment property, other property, plant and equipment, intangible assets, goodwill and interests in associates, joint ventures and other non-current receivables ("**specified non-current assets**"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of investment properties and other property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets, goodwill and other non-current receivables, and the location of operations, in the case of interests in associates and joint ventures.

	Revenue from external customers		Specified non-current assets	
	Six months ended 30 June		**At 30 June**	At 31 December
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China (place of domicile)	**291,400**	1,017,472	**7,799,143**	7,879,752
Hong Kong	**17,455**	–	**424,158**	750
Australia	**–**	–	**449,150**	471,974
	308,855	1,017,472	**8,672,451**	8,352,476

4 OTHER REVENUE

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Bank interest income	**28,844**	22,073
Other interest income	**78,873**	15,868
Construction management service income	**–**	11,981
Rental income from operating leases, other than those relating to investment properties	**8,109**	11,881
Other service income	**2,956**	10,246
Others	**553**	5,209
	119,335	77,258

5 OTHER NET INCOME

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Net gain on disposal of subsidiaries	**6,336**	173,127
Gain on previously held interest in subsidiaries upon loss of control	**–**	82,090
Net gain from disposal of joint venture	**–**	42,425
Net exchange gain/(loss)	**32,426**	(4,145)
Net (loss)/gain on sale of investment properties and investment properties classified as held for sale	**(487)**	792
Provision on inventories	**–**	(19,496)
Write off on doubtful debts	**(10,994)**	–
Loss on re-measurement of the amortised cost of other receivables	**(145,090)**	–
Amortisation of loss arising from the issuance of convertible bonds	**(32,440)**	(37,887)
Fair value change on conversion option embedded in convertible bonds	**237,688**	121,116
Unrealised fair value loss on financial assets	**(2,124)**	–
Investments income	**–**	25,686
Others	**6,276**	29,614
	91,591	413,322

6 (LOSS)/PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank and other borrowings	**142,483**	133,378
Interest on amounts due to non-controlling shareholders	**1,375**	–
Interest on note payable	**62,185**	60,328
Interest on bonds payable	**42,577**	51,686
Interest on convertible bonds	**80,609**	96,135
Other borrowing costs	**8,271**	11,539
	337,500	353,066
Less: Amount capitalised	**(66,137)**	(68,001)
	271,363	285,065
(b) Staff costs		
Salaries, wages and other benefits	**132,489**	117,362
Contributions to defined contribution retirement plans	**6,441**	10,835
Equity settled share-based payment expenses	**5,783**	11,676
	144,713	139,873
(c) Other items		
Depreciation and amortisation	**3,721**	19,759
Less: Amount capitalised	**–**	(237)
	3,721	19,522
Cost of properties sold	**46,110**	605,832
Rental income from investment properties	**(131,068)**	(119,166)
Less: Direct outgoings	**16,290**	17,032
	(114,778)	(102,134)
Operating lease charges: minimum lease payments for land and buildings	**9,490**	12,650

7 INCOME TAX

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Current tax		
Net provision for PRC Corporate Income Tax ("**CIT**")	**14,757**	173,652
Net (reversal of provision)/provision for Land Appreciation Tax ("**LAT**")	**(9,280)**	103,913
Withholding tax	**881**	25,907
	6,358	303,472
Deferred tax		
Origination and reversal of temporary differences	**21,818**	25,676
	28,176	329,148

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 2018 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 2018 (six months ended 30 June 2017: 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 2018, a provision for LAT of HK$12,487,000 made in previous years was reversed upon the final tax settlement 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.

8 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share during the six months ended 30 June 2018 is based on the loss attributable to equity shareholders and the holders of PCSs of the Company of HK$30,322,000 (six months ended 30 June 2017: profit attributable to equity shareholders of HK$103,538,000) and the weighted average number of 1,528,168,000 shares (six months ended 30 June 2017: 1,422,353,000 shares) in issue during the period, calculated as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
(Loss)/profit attributable to equity shareholders of the Company	**(30,322)**	103,538
Weighted average number of shares (thousand shares)	***'000***	*'000*
Issued ordinary shares	**1,383,439**	1,183,776
Effect of share options exercised and PCSs converted	**1,176**	24
Effect of bonus issue of shares (with PCSs as an alternative)	**143,553**	238,553
Weighted average number of shares	**1,528,168**	1,422,353

(b) Diluted loss per share

The calculation of diluted loss per share for the six months ended 30 June 2018 and 2017 is based on the adjusted loss attributable to equity shareholders and the weighted average number of ordinary shares (diluted), calculated as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
(Loss)/profit attributable to equity shareholders of the Company	**(30,322)**	103,538
Interest on convertible bonds	**80,609**	96,135
Fair value change on conversion option embedded in convertible bonds	**(237,688)**	(121,116)
Unamortised loss arising from the issuance of convertible bonds	**(62,898)**	(151,135)
Amortisation of loss arising from the issuance of convertible bonds	**32,440**	37,887
Loss attributable to equity shareholders (diluted)	**(217,859)**	(34,691)

8 (LOSS)/EARNINGS PER SHARE (CONTINUED)

(b) Diluted loss per share (Continued)

	Six months ended 30 June	
	2018	2017
	'000	*'000*
Weighted average number of shares	**1,528,168**	1,422,353
Effect of declared issue of shares under the company's share option scheme for nil consideration	**–**	5,062
Effect of deemed conversion of convertible bonds	**366,052**	411,454
Weighted average number of shares (diluted)	**1,894,220**	1,838,869

9 DIVIDENDS

No interim dividend was declared in respect of the interim period ended 30 June 2018 and 2017.

10 OTHER FINANCIAL ASSETS

	30 June 2018	31 December 2017 (Note)
	HK$'000	*HK$'000*
Non-current		
Available-for-sale investments	**–**	151,309
Unlisted equity securities not held for trading	**149,901**	–
Units in private security investment funds	**64,189**	–
Trading securities	**49,909**	–
	263,999	151,309
Current		
Wealth management products	**17,982**	–

Note: The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 2.

As at 30 June 2018, all of other financial assets are classified as at FVPL under HKFRS 9.

11 INVENTORIES AND OTHER CONTRACT COSTS

	At 30 June 2018 *HK$'000*	At 31 December 2017 (Note) *HK$'000*
Property development		
Leasehold land held for development for sale	**723,562**	382,890
Properties held for/under development for sale	**2,311,607**	733,178
Completed properties for sale	**3,257,175**	525,813
Other contract costs	**39,077**	–
	6,331,421	1,641,881
Other operations		
Low value consumables and supplies	**8,155**	–
	6,339,576	1,641,881

Note: The Group has initially applied HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 2.

12 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the due date and net of loss allowance, is as follows:

	At 30 June 2018 *HK$'000*	At 31 December 2017 *HK$'000*
Current or under 1 month overdue	**60,645**	59,477
More than 1 month overdue and up to 3 months overdue	**4,182**	546
More than 3 months overdue and up to 6 months overdue	**946**	446
More than 6 months overdue and up to 1 year overdue	**2,498**	3,070
More than 1 year overdue	**2,518**	2,459
Trade debtors and bills receivable, net of allowance for doubtful debts	**70,789**	65,998
Other debtors, net of allowance for doubtful debts *(Note (i))*	**4,819,629**	8,099,878
Less: amount to be recovered more than one year	**(950,394)**	(1,441,512)
	3,869,235	6,658,366
Amounts due from non-controlling shareholders *(Note (ii))*	**122,309**	5,562
Amounts due from an associate *(Note (iii))*	**77,309**	–
Financial assets measured at amortised cost	**4,139,642**	6,729,926
Deposits and prepayments *(Note (iv))*	**1,266,136**	2,969,162
	5,405,778	9,699,088

12 TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

(i) The details of other receivables (net of allowance for doubtful debts) are set out below:

	At 30 June 2018	At 31 December 2017
	HK$'000	*HK$'000*
Loans to the third parties *(a)*	**341,430**	203,092
Consideration receivables upon disposal of subsidiaries *(b)*	**3,709,406**	7,159,547
Others	**768,793**	737,239
	4,819,629	8,099,878
Less: amount to be recovered more than one year	**(950,394)**	(1,441,512)
	3,869,235	6,658,366

(a) As at 30 June 2018, the loans to the third parties were interest-bearing at 8% to 21.86% per annum and recoverable within one year.

(b) As at 30 June 2018, the total consideration to be received upon disposal of subsidiaries to H-Change were HK$3,709,406,000 (31 December 2017: HK$7,159,547,000) after discounting at the credit-adjusted effective interest rate. Included in the consideration receivable is an amount of HK$950,394,000 (31 December 2017: HK$1,441,512,000) which is expected to be recoverable after more than one year and classified under non-current assets.

(ii) As at 30 June 2018, apart from an amount due from a non-controlling shareholder of HK$5,490,000 (31 December 2017: HK$5,562,000) which is interest-free, all of the balances are secured by certain properties held by the shareholders of the non-controlling shareholder of the Group, interest-bearing at 8% per annum and recoverable within one year.

(iii) The amount represented the interest receivable from an associate.

(iv) The details of deposits and prepayments are set out below:

	At 30 June 2018	At 31 December 2017
	HK$'000	*HK$'000*
Prepayments for acquisition of land use rights	**744,183**	447,089
Prepayments for acquisition of properties	**155,405**	2,290,378
Others	**366,548**	231,695
	1,266,136	2,969,162

13 TRADE AND OTHER PAYABLES

As the end of the reporting period, the aging analysis of trade creditors and bills payable (which are included in trade and other payables), based on the due date, is as follows:

	At 30 June 2018	At 31 December 2017 (Note)
	HK$'000	*HK$'000*
Due within 1 month or on demand	**170,690**	111,489
Due after 1 month but within 3 months	**98,272**	45,547
Due after 3 months but within 6 months	**68,980**	11,559
Due after 6 months but within 1 year	**57,926**	86,182
Due after 1 year	**13,712**	44,051
Total creditors and bills payable	**409,580**	298,828
Other creditors and accrued charges *(i)*	**418,747**	839,926
Amounts due to non-controlling shareholders *(ii)*	**1,181,816**	848,585
Amounts due to a related company	**–**	3,935
Financial liabilities measured at amortised cost	**2,010,143**	1,991,274
Rental and other deposits	**70,347**	73,469
Receipts in advance *(iii)*	**32,113**	666,232
	2,112,603	2,730,975

Note: The Group has initially applied HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 2.

(i) All of the Group's trade and other payables are expected to be settled within one year or are repayable on demand.

(ii) Apart from the amounts due to non-controlling shareholders of HK$938,771,000 (31 December 2017: HK$602,388,000) which are interest-free, all of the balances are unsecured, interest-bearing at 4.35% (31 December 2017: 4.35%) and repayable within one year or on demand.

(iii) As at 30 June 2018, receipts in advance represented the rental received in advance from customers. As a result of the adoption of HKFRS 15, receipts in advance related to sales of properties and property management service are included in contract liabilities.

14 CAPITAL COMMITMENTS

	At 30 June 2018 *HK$'000*	At 31 December 2017 *HK$'000*
Contracted for	**369,433**	1,829,906
Authorised but not contracted for	**1,215,351**	1,032,130
	1,584,784	2,862,036

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 2018

(1) Pre-sales

For the six months ended 30 June 2018, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK$732.4 million (of which approximately HK$723.5 million was from pre-sales of properties), representing a decrease of approximately 48.1% over the corresponding period of 2017. The Group's total pre-sold gross floor area ("**GFA**") was approximately 100,397 sq.m., representing an increase of approximately 56.2% from approximately 64,280 sq.m. for the six months ended 30 June 2017. The average selling price ("**ASP**") of the Group's pre-sales of properties for the six months ended 30 June 2018 was approximately HK$7,206.4 per sq.m. (for the six months ended 30 June 2017: approximately HK$20,297.1 per sq.m.). In addition, the Group recorded pre-sales of car park units of approximately HK$8.9 million from 52 car park units for the six months ended 30 June 2018.

A breakdown of the total pre-sales of the Group during the six months ended 30 June 2018 is set out as follows:

City	Project and Type of Project	Pre-sold GFA		Pre-sales		Pre-sales ASP
		sq.m.	*%*	*HK$ million*	*%*	*HK$/sq.m.*
Changzhou	Changzhou Fashion Mark					
	– retail	53	0.1	0.7	0.1	13,207.5
Tianjin	Tianjin Le Leman City					
	– residential	1,682	1.7	13.1	1.8	7,788.3
Huizhou	Huizhou Phoenix City					
	– residential	89,481	89.1	644.3	89.1	7,200.4
	– retail	9,181	9.1	65.4	9.0	7,123.4
Sub-total		98,662	98.2	709.7	98.1	7,193.2
Total		100,397	100.0	723.5	100.0	7,206.4

City	Project	Number of Pre-sold of Car Park Units		Pre-sales		Pre-sales ASP
		unit	*%*	*HK$ million*	*%*	*HK$/unit*
Nanjing	The Sunny Land – Nanjing	43	82.7	7.3	82.0	169,767.4
Nanjing	The Spring Land – Nanjing	9	17.3	1.6	18.0	177,777.8
		52	100.0	8.9	100.0	171,153.8

(2) Projects Delivered and Booked for the Six Months Ended 30 June 2018

For the six months ended 30 June 2018, the Group's property development business in Nanjing, Changzhou and Tianjin achieved revenue from sale of properties (excluding sale of car park units) of approximately HK$56.6 million with saleable GFA of approximately 3,793 sq.m. being recognised, representing a decrease of approximately 91.1% and 90.9%, respectively, over the corresponding period of 2017. The recognised ASP of the Group's sale of properties was approximately HK$14,922.2 per sq.m. for the six months ended 30 June 2018 (for the six months ended 30 June 2017: approximately HK$15,224.3 per sq.m.). The approximately 2.0% 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 residential project in Tianjin, which has a relatively lower ASP as compared with the other projects in corresponding period of 2017.

For the six months ended 30 June 2018, the Group delivered and recognised sale of car park units of approximately HK$6.7 million from the sale of 43 car park units.

Details of sale of properties recognised by the Group during the six months ended 30 June 2018 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.*
Nanjing	The Sunny Land – Nanjing			
	– residential	590	13.7	23,220.3
	– retail	702	23.6	33,618.2
Sub-total		1,292	37.3	28,870.0
Changzhou	Changzhou Fashion Mark			
	– residential	53	0.7	13,207.5
Tianjin	Tianjin Le Leman City			
	– residential	2,272	17.3	7,614.4
	– retail	176	1.3	7,386.4
		2,448	18.6	7,598.0
Total		3,793	56.6	14,922.2

City	Project	Number of Car Park Units Booked	Sale of Car Park Units Recognised	Recognised ASP
		unit	*HK$ million*	*HK$/unit*
Nanjing	The Sunny Land – Nanjing	37	5.8	156,756.8
Nanjing	The Spring Land – Nanjing	6	0.9	150,000.0
Total		43	6.7	155,814.0

(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, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden, Chengdu Fashion Mark, and Shanghai Shama Century Park in the PRC. As at 30 June 2018, the total fair value of the investment properties of the Group was approximately HK$5,369.4 million, representing approximately 20.8% of the Group's total asset value. The Group's investment property portfolio had a total leasable GFA of approximately 201,927 sq.m., of which investment properties under operation with a leasable GFA of approximately 201,927 sq.m. had a fair value of approximately HK$5,369.4 million. The Group recorded approximately HK$182.0 million (for the six months ended 30 June 2017: approximately HK$314.0 million) as gain in fair value of its investment properties for the six months ended 30 June 2018.

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 2018, 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 33.3% (as at 31 December 2017: approximately 10.0%) of the Group's total leasable GFA in its investment properties under operation.

For the six months ended 30 June 2018, the occupancy rate increased from approximately 77.1% as at 31 December 2017 to 77.2% as at 30 June 2018. The Group generated rental income of approximately HK$131.2 million for the six months ended 30 June 2018, representing an increase of approximately 10.0% from approximately HK$119.2 million for the six months ended 30 June 2017. The average monthly rental income of the Group's investment properties under operation for the six months ended 30 June 2018 was approximately HK$140.2 per sq.m. (for the six months ended 30 June 2017: approximately HK$99.4 per sq.m.). The increase in the average monthly rental income was mainly attributable to an increase in rental rate of the Group's existing investment property under operation, in particular, The Spring Land Shenzhen, during the six months ended 30 June 2018.

Details of the Group's investment properties as at 30 June 2018 and the Group's rental income for the six months ended 30 June 2018 are set out as follows:

Investment Properties (inclusive of investment properties classified as held for sale)	**Leasable GFA as at 30 June2018**	**Fair Value as at 30 June 2018**	**Rental Income for the six months ended 30 June 2018**	**Average Monthly Rental Income per sq.m. for the six months ended 30 June 2018**	**Occupancy Rate as at 30 June 2018**
	(Note 1) *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	1,586.1	19.8	72.0	58.7
Dongguan Landmark (Shopping mall and car park units)	20,172	565.4	22.1	182.6	100.0
Hangzhou Landmark (Shopping mall)	24,667	409.0	17.2	116.6	99.7
Shenzhen Water Flower Garden (Retail assets)	4,992	283.3	7.3	248.4	98.1
The Spring Land – Shenzhen Phase 1 – Fashion Walk (Retail assets)	3,356	200.3	9.3	473.1	97.6
The Spring Land – Shenzhen Phase 3 – Fashion Walk (Retail assets and car park units)	22,393	681.6	19.9	173.8	85.2
The Spring Land – Shenzhen Phase 5 – Fashion Walk (Retail assets)	3,521	218.1	8.4	411.5	96.6
The Spring Land – Shenzhen Phase 6A – Fashion Walk (Retail assets)	1,291	72.3	5.4	710.3	98.1
The Spring Land – Shenzhen Phase 6B – Fashion Walk (Retail assets)	2,893	176.6	4.0	238.8	96.5
Chengdu Fashion Mark (Shopping mall and car park units)	38,285	758.7	14.7	81.4	78.6
Shanghai Shama Century Park (Serviced apartments and car park units)	1,715	98.0	–	N/A	N/A
Hong Kong Kowloon Tong Creative Kindergarten Campus Project	574	320.0	3.1	870.6	100.0
Total	201,927	5,369.4	131.2	140.2	77.2

Note 1: The leasable GFA as at 30 June 2018 excluded car park units.

(4) Land Bank as at 30 June 2018

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

As at 30 June 2018, the Group had a total of 20 projects over 11 cities in various stages of development, including an estimated net saleable/leasable GFA of completed projects of approximately 323,391 sq.m., an estimated net saleable/leasable GFA of projects under development of approximately 261,830 sq.m., an estimated net saleable/leasable GFA of projects held for future development of approximately 71,886 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 23,037 sq.m., totalling an estimated net saleable/leasable GFA of approximately 680,144 sq.m., the details of which are as follows:

Project no.	**City**	**Project**	**Type of Project**	**Estimated Net Saleable/ Leasable GFA**	**Interest Attributable to the Group**
				sq.m.	*%*
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley	Residential	4,015	100.0
2	Shenzhen	The Spring Land – Shenzhen	Commercial	33,453	100.0
3	Shenzhen	Shenzhen Water Flower Garden	Commercial	4,992	100.0
4	Changzhou	Changzhou Fashion Mark	Commercial	82,898	100.0
5	Dongguan	Dongguan Landmark	Commercial	20,172	100.0
6	Hangzhou	Hangzhou Landmark	Commercial	26,264	100.0
7	Chengdu	Chengdu Fashion Mark	Commercial	38,285	100.0
8	Shanghai	Shanghai Shama Century Park	Serviced apartments	1,715	70.0
9	Tianjin	Tianjin Le Lemen City	Residential/ Commercial	11,378	58.0
10	Nanjing	The Spring Land – Nanjing	Commercial	717	100.0
11	Nanjing	The Sunny Land – Nanjing	Residential/ Commercial	1,074	100.0
12	Shanghai	Bay Valley Project	Commercial	97,854	70.0
13	Hong Kong	Hong Kong Kowloon Tong Creative Kindergarten Campus Project	Campus	574	100.0
Sub-total				**323,391**	
Projects Under Development					
14	Shenzhen	Shenzhen Jianshang Project	Residential/ Commercial	91,250	100.0
15	Huizhou	Huizhou Phoenix City	Residential	170,580	60.0
Sub-total				**261,830**	

Project no.	City	Project	Type of Project	Estimated Net Saleable/ Leasable GFA	Interest Attributable to the Group
				sq.m.	*%*
Projects Held For Future Development					
9	Tianjin	Tianjin Le Lemen City	Commercial	34,465	58.0
16	Sydney, Australia	Sydney, St. Leonards Project	Residential	30,494	49.0
17	Hong Kong	Hong Kong Kowloon Tong Waterloo Road Project	Residential	6,927	60.0
Sub-total				**71,886**	
Projects Contracted To Be Acquired or Under Application For Change in Land Use					
18	Hong Kong	Hong Kong Yuen Long Shap Pat Heung Road Project	Agricultural	23,037	100.0
19	Hong Kong	Hong Kong Yuen Long Tong Yan San Tsuen Project(1)	Agricultural	N/A	100.0
20	Hong Kong	Hong Kong Sheung Shui Ma Sik Road Project(2)	Agricultural	N/A	50.0
Sub-total				**23,037**	
Total				**680,144**	

Notes:

(1) Hong Kong Yuen Long Tong Yan San Tsuen Project is currently under scheme development. The site area is approximately 11,123 sq.m..

(2) Hong Kong Sheung Shui Ma Sik Road Project is currently under scheme development. The site area is approximately 9,629 sq.m..

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

Region/City	**Estimated Net Saleable/ Leasable GFA** *sq.m.*
Shenzhen and surrounding regions (including Dongguan and Huizhou)	324,462
Shanghai	99,569
Nanjing	1,791
Chengdu	38,285
Hangzhou	26,264
Tianjin	45,843
Changzhou	82,898
Hong Kong	30,538
Sydney, Australia	30,494
Total	680,144

Details of the new projects or land reserves acquired and interest agreed to be disposed of in existing projects from 1 January 2018 to the date of this announcement are set out below:

New projects or land reserves acquired:

City	Project or Land Reserves	Total Consideration	Estimated Net Saleable/ Leasable GFA	Estimated Number of Car Park Units	Interest Attributable to the Group
Sheung Shui, Hong Kong	Hong Kong Sheung Shui Ma Sik Road Project (1)	HK$200,000,000	N/A	N/A	50
Shanghai, PRC	Shanghai Bay Valley Project (2)	RMB2,397,426,430	97,854 sq.m	210	70
Yuen Long, Hong Kong	Hong Kong Yuen Long Tong Yan San Tsuen Project (3)	HK$310,515,999	N/A	N/A	100
Kowloon Tong, Hong Kong	Hong Kong Kowloon Tong Waterloo Road Project (4)	HK$476,720,656	6,927 sq.m	28	60
Kowloon Tong, Hong Kong	Hong Kong Kowloon Tong Creative Kindergarten Campus Project	HK$48,000,001	574 sq.m	N/A	100

Notes:

(1) On 11 July 2017, the Group as purchaser 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 Sheung Shui, Hong Kong for a total consideration of HK$200 million, which was settled in January 2018. The project is currently under scheme development.

(2) 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 was settled in January 2018.

(3) On 25 October 2017 and 14 November 2017, the Group as purchaser entered into provisional sale and purchase agreements with the independent third parties as vendors for the acquisition of a number of parcels of agricultural land situated in Yuen Long, Hong Kong for a total consideration of HK$141.4 million, which was settled in December 2017. On 11 April 2018 the Group as purchaser further entered into provision sale and purchase agreements with independent third parties as vendors for the acquisition of another number of parcels of agricultural land for a total consideration of HK$169,115,999, which was settled in June 2018. The project is currently under scheme development.

(4) On 15 December 2017, the Group as purchaser entered into a sale and purchase agreement pursuant to which the Group agreed to purchase 60% equity interest of a company holding the Hong Kong Kowloon Tong Waterloo Road Project, for a total consideration of HK$476,720,656, which was settled in March 2018.

(5) On 22 December 2017, the Group as purchaser entered into a sale and purchase agreement pursuant to which the Group agreed to purchase 100% equity interest of a company holding the Hong Kong Kowloon Tong Creative Kindergarten Campus Project, for a total consideration of HK$48,000,001, which was completed in February 2018.

The Group intends to continue to leverage its experience in identifying land parcels 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 parcels or projects in locations in and/or outside the PRC with vibrant economies and strong growth potential, in particular, the Greater Bay Area (including Hong Kong, Shenzhen, Dongguan, Guangzhou and Huizhou), Shanghai and Sydney of Australia.

(5) Projects with Expected Commencement in second half of 2018

In second half of 2018, the Group intends to commence construction of two projects with a total estimated net saleable/leasable GFA of approximately 29,964 sq.m..

Details of such projects are set out below:

City	Project	Estimated Net Saleable/ Leasable GFA *sq.m.*
Hong Kong	Hong Kong Yuen Long Shap Pat Heung Road Project (partial)	23,037
Hong Kong	Hong Kong Kowloon Tong Waterloo Road Project	6,927
		29,964

BUSINESS REVIEW

In the first half of 2018, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK$732 million (corresponding period of 2017: HK$1,410 million), pre-sold saleable GFA of 100,397 sq.m. (corresponding period of 2017: 64,280 sq.m.) and gross profit margin of the recognised sales of 27.3% (corresponding period of 2017: 22.1%).

In the first half of 2018, the Group's rental income from investment properties was approximately HK$132 million (corresponding period of 2017: HK$119 million), representing an increase of approximately 10.0%. As at 30 June 2018, the overall occupancy rate of the Group's investment properties was approximately 77.2%. As at 30 June 2018, the total leasable GFA of the operating investment property portfolio was approximately 201,927 sq.m. As at 30 June 2018, taking into account the projects that have been completed but yet to operate or to be developed/modified in the next one to two years, the estimated total leasable GFA of the Group's investment property portfolio will reach approximately 299,781 sq.m. Its fair value was approximately HK$8.43 billion as at 30 June 2018, representing approximately 32.6% of the Group's total asset value. In addition, as at 30 June 2018, the accumulated total area of properties managed by the Group amounted to approximately 9,730,000 sq.m., of which approximately 4,700,000 sq.m. property area was not developed by the Group and approximately 1,510,000 sq.m. was projects of commercial property management.

As at 30 June 2018, the land bank (i.e. the net saleable/leasable GFA) of 20 projects of the Group was approximately 680,144 sq.m. In terms of land bank strategy, the Group will primarily focus on the Greater Bay Area and the first-tier cities in China, such as Shenzhen, Shanghai and Hong Kong. As for overseas land bank expansion, the Group successfully acquired a parcel of agricultural land located in Tong Yan San Tsuen, Yuen Long with a total site area of approximately 64,000 sq.ft. at a consideration of HK$169 million in June 2018, together with a number of parcels acquired in 2017 in the adjacent areas, currently the Group has a total of approximately 119,000 sq.ft. parcels of agricultural land located in Tong Yan San Tsuen, Yuen Long. In addition, the Group successfully obtained 60% equity interest of quality residential project located at 128 Waterloo Road, Kowloon Tong, Hong Kong with GFA of approximately 86,000 sq.ft. via joint corporation with Asia Allied Infrastructure Holdings Limited in March 2018.

FUTURE OUTLOOK

In the first half of 2018, China's economic growth has been stable. The second quarter of GDP growth was 6.7%, which maintained stably in a range from 6.7% to 6.9% for 12 consecutive quarters. It is the first time since China's reform and opening-up, that economic growth held in a narrow band of movement of 0.2% for 12 consecutive quarters. While the growth rate has been stable, the quality of economic growth has significantly improved. Structure in industries, demand structure, industrial structure and trade structure have all improved. However, the emergence of the trade protection, especially the growing trade dispute between China and the United States, results in the intensified global financial market volatility, which exerts pressure and uncertainties to our country's future economic growth.

During the National People's Congress and the Chinese People's Political Consultative Conference in 2018, the government once again made clear its continuation of "Houses are for living in, but not for speculation" position and put forward measures of short and medium terms supervision and long-term mechanism together. In terms of policy supervision, the real estate regulation cycle from the second quarter of 2016 till now has lasted for nearly two years, which is in a relatively severe state in history. Under the background of the Central Government's deleveraging policy, both financing and liquidity are tightened. In this environment, the Group upholds the operation philosophy as always, which is seeking growth while maintaining stability. The Group's financial condition still maintains at a relatively healthy level with net gearing ratio of 40.4%. The Group expects to see opportunities to acquire quality land and projects at low prices from the market under the impact of continued tightening and uncertainty in the next twelve months. While relying on its sound finance, the Group will expand land reserve and acquire quality projects so as to bring fruitful and stable returns to its shareholders should there be any appropriate opportunities.

Focusing on the Greater Bay Area and building a premium and boutique properties brand

The Group is well known and established itself as a respected developer of premium and boutique properties, especially in Shenzhen. The future development strategy of the Group is to focus on the highly potential markets, namely, the Greater Bay Area (including Hong Kong, Shenzhen, Dongguan, Guangzhou and Huizhou), Shanghai and Sydney, Australia; and leveraging on our experience and expertise in the development of boutique properties, to establish us as a true premium and boutique properties developer.

Expansion into education and the "Property +" business

The Group successfully expanded into education industry in February 2018. We have established a joint venture with the operator of a famous group of kindergartens and nurseries in Hong Kong, namely the "Creative Kindergarten" and "Creative Day Nursery", thus taking the first material step for the "Property +" business opportunities.

Domestically, the past two decades have seen an economic taking off and increasing per capita income. The living standard has been greatly enhanced. People have placed greater emphasis on education. Hence the Group is very positive and thinks highly of education and believes that it is a high growth industry with enormous future potential. Meanwhile, the Greater Bay Area, with a population of sixty to seventy million people, is developing rapidly, and has an ever growing and urgent demand for education related services, especially for high quality early childhood education. The Group will capture this historic opportunity, to actively explore education business opportunities in the Greater Bay Area, by leveraging on the well-known "Creative Kindergarten" brand and the advanced teaching philosophy of and Hong Kong's high quality of education. At the same time, the Group will plan to grow and expand its existing education related services in Hong Kong and actively expand into mainland China market in the near future.

Growing rental income and property management services

The Group considers that maintaining steady rising rental income is highly important. Currently, the Group has rental properties of approximately 201,927 sq.m. located in the first-tier and second-tier cities in China, 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 or long-term leased apartments in the future.

The property management company of the Group has been recognised as one of the "Top 100 Property Service Enterprises in China" for four consecutive years from 2015 to 2018 and currently, ranks 75th in the "Top 100 Real Estate Enterprises in China" with its scale of property management expanding year on year. The types of service provided by the property management company of the Group have developed from the original property management of commercial and residential properties to the diverse property management of urban mixed-use community, villa, high-end residence, office premises, government public properties, industrial parks, schools and parks. Currently, the national strategic layout of the property management company of the Group has covered the areas of Beijing-Hebei-Henan region, Chengdu-Chongqing, the Bohai Rim, the Yangtze River Delta and the Greater Bay Area, with 60 service projects. It is estimated that in the coming three years, Top Spring Property Management Group will have approximately 250 service projects, approximately 50 million sq.m. of management areas, among which there are approximately 35 commercial property management projects.

Increasing overseas real estate business and maximizing shareholders' interests

As for the overseas real estate sector, as of the date of this announcement, the Group has 4 real estate projects in Kowloon and New Territories in Hong Kong, and 1 real estate project in Sydney, Australia. It is expected that the overseas real estate land bank and value as a proportion of the Group will increase year by year. The pre-sale of the Waterloo Road Project Kowloon Tong, Hong Kong owned by the Group is estimated to start between the fourth quarter of 2018 and the first quarter of 2019, landmarking the first saleable overseas project launched by the Group in Hong Kong. Owing to high population and scarce land with huge housing demand, as well as the lower financing costs and taxation costs in Hong Kong, the Group believes that the region provides a favourable environment for operation and is able to bring high returns to the Group. Looking forward, the Group will continue to actively explore investment opportunities in Hong Kong.

Adhering to the principle of "maximizing profit and shareholders' interest", the Group conducts investments on the premise that the existing and potential projects will be able to maximize profit for its shareholders so as to bring stable and higher returns to its shareholders.

FINANCIAL REVIEW

For the six months ended 30 June 2018, the Group's total revenue and income from sale of properties were approximately HK$308.9 million and HK$63.4 million, respectively, decreased by approximately 69.6% and 91.9%, respectively, as compared with the corresponding period of 2017. The Group recorded a loss attributable to equity shareholders of the Company of approximately HK$30.3 million as compared with a profit of HK$103.5 million recorded in the corresponding period of 2017. For the six months ended 30 June 2018, the Group had a basic loss per ordinary share ("**Share**") of HK$0.02, compared with a basic earnings per Share of HK$0.07 in the corresponding period of 2017. Net assets per Share attributable to equity shareholders of the Company and holders of the bonus perpetual subordinated convertible securities ("**PCSs**") were approximately HK$7.1 as at 30 June 2018 and approximately HK$7.5 as at 31 December 2017.

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 education related services earned during the period, net of business tax, value-added tax and other sales related taxes and discounts allowed.

The Group's revenue decreased by approximately 69.6% to approximately HK$308.9 million for the six months ended 30 June 2018 from approximately HK$1,017.5 million for the six months ended 30 June 2017. 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$63.4 million, representing approximately 20.5% of the revenue for the six months ended 30 June 2018. The remaining approximately 79.5% represented rental income, property management and related services income and income from education related services and products.

Revenue from the Group's sale of properties decreased by approximately 91.9% for the six months ended 30 June 2018 as compared with the corresponding period of 2017 primarily due to a decrease in the Group's total saleable GFA sold and delivered (excluding sale of car park units) from approximately 41,795 sq.m. in the first half of 2017 to approximately 3,793 sq.m. in the first half of 2018. Income from the Group's hotel operations decreased as compared with the corresponding period of 2017. 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$160.0 million for the six months ended 30 June 2018 from approximately HK$735.2 million for the six months ended 30 June 2017. 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 2018.

Gross profit

The Group's gross profit decreased by approximately 47.3% to approximately HK$148.9 million for the six months ended 30 June 2018 from approximately HK$282.3 million for the six months ended 30 June 2017. The Group reported a gross profit margin of approximately 48.2% for the six months ended 30 June 2018 as compared with approximately 27.7% for the six months ended 30 June 2017. The increase in gross profit margin was primarily driven by a high proportion of rental income and education related services and products which contributed higher gross profit margin.

Other revenue

Other revenue increased by approximately HK$42.0 million, or approximately 54.5%, to approximately HK$119.3 million for the six months ended 30 June 2018 from approximately HK$77.3 million for the six months ended 30 June 2017. The increase was primarily attributable to a increase in bank and other interest income of approximately HK$69.8 million, in the first half of 2018 as compared with the corresponding period of 2017.

Other net income

Other net income decreased significantly by approximately 77.8% to approximately HK$91.6 million for the six months ended 30 June 2018 from approximately HK$413.3 million for the six months ended 30 June 2017, mainly due to the absence of disposal of a certain percentage of equity interests in a subsidiary of the Group and the interest in a joint venture in current period.

Selling and marketing expenses

Selling and marketing expenses decreased by approximately 81.1% to approximately HK$16.4 million for the six months ended 30 June 2018 from approximately HK$86.5 million for the six months ended 30 June 2017, mainly due to a decrease in agency fee and commission expenses paid of approximately HK$23.6 million. The selling and marketing expenses accounted for approximately 2.2% of total contracted sales for the six months ended 30 June 2018 (for the six months ended 30 June 2017: approximately 7.5%).

Administrative expenses

Administrative expenses decreased by approximately 7.1% to approximately HK$253.0 million for the six months ended 30 June 2018 from approximately HK$272.2 million for the six months ended 30 June 2017. The decrease was mainly due to the decrease in professional fees incurred for the six months ended 30 June 2018.

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 significantly by approximately 42.0% to approximately HK$182.0 million for the six months ended 30 June 2018 from approximately HK$314.0 million for the six months ended 30 June 2017. During the six months ended 30 June 2018, approximately HK$0.9 million out of the total valuation gain of approximately HK$182.0 million was recorded as a fair value gain from Shanghai Shama Century Park. The decrease was mainly due to the decrease in average saleable area of Shanghai Shama Century Park which contributed relatively high contracted ASP and fair value gain in 2017.

Finance costs

Finance costs decreased by approximately 4.8% to approximately HK$271.4 million for the six months ended 30 June 2018 from approximately HK$285.1 million for the corresponding period of 2017. The decrease was primarily attributable to the increase in the percentage of interest expenses being qualified for capitalisation from approximately 19.3% to 19.6%.

Income tax

Income tax expenses decreased by approximately 91.4% to approximately HK$28.2 million for the six months ended 30 June 2018 from approximately HK$329.1 million for the six months ended 30 June 2017. The decrease was mainly attributable to (i) significant decrease in total revenue and (ii) absence of land appreciation tax provision in current period.

Non-controlling interests

The loss attributable to non-controlling interests was approximately HK$5.4 million for the six months ended 30 June 2018 as compared with the profit attributable to non-controlling interests was approximately HK$4.6 million in the corresponding period of 2017. 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$13.8 million for the six months ended 30 June 2017 to approximately HK$31.8 million loss for the six months ended 30 June 2018.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2018, the carrying amount of the Group's cash and bank deposits was approximately HK$4,760.6 million (as at 31 December 2017: approximately HK$6,671.4 million), representing a decrease of approximately 28.6%.

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 2018 of approximately HK$9,222.9 million, of which approximately HK$5,729.5 million is repayable within one year, approximately HK$2,230.5 million is repayable after one year but within five years and approximately HK$1,262.9 million is repayable after five years.

As at 30 June 2018, the Group's bank loans of approximately HK$5,702.3 million (as at 31 December 2017: approximately HK$5,130.6 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, leasehold land held for development for sale, properties under development for sale, completed properties for sale, pledged deposits and rental receivables of the Group with total carrying values of approximately HK$9,656.0 million (as at 31 December 2017: approximately HK$9,320.9 million). As at 30 June 2018, the Group's convertible bonds were secured by equity interests of certain subsidiaries of the Group.

The carrying amounts of all the Group's bank and other borrowings, bonds payable and note payable were denominated in RMB except for certain borrowings with an aggregate amount of approximately HK$3,190.6 million (as at 31 December 2017: approximately HK$1,971.2 million) and HK$2,560.2 million (as at 31 December 2017: approximately HK$2,471.3 million) as at 30 June 2018 which were denominated in Hong Kong dollars and US dollars, respectively.

As at 30 June 2018, the Group had bank borrowings of approximately HK$1,922.0 million which bore fixed interest rates ranging from 1.3% to 7.0% 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.

The Note was fully repaid on 13 June 2018.

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 2018, the Group recognised derivative financial instruments relating to the conversion option and liability component of the Bonds of approximately HK$6.1 million and approximately HK$1,383.2 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.

Further 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$3.4910 per Share, was further adjusted to HK$3.2534 per Share as a result of the declaration of the final dividend of HK26 cents per Share for the year ended 31 December 2017 approved by the shareholders of the Company at the annual general meeting of the Company held on 21 May 2018 with effect from 7 June 2018, 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 31 May 2018.

Up to 30 June 2018, accumulated US$35,169,000 worth Bonds were converted into 78,102,177 Shares.

As at 30 June 2018, if the remaining Bonds are fully converted into Shares, it will be converted into 392,784,561 Shares, representing approximately 28.3% of the total issued share capital of the Company as at 30 June 2018.

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 7.2% for the six months ended 30 June 2018 (for the six months ended 30 June 2017: approximately 6.5%).

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 2018 and 31 December 2017 was approximately 40.4% and 24.2%, respectively. The increase in net gearing ratio was mainly due to the settlement of land premium and project cost in respect of the newly acquired land reserves in the PRC and Hong Kong during the six months ended 30 June 2018.

Foreign exchange risk

As at 30 June 2018, the Group had cash balances denominated in RMB of approximately RMB2,836.0 million (equivalent to approximately HK$3,361.7 million), in US dollars of approximately US$2.5 million (equivalent to approximately HK$19.2 million) and in Australian dollars of approximately AUD3.5 million (equivalent to approximately HK$20.4 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 2018 and 31 December 2017 are calculated as follows:

	As at 30 June 2018	As at 31 December 2017
Net assets attributable to equity shareholders of the Company *(HK$'000)*	**10,910,384**	11,450,546
Number of issued ordinary Shares *('000)*	**1,385,575**	1,383,439
Number of outstanding PCSs *('000)*	**143,553**	143,553
Number of Shares for the calculation of net assets per Share *('000)*	**1,529,128**	1,526,992
Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs *(HK$) (Note)*	**7.1**	7.5

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 2018 and 31 December 2017.

CONTINGENT LIABILITIES

As at 30 June 2018, save for the guarantees of approximately HK$646.3 million (as at 31 December 2017: approximately HK$859.6 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 ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 13 July 2018, Xiangkang Information Consulting (Shenzhen) Company Limited ("**Xiangkang Information**"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Ningbo Meishan Bonded Area Rong Zhuo Equity Investment Fund Partnership ("**Rong Zhuo**") whereby Xiangkang Information agreed to purchase 63.75% equity interest in Rong Zhuo in Shenzhen Bo Jian Di Investment Development Company Limited ("**Bo Jian Di**") from Rong Zhuo at the consideration of RMB154,564,677.20. Bo Jian Di holds 100% equity interest in a PRC company which is the project company for development of a land parcel located at Longhua District, Shenzhen. Upon completion of the acquisition, the equity interest held by Xiangkang Information in Bo Jian Di will increase from 36.25% to 100% and Bo Jian Di will become a wholly-owned subsidiary of the Company with its financial results consolidated into the financial statements of the Group.

Save as disclosed above and elsewhere in this announcement, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures from 1 January 2018 up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group employed a total of approximately 1,082 employees (as at 31 December 2017: approximately 1,302 employees) in the mainland China, Hong Kong and Australia, of which, approximately 169 were under the headquarters team, approximately 165 were under the property development division and 732 were under the retail operation and property management division, approximately 4 under education and approximately 12 were under funds. For the six months ended 30 June 2018, the total staff costs incurred was approximately HK$144.7 million (for the six months ended 30 June 2017: approximately HK$139.9 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 2018, 455,000 (for the six months ended 30 June 2017: 23,000) share options had been exercised by the grantees and nil (for the six months ended 30 June 2017: 761,400) share option had been lapsed. As a result, 1,681,197 (as at 31 December 2017: 2,136,197) share options were outstanding as at 30 June 2018 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 2018 is as follows:

	Exercise Price *HK$ per Share*	As at 1 January 2018	Share options granted	Share options exercised	Share options cancelled	Share options lapsed	As at 30 June 2018
Pre-IPO	1.78	2,136,197	–	455,000	–	–	1,681,197
Post-IPO							
Lot 1	2.264	5,166,000	–	1,344,500	–	–	3,821,500
Lot 2	4.14	6,716,000	–	–	–	–	6,716,000
Lot 3	3.3	50,058,000	–	120,000	–	–	49,938,000
Lot 4	3.65	1,567,500	–	–	–	–	1,567,500
Lot 5	3.45	10,000,000	–	–	–	–	10,000,000
Lot 6	2.796	30,341,500	–	217,000	–	–	30,124,500
Sub-total		103,849,000	–	1,681,500	–	–	102,167,500
Total		105,985,197	–	2,136,500	–	–	103,848,697

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.

BUSINESS UPDATE

Reference is made to the very substantial disposal involving disposal of certain subsidiaries of the Company to H-Change Real Estate Group Ltd. and settlement of certain inter-company loans pursuant to the sale and purchase agreement dated 15 August 2017 (as supplemented and amended by a supplemental agreement thereto dated 13 October 2017). Further to the update announcement of the Company dated 20 July 2018, the Company would like to update the shareholders of the Company that the Group is still in negotiation with the counter-party in relation to the settlement of the balance of the consideration for the disposal and transfer of the remaining 20% equity interest in each of the target companies. Further announcement(s) will be made by the Company upon completion of or on any further development in relation to the disposal.

In the meantime, the Group is in the process of negotiations with the joint venture partners of the Da Ling Shan redevelopment project located in Dongguan in recovery of certain outstanding receivables and compensation. The Company will inform its shareholders and public the progress of the recovery of the said receivables and compensation and/or other action(s) to be taken by the Group as and when appropriate.

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 2018 (2017 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 2018.

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 2018 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 period between 1 January 2018 and 28 February 2018, Mr WONG Chun Hong performed his duties as the Chairman and a Co-Chief Executive Officer of the Company with Mr CHEN Feng Yang being the other Co-Chief Executive Officer. Following the resignation of Mr Chen Feng Yang with effect from 1 March 2018, Mr WONG Chun Hong has become the Chairman and the sole Chief Executive Officer of the Company. The Board considers that vesting both roles in the same person ensures consistent leadership within the Group and enables more effective and efficient planning of long-term strategies and implementation of business plans. The Board believes that the balance of power and authority is adequately ensured by the operations and governance of the Board which comprises experienced and high calibre individuals, with more than half of the Board members being non-executive or independent non-executive Directors. The Company will review the current structure when and as it becomes appropriate.

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 2018.

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 2018. The audit committee of the Company comprises three independent non-executive Directors, namely Mr CHENG Yuk Wo (Chairman), Professor WU Si Zong and Mr CHAN Yee Herman.

The financial information in this announcement is unaudited and is derived from the interim financial report for the six months ended 30 June 2018. 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 of Hong Kong Limited 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, 29 August 2018

As at the date of this announcement, the executive Directors are Mr WONG Chun Hong, Mr YUAN Zhi Wei, Mr CHEN Zhi Xiang and Ms LAM Mei Ka, Shirley; the non-executive Directors are Mr XU Lei and Mr Mr YIP Hoong Mun; and the independent non-executive Directors are Mr CHENG Yuk Wo, Professor WU Si Zong and Mr CHAN Yee Herman.

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*