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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 2022

HIGHLIGHTS

- For the six months ended 30 June 2022, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK\$558.1 million, representing a decrease of approximately 59.0% as compared with the corresponding period of 2021, of which approximately HK\$539.8 million was from pre-sales of properties with pre-sold saleable GFA of approximately 5,821 sq.m. and approximately HK\$18.3 million was from pre-sales of 68 car park units. The ASP of the Group's pre-sales of properties was approximately HK\$92,733.2 per sq.m., representing an increase of approximately 47.6% as compared with the corresponding period of 2021.
- As at 30 June 2022, the Group had 22 projects across 11 cities with a total estimated net saleable/leasable GFA of approximately 484,048 sq.m..
- Revenue for the six months ended 30 June 2022 increased by approximately 881.5% to approximately HK\$2,883.7 million from approximately HK\$293.8 million for the six months ended 30 June 2021.

- For the six months ended 30 June 2022, the Group generated recurring rental income of approximately HK\$105.7 million (for the six months ended 30 June 2021: approximately HK\$145.4 million) from its investment properties which mainly comprised shopping malls, community commercial centres, retail shops, serviced apartments and car park units. As at 30 June 2022, the investment property portfolio (inclusive of investment properties classified as held for sale) had a total leasable GFA of approximately 305,502 sq.m. and a fair value of approximately HK\$8,674.5 million, representing approximately 35.2% of the Group's total asset value.
- Gross profit margin for the six months ended 30 June 2022 was approximately 13.9%, as compared with approximately 56.2% for the corresponding period of 2021.
- For the six months ended 30 June 2022, the profit attributable to equity shareholders of the Company was approximately HK\$6.3 million (for the six months ended 30 June 2021: approximately HK\$96.6 million).
- Basic and diluted earnings per Share attributable to equity shareholders of the Company and the holders of PCSs for the six months ended 30 June 2022 were approximately HK0.4 cents and HK0.4 cents, respectively (for the six months ended 30 June 2021: basic and diluted earnings per Share attributable to equity shareholders and holders of PCSs of HK6.3 cents and HK6.3 cents, respectively).
- Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs as at 30 June 2022 was approximately HK\$6.4 (as at 31 December 2021: approximately HK\$6.7).
- As at 30 June 2022, the net gearing ratio of the Group was approximately 66.3% (as at 31 December 2021: approximately 59.8%)
- No interim dividend is declared for the six months ended 30 June 2022 (for the six months ended 30 June 2021: HK3 cents).

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of Top Spring International Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 together with selected explanatory notes and the relevant comparative figures for the corresponding period in 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2022 – UNAUDITED

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2022 \$'000	2021 \$'000
Revenue	3	2,883,680	293,806
Direct costs		<u>(2,483,082)</u>	<u>(128,605)</u>
Gross profit		400,598	165,201
Valuation gains on investment properties		35,649	67,729
Other revenue	4	96,446	75,008
Other net (loss)/income	5	(12,717)	224,655
Selling and marketing expenses		(66,690)	(32,995)
Administrative expenses		(133,913)	(163,945)
Impairment loss on trade and other receivables		<u>(2,455)</u>	<u>(7,385)</u>
Profit from operations		316,918	328,268
Finance costs	6(a)	(158,272)	(146,635)
Share of losses of associates		(118)	(981)
Share of losses of joint ventures		<u>(6,406)</u>	<u>(3,238)</u>
Profit before taxation	6	152,122	177,414
Income tax charge	7	<u>(147,930)</u>	<u>(80,854)</u>
Profit for the period		4,192	96,560
Attributable to:			
Equity shareholders of the Company and holders of bonus perpetual subordinated convertible securities (“ PCSs ”)		6,307	96,647
Non-controlling interests		<u>(2,115)</u>	<u>(87)</u>
Profit for the period		4,192	96,560
Earnings per share (HK cents)	8		
Basic		<u>0.4</u>	<u>6.3</u>
Diluted		<u>0.4</u>	<u>6.3</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022 – UNAUDITED**
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2022	2021
	\$'000	\$'000
Profit for the period	4,192	96,560
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	(559,649)	131,798
– Share of other comprehensive income of associates and joint ventures	(11,864)	(7,653)
	(571,513)	124,145
Total comprehensive income for the period	(567,321)	220,705
Attributable to:		
Equity shareholders of the Company and holders of PCSs	(558,901)	228,359
Non-controlling interests	(8,420)	(7,654)
Total comprehensive income for the period	(567,321)	220,705

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2022 – UNAUDITED
(Expressed in Hong Kong dollars)

		At 30 June 2022 \$'000	At 31 December 2021 \$'000
Non-current assets			
Investment properties		8,629,564	8,970,030
Other property, plant and equipment		187,895	192,006
		<u>8,817,459</u>	<u>9,162,036</u>
Intangible assets		3,769	3,769
Goodwill		40,736	40,736
Interest in associates		4,914	5,257
Interest in joint ventures		952,122	1,069,950
Financial assets measured at fair value through profit or loss (“FVPL”)	10	1,386,688	1,443,808
Other receivables		278,719	268,023
Deferred tax assets		61,609	87,451
		<u>11,546,016</u>	<u>12,081,030</u>
Current assets			
Inventories and other contract costs	11	7,495,643	9,951,592
Trade and other receivables	12	2,180,246	2,152,059
Prepaid tax		164	72,320
Financial assets measured at FVPL	10	94,350	130,858
Restricted and pledged deposits		2,326,543	2,862,004
Cash and cash equivalents		959,108	1,077,346
		<u>13,056,054</u>	<u>16,246,179</u>
Investment properties classified as held for sale		44,948	46,600
		<u>13,101,002</u>	<u>16,292,779</u>
Current liabilities			
Trade and other payables	13	3,287,223	4,252,279
Contract liabilities		218,179	1,927,173
Bank loans and other borrowings		4,743,892	6,196,768
Lease liabilities		11,119	7,581
Tax payable		311,468	217,567
Bonds payable		252,503	249,665
		<u>8,824,384</u>	<u>12,851,033</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2022 – UNAUDITED (CONTINUED)**

(Expressed in Hong Kong dollars)

	<i>Note</i>	At 30 June 2022 \$'000	At 31 December 2021 \$'000
Net current assets		4,276,618	3,441,746
Total assets less current liabilities		15,822,634	15,522,776
Non-current liabilities			
Bank loans and other borrowings		4,715,426	3,649,180
Lease liabilities		39,948	39,204
Deferred tax liabilities		1,298,756	1,464,559
		6,054,130	5,152,943
NET ASSETS		9,768,504	10,369,833
CAPITAL AND RESERVES			
Share capital		141,273	141,273
Reserves		9,661,691	10,161,553
Total equity attributable to equity shareholders of the Company and holders of PCSs		9,802,964	10,302,826
Non-controlling interests		(34,460)	67,007
TOTAL EQUITY		9,768,504	10,369,833

NOTES:

1 BASIS OF PREPARATION

The interim financial information set out in this announcement does not constitute the Group's interim financial report for the six months ended 30 June 2022, but is extracted from that interim financial report which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 30 August 2022.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The financial information relating to the financial year ended 31 December 2021 that is included in this announcement of the interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial information for the current accounting period:

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

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 information.

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

3 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. 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 identified four reportable segments. No operating segments have been aggregated to form the following reportable segments.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2022 \$'000	2021 \$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of properties	2,622,739	1,263
– Property management and related services income	141,649	133,139
– Education related services income	13,554	13,962
	<u>2,777,942</u>	<u>148,364</u>
Revenue from other sources		
Rental income	<u>105,738</u>	<u>145,442</u>
	<u>2,883,680</u>	<u>293,806</u>
Disaggregated by geographical location of customers		
– Mainland China	2,452,868	275,847
– Hong Kong	<u>430,812</u>	<u>17,959</u>
	<u>2,883,680</u>	<u>293,806</u>

Disaggregation of revenue from contracts with customers and revenue from other sources by divisions is disclosed in Note 3(b).

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Information about profit or loss, assets and liabilities

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	Property development		Property investment		Property management and related services		Education related services		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	2,622,739	1,263	105,738	145,442	141,649	133,139	13,554	13,962	2,883,680	293,806
Inter-segment revenue	-	-	17,676	20,931	15,264	22,961	-	-	32,940	43,892
Reportable segment revenue	2,622,739	1,263	123,414	166,373	156,913	156,100	13,554	13,962	2,916,620	337,698
Reportable segment profit/(loss) (adjusted EBITDA)	176,953	(62,824)	99,174	110,005	3,290	1,061	1,742	(2,796)	281,159	45,446
Interest income from bank deposits	42,145	39,405	1,420	296	200	729	-	-	43,765	40,430
Other interest income	32,982	19,669	-	-	-	-	-	-	32,982	19,669
Interest expenses	(154,784)	(140,860)	(3,488)	(5,775)	-	-	-	-	(158,272)	(146,635)
Depreciation and amortisation	(12,536)	(12,594)	(839)	(2,012)	(630)	(723)	(577)	(505)	(14,582)	(15,834)
(Impairment loss)/reversal of impairment loss on trade and other receivables	-	(1,556)	(3,148)	(2,490)	693	(2,293)	-	(1,046)	(2,455)	(7,385)
Valuation gains on investment properties	-	-	35,649	67,729	-	-	-	-	35,649	67,729
As at 30 June/31 December										
Reportable segment assets	15,474,011	17,736,730	7,676,013	8,375,139	408,775	501,165	144,153	144,730	23,702,952	26,757,764
Reportable segment liabilities	12,313,672	15,202,485	520,107	521,050	273,693	291,899	50,873	52,074	13,158,345	16,067,508

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 gains on investment properties, impairment loss on trade and other receivables and other head office or corporate expenses.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

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

	Six months ended 30 June	
	2022 \$'000	2021 \$'000
Revenue		
Reportable segment revenue	2,916,620	337,698
Elimination of inter-segment revenue	(32,940)	(43,892)
Consolidated revenue	<u>2,883,680</u>	<u>293,806</u>
Profit or loss		
Reportable segment profit derived from Group's external customers	281,159	45,446
Share of losses of associates	(118)	(981)
Share of losses of joint ventures	(6,406)	(3,238)
Other revenue and net (loss)/income	83,729	299,663
Impairment loss on trade and other receivables	(2,455)	(7,385)
Depreciation and amortisation	(14,582)	(17,268)
Finance costs	(158,272)	(146,635)
Valuation gains on investment properties	35,649	67,729
Unallocated head office and corporate expenses	(66,582)	(59,917)
Consolidated profit before taxation	<u>152,122</u>	<u>177,414</u>

4 OTHER REVENUE

	Six months ended 30 June	
	2022 \$'000	2021 \$'000
Bank interest income	43,765	40,462
Other interest income	32,982	19,669
Interest income on financial assets measured at amortised cost	76,747	60,131
Service income from carparks	15,562	12,733
Others	4,137	2,144
	<u>96,446</u>	<u>75,008</u>

5 OTHER NET (LOSS)/INCOME

	Six months ended 30 June	
	2022 \$'000	2021 \$'000
Fair value (loss)/gain on financial assets measured at FVPL	(18,549)	35,056
Net loss on disposal of joint ventures	(2,591)	–
Net exchange gain/(loss)	8,423	(6,341)
Gain on disposal of subsidiaries	–	209,338
Gain on remeasurement of previously held subsidiaries upon loss of control	–	108,834
Loss on disposal of land parcels in Yuen Long	–	(314,079)
Reversal of impairment on other receivables with the related compensation income	–	191,847
	<u>(12,717)</u>	<u>224,655</u>

6 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2022	2021
	\$'000	\$'000
(a) Finance costs		
Interest on bank loans and other borrowings	244,254	269,821
Interest on lease liabilities	1,445	1,718
Interest on amounts due to non-controlling interests	2,933	1,937
Interest on bonds payable	12,230	11,357
Other borrowing costs	9,925	4,113
	<u>270,787</u>	<u>288,946</u>
Accrued interest on significant financing component of contract liabilities	5,280	27,014
	<u>276,067</u>	<u>315,960</u>
Less: Amount capitalised	<u>(117,795)</u>	<u>(169,325)</u>
	<u><u>158,272</u></u>	<u><u>146,635</u></u>
(b) Staff costs		
Salaries, wages and other benefits	104,330	106,570
Contributions to defined contribution retirement plans	6,198	5,509
	<u>110,528</u>	<u>112,079</u>
(c) Other items		
Depreciation and amortisation		
– plant and equipment	3,384	3,430
– right-of-use assets	11,198	13,838
	<u>14,582</u>	<u>17,268</u>
Cost of properties sold	<u>2,189,633</u>	<u>480</u>
Rental income from investment properties	(105,738)	(145,442)
Less: Direct outgoings	<u>8,489</u>	<u>10,488</u>
	<u><u>(97,249)</u></u>	<u><u>(134,954)</u></u>

7 INCOME TAX

	Six months ended 30 June	
	2022	2021
	\$'000	\$'000
Current tax		
Provision for PRC Corporate Income Tax (“CIT”)	84,481	46,839
Provision for Land Appreciation Tax (“LAT”)	116,965	–
Withholding tax	30,782	733
	232,228	47,572
Deferred tax		
Origination and reversal of temporary differences	(84,298)	33,282
	147,930	80,854

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 2022 and 2021.

The provision for CIT is based on the respective applicable CIT rates on the estimated assessable profits of the subsidiaries in mainland China (the “**Mainland China**”) within the Group as determined in accordance with the relevant income tax rules and regulations in Mainland China. The applicable CIT rate was 25% for the six months ended 30 June 2022 and 2021.

LAT is levied on properties developed and investment properties held by the Group in Mainland China 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 rights, borrowing costs and all qualified property development expenditures.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share during the six months ended 30 June 2022 is based on the profit attributable to equity shareholders and the holders of PCSs of the Company of HK\$6,307,000 (six months ended 30 June 2021: HK\$96,647,000) and the weighted average number of 1,529,286,000 shares (six months ended 30 June 2021: 1,529,286,000 shares) in issue during the period, calculated as follows:

	Six months ended 30 June	
	2022 \$'000	2021 \$'000
Profit attributable to equity shareholders of the Company and the holders of PCSs	6,307	96,647
Weighted average number of shares (thousand shares)		
	'000	'000
Issued ordinary shares	1,412,733	1,412,733
Effect of bonus issue of shares (with PCSs as an alternative)	116,553	116,553
Weighted average number of shares	1,529,286	1,529,286

(b) Diluted earnings per share

The diluted earnings per share for the six months ended 30 June 2022 is the same as the basic earnings per share as the outstanding share options during the period have an anti-dilutive effect to the basic earnings per share.

9 DIVIDENDS

- (i) Dividend payable to equity shareholders of the Company and holders of PCSs attributable to the interim period.

	Six months ended 30 June	
	2022 \$'000	2021 \$'000
No interim dividend declared after the interim period (six months ended 30 June 2021: HK3 cents per ordinary share)	–	45,879

At 30 June 2021, the interim dividend declared has not been recognised as a liability.

9 DIVIDENDS (CONTINUED)

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

	Six months ended 30 June	
	2022 \$'000	2021 \$'000
Final dividend in respect of the previous financial year, approved and paid during the period, of HK1 cent (2021: HK4 cents) per ordinary share	<u>15,322</u>	<u>61,171</u>

10 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	At 30 June 2022 \$'000	At 31 December 2021 \$'000
Non-current			
Unlisted equity securities not held for trading		36,633	36,837
Trading securities		41,216	40,726
Receivables from the third parties	(i)	<u>1,308,839</u>	<u>1,366,245</u>
		<u>1,386,688</u>	<u>1,443,808</u>
Current			
Hybrid financial investments	(ii)	51,632	50,495
Unlisted equity securities not held for trading		7,848	50,524
Units in private securities investment funds		–	4,372
Wealth management products		<u>34,870</u>	<u>25,467</u>
		<u>94,350</u>	<u>130,858</u>

Notes:

- (i) Receivables from the third parties are classified as level 3 financial instruments in the fair value hierarchy. The valuations of these financial assets are derived from valuations models which require a number of inputs and assumptions which are not observable from market data and which are significant to the entire measurement. During the period, the fair value gain on these financial assets measured at FVPL amounted to HK\$2,002,000 (six months ended 30 June 2021: loss of HK\$15,000).
- (ii) Hybrid financial investments include debt investments to the investees with interest bearing at 15% per annum plus 45% equity return on the residual value of the investees, which are classified as level 3 financial instruments in the fair value hierarchy. The valuations of these financial assets are derived from valuations models which require a number of inputs and assumptions which are not observable from market data and which are significant to the entire measurement. During the period, the fair value gain on remaining hybrid financial investments measured at FVPL amounted to HK\$1,137,000 (six months ended 30 June 2021: HK\$Nil).

11 INVENTORIES AND OTHER CONTRACT COSTS

	At 30 June 2022 \$'000	At 31 December 2021 \$'000
Property development		
Leasehold land held for development for sale	149,090	148,967
Properties held for/under development for sale	4,164,185	9,196,887
Completed properties for sale	3,175,190	596,598
	7,488,465	9,942,452
Other contract costs	903	2,619
	7,489,368	9,945,071
Other operations		
Low value consumables and supplies	6,275	6,521
	7,495,643	9,951,592

12 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2022 \$'000	At 31 December 2021 \$'000
Within 1 month	37,303	38,289
1 month to 3 months	18,621	17,719
3 months to 6 months	14,402	16,549
6 months to 1 year	10,452	12,287
	<hr/>	<hr/>
Trade debtors, net of loss allowance	80,778	84,844
	<hr/>	<hr/>
Other debtors, net of loss allowance (<i>Note (i)</i>)	1,250,862	1,045,784
Less: amount to be recovered more than one year	(278,719)	(268,023)
	<hr/>	<hr/>
	972,143	777,761
	<hr/>	<hr/>
Financial assets measured at amortised cost	1,052,921	862,605
Deposits and prepayments (<i>Note (ii)</i>)	1,127,325	1,289,454
	<hr/>	<hr/>
	2,180,246	2,152,059
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (i) The details of other debtors, net of loss allowance, are set out below:

	At 30 June 2022 \$'000	At 31 December 2021 \$'000
Loans to the third parties (<i>a</i>)	310,702	355,788
Amounts due from joint ventures (<i>b</i>)	420,460	331,582
Others	519,700	358,414
	<hr/>	<hr/>
	1,250,862	1,045,784
	<hr/> <hr/>	<hr/> <hr/>

- (a) As at 30 June 2022, apart from the loans to the third parties of HK\$204,702,000 (31 December 2021: HK\$206,829,000) which are secured, interest-bearing at 13% (31 December 2021: 13%) per annum and repayable after one year, all of the balances were secured, interest-bearing from 8% to 15% (31 December 2021: 8% to 12.95%) per annum and recoverable within one year.
- (b) As at 30 June 2022, apart from the amounts due from joint ventures of HK\$235,019,000 (31 December 2021: HK\$209,019,000) which are unsecured, interest-bearing at 3% (31 December 2021: 2.85%) per annum above one month's HIBOR and recoverable on demand, all of the balances are unsecured, interest-free and recoverable on demand.

12 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	At 30 June 2022 \$'000	At 31 December 2021 \$'000
Prepayments for acquisition of land use rights	797,273	833,122
Prepayments for acquisitions of properties	30,000	30,000
Others	300,052	426,332
	<u>1,127,325</u>	<u>1,289,454</u>

13 TRADE AND OTHER PAYABLES

	At 30 June 2022 \$'000	At 31 December 2021 \$'000
Trade payables (<i>Note (i)</i>)	272,511	182,551
Other creditors and accrued charges (<i>Note (ii)</i>)	1,649,739	2,520,954
Amounts due to non-controlling interests (<i>Note (iii)</i>)	1,158,332	1,197,692
	<u>3,080,582</u>	<u>3,901,197</u>
Financial liabilities measured at amortised cost	3,080,582	3,901,197
Rental and other deposits	85,847	100,531
Valued added tax and other tax payables	120,794	250,551
	<u>3,287,223</u>	<u>4,252,279</u>

Notes:

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

	At 30 June 2022 \$'000	At 31 December 2021 \$'000
Within 1 month	28,862	66,856
1 month but within 3 months	94,951	48,352
3 months but within 6 months	84,722	34,847
6 months but within 1 year	48,313	21,894
Over 1 year	15,663	10,602
	<u>272,511</u>	<u>182,551</u>

13 TRADE AND OTHER PAYABLES (CONTINUED)

- (ii) The estimated value of future settlement properties to be compensated to residents of HK\$1,202,702,000 (31 December 2021: HK\$1,767,083,000) is included in other creditors and accrued charges, of which an amount of HK\$1,067,423,000 (31 December 2021: HK\$1,332,853,000) is expected to be settled after more than one year by delivering the respective properties.
- (iii) As at 30 June 2022, apart from the amounts due to non-controlling interests of HK\$91,317,000 (31 December 2021: HK\$96,646,000) which are interest-bearing at 4.35% (31 December 2021: 4.35%) per annum, unsecured and repayable on demand, all of the balances are unsecured, interest-free and repayable on demand.

14 COMMITMENTS

Capital commitments outstanding at the end of the reporting period not provided for in the interim financial report were as follows:

	At 30 June 2022 \$'000	At 31 December 2021 \$'000
Contracted for	1,091,244	1,360,198
Authorised but not contracted for	<u>997,964</u>	<u>1,023,964</u>
	<u>2,089,208</u>	<u>2,384,162</u>

Capital commitments mainly related to development expenditure for the Group's properties under development and acquisition cost of the Group's projects.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review for the six months ended 30 June 2022

(1) Pre-sales

For the six months ended 30 June 2022, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK\$558.1 million (of which approximately HK\$539.8 million was from pre-sales of properties), representing a decrease of approximately 59.0% as compared to the figure recorded in the corresponding period of 2021. The Group's total pre-sold gross floor area ("GFA") was approximately 5,821 sq.m., representing a decrease of approximately 73.1% from approximately 21,610 sq.m. for the six months ended 30 June 2021. The average selling price ("ASP") of the Group's pre-sales of properties for the six months ended 30 June 2022 was approximately HK\$92,733.2 per sq.m. (for the six months ended 30 June 2021: approximately HK\$62,813.5 per sq.m.). In addition, the Group recorded pre-sales of car park units of approximately HK\$18.3 million from 68 car park units for the six months ended 30 June 2022.

A breakdown of the total pre-sales of the Group during the six months ended 30 June 2022 is set out as follows:

City	Project and type of project	Pre-sold GFA sq.m.	%	Pre-sales HK\$ million	%	Pre-sales ASP HK\$/sq.m.
Tianjin	Tianjin Le Leman City – residential	3,650	62.7	46.8	8.7	12,821.9
Shenzhen	Shenzhen Upper Residence – residential	1,469	25.2	119.8	22.2	81,552.1
Hong Kong	Hong Kong 128 WATERLOO – residential	702	12.1	373.2	69.1	531,623.0
		<u>5,821</u>	<u>100.0</u>	<u>539.8</u>	<u>100.0</u>	92,733.2

City	Project	Number of pre-sold car park units unit	%	Pre-sales HK\$ million	%	Pre-sales ASP HK\$/unit
Nanjing	The Sunny Land – Nanjing	64	94.1	8.6	47.0	134,375.0
Nanjing	The Spring Land – Nanjing	1	1.5	0.1	0.5	100,000.0
Hong Kong	Hong Kong 128 WATERLOO	3	4.4	9.6	52.5	3,200,000
		<u>68</u>	<u>100.0</u>	<u>18.3</u>	<u>100.0</u>	269,117.6

(2) *Projects delivered and booked for the six months ended 30 June 2022*

For the six months ended 30 June 2022, the Group's property development business in Tianjin, Shenzhen and Hong Kong achieved revenue from sale of properties (excluding sale of car park units) of approximately HK\$2,611.5 million with saleable GFA of approximately 32,713 sq.m.. The recognised ASP of the Group's sale of properties was approximately HK\$79,830.6 per sq.m. for the six months ended 30 June 2022.

For the six months ended 30 June 2022, the Group delivered and recognised sale of car park units of approximately HK\$11.3 million from the sale of 63 car park units.

Details of sale of properties recognised by the Group during the six months ended 30 June 2022 are listed below:

City	Project and type of project	Saleable GFA booked <i>sq.m.</i>	Sale of properties recognised <i>HK\$ million</i>	Recognised ASP <i>HK\$/sq.m.</i>
Tianjin	Tianjin Le Leman City – residential	1,444	17.6	12,188.4
Shenzhen	Shenzhen Upper Residence – residential	29,924	2,171.9	72,580.5
Hong Kong	Hong Kong 128 WATERLOO – residential	1,345	422.0	313,754.6
Total		<u>32,713</u>	<u>2,611.5</u>	79,830.6

Details of sale of car park units recognised by the Group during the six months ended 30 June 2022 are listed below:

City	Project	Number of car park units booked <i>unit</i>	Sale of car park units recognised <i>HK\$ million</i>	Recognised ASP <i>HK\$/unit</i>
Hong Kong	Hong Kong 128 WATERLOO	1	3.3	3,300,000.0
Nanjing	The Sunny Land – Nanjing	61	7.9	129,508.2
Nanjing	The Spring Land – Nanjing	1	0.1	100,000.0
Total		<u>63</u>	<u>11.3</u>	179,365.1

(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, Shanghai Shama Century Park, Shanghai Bay Valley and Kunming Dianchi Lakeside Peninsula in Mainland China and Kowloon Tong Rutland Quadrant Project in Hong Kong. As at 30 June 2022, the total fair value of the investment properties of the Group was approximately HK\$8,674.5 million, representing approximately 35.2% of the Group's total asset value. The Group's investment property portfolio had a total leasable GFA of approximately 305,502 sq.m.. The Group recorded gain of approximately HK\$35.6 million (for the six months ended 30 June 2021: approximately HK\$67.7 million) in fair value of its investment properties for the six months ended 30 June 2022.

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 2022, 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 29.8% (as at 31 December 2021: approximately 29.6%) of the Group's total leasable GFA in its investment properties under operation.

The Group generated rental income of approximately HK\$105.7 million for the six months ended 30 June 2022, representing a decrease of approximately 27.3% from approximately HK\$145.4 million for the six months ended 30 June 2021. The average monthly rental income of the Group's investment properties under operation for the six months ended 30 June 2022 was approximately HK\$71.3 per sq.m. (for the six months ended 30 June 2021: approximately HK\$92.0 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 properties under operation during the six months ended 30 June 2022.

Details of the Group's major investment properties as at 30 June 2022 and the Group's rental income for the six months ended 30 June 2022 are set out as follows:

Investment Properties (inclusive of investment properties classified as held for sale)	Leasable GFA as at 30 June 2022 <i>(Note)</i> <i>sq.m.</i>	Fair value as at 30 June 2022 <i>HK\$ million</i>	Rental income for the six months ended 30 June 2022 <i>HK\$ million</i>	Average monthly rental income per sq.m. for the six months ended 30 June 2022 <i>HK\$/sq.m.</i>	Occupancy rate as at 30 June 2022 <i>%</i>
<i>Investment properties under operation</i>					
Changzhou Fashion Mark Phases 1 and 2 (Shopping mall and car park units)	80,771	1,508.9	16.0	50.4	80.5
Hangzhou Landmark (Shopping mall)	26,182	434.1	8.1	60.0	92.3
Chengdu Fashion Mark (Shopping mall and car park units)	38,285	799.0	10.5	57.9	99.2
Shanghai Bay Valley	97,854	3,064.0	29.8	65.8	77.1

Note: The leasable GFA as at 30 June 2022 excluded car park units.

(4) Land bank as at 30 June 2022



The Group is specialised in the development and operation of urban mixed-use communities and the development and sale of residential properties in the Guangdong-Hong Kong-Macau Greater Bay Area (the “**Greater Bay Area**”), the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu- Chongqing regions in the People’s Republic of China (the “**PRC**” or “**China**”).

As at 30 June 2022, the Group had a total of 22 projects over 11 cities in various stages of development, including an estimated net saleable/leasable GFA of completed projects of approximately 356,208 sq.m., an estimated net saleable/leasable GFA of projects under development of approximately 90,849 sq.m., an estimated net saleable/leasable GFA of projects held for future development of approximately 30,494 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 6,497 sq.m., totalling an estimated net saleable/leasable GFA of approximately 484,048 sq.m., the details of which are as follows:

Project no.	City	Project	Type of project	Estimated net saleable/leasable GFA sq.m.	Interest attributable to the Group %
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley	Residential	4,015	100.0
2	Shenzhen	The Spring Land – Shenzhen	Commercial	33,454	100.0
3	Shenzhen	Shenzhen Water Flower Garden	Commercial	4,992	100.0
4	Changzhou	Changzhou Fashion Mark	Commercial	82,490	100.0
5	Dongguan	Dongguan Landmark	Commercial	20,172	100.0
6	Hangzhou	Hangzhou Landmark	Commercial	26,182	100.0
7	Chengdu	Chengdu Fashion Mark	Commercial	38,285	100.0
8	Shanghai	Shanghai Shama Century Park	Serviced apartments	662	70.0
9	Tianjin	Tianjin Le Lemen City	Residential/ Commercial	23,590	58.0
10	Nanjing	The Spring Land – Nanjing	Commercial	717	100.0
11	Shanghai	Bay Valley Project	Commercial	97,526	70.0
12	Hong Kong	Hong Kong Kowloon Tong Rutland Quadrant Project	Campus	574	100.0
13	Kunming	Kunming Dianchi Lakeside Peninsula	Commercial	1,415	100.0
14	Shenzhen	Shenzhen Upper Residence	Residential	16,683	100.0
15	Hong Kong	Hong Kong 128 WATERLOO	Residential	5,451	60.0
Sub-total				<u>356,208</u>	
Projects under Development					
16	Shenzhen	Shenzhen Topspring International Mansion	Commercial	58,294	100.0
17	Shenzhen	Shenzhen Jianshang Commercial Building	Commercial	9,518	100.0
18	Hong Kong	Hong Kong Yuen Long Shap Pat Heung Road Project	Residential	20,050	50.0
19	Hong Kong	Hong Kong Yuen Long Tai Tong Road Project	Residential	2,987	50.0
Sub-total				<u>90,849</u>	

Project no.	City	Project	Type of project	Estimated net saleable/leasable GFA <i>sq.m.</i>	Interest attributable to the Group <i>%</i>
Projects Held For Future Development					
20	Sydney, Australia	Sydney, St. Leonards Project	Residential	30,494	49.0
Projects Contracted to be Acquired or under Application for Change in Land Use					
21	Hong Kong	Hong Kong Yuen Long Tong Yan San Tsuen Project	Composite development	N/A	100.0
22	Hong Kong	Hong Kong Sheung Shui Ma Sik Road Project	Residential	6,497	50.0
Sub-total				<u>6,497</u>	
Total				<u>484,048</u>	

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

Region/City	Estimated net saleable/ leasable GFA <i>sq.m.</i>
Shenzhen and surrounding regions (including Dongguan)	147,128
Shanghai	98,188
Nanjing	717
Chengdu	38,285
Hangzhou	26,182
Tianjin	23,590
Changzhou	82,490
Kunming	1,415
Hong Kong	35,559
Sydney, Australia	30,494
	<hr/>
Total	484,048
	<hr/> <hr/>

The Group intends to continue leveraging 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 acquiring 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 and Dongguan), Shanghai and Sydney of Australia.

BUSINESS REVIEW

In the first half of 2022, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK\$558.1 million (corresponding period of 2021: HK\$1,360.3 million), pre-sold saleable GFA of 5,821 sq.m. (corresponding period of 2021: 21,610 sq.m.) and gross profit margin of the recognised sales of 10.3% (corresponding period of 2021: 61.7%).

In the first half of 2022, the Group's rental income from investment properties was approximately HK\$105.7 million (corresponding period of 2021: HK\$145.4 million), representing a decrease of approximately 27.3%. As at 30 June 2022, the overall occupancy rate of the Group's investment properties was approximately 85.8%. As at 30 June 2022, the total leasable GFA of the operating investment property portfolio was approximately 305,502 sq.m.. In addition, as at 30 June 2022, the accumulated total area of properties managed by the Group amounted to approximately 16,137,000 sq.m., of which approximately 11,106,000 sq.m. property area was not developed by the Group and approximately 203,000 sq.m. was commercial property management projects. Currently, one of the property companies of the Group ranked 55th in the "Top 100 Property Management Companies in China" for eight consecutive years from 2015 to 2022 with its scale of property management expanding year on year.

As at 30 June 2022, the land bank (i.e. the net saleable/leasable GFA) of 22 projects of the Group was approximately 484,048 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.

FUTURE OUTLOOK

Consistently focusing on the Guangdong-Hong Kong-Macao Greater Bay Area by grasping the development opportunities within the core cities and regions

The Greater Bay Area has been developed with high quality for three years. It has made significant breakthroughs and achievements in important areas such as overall economic development, platform construction, project cooperation, regulation convergence, system reform and innovation, mutual recognition of qualifications, and youth innovation and entrepreneurship. During the pandemic period, cities in the Pearl River Delta region have shown strong economic resilience and recorded positive economic growth in the first half of 2022. The Group will closely focus on the development plan and priorities of the construction of the Greater Bay Area with a strong emphasis on the core cities including Hong Kong, Shenzhen and Guangzhou and give full play to its strengths and capabilities, so as to increase project opportunities and implement the development strategy of the Group by taking advantage of the development of the Greater Bay Area.

Maintaining and increasing where appropriate rental properties that generate stable income growth

The management believes that it is very important to maintain a steady increase in rental income and hopes to further increase rental income and profit by holding more premium properties and properly conducting refined asset management in the future, so as to ensure stable and sustainable cash flow and preserve and enhance property value.

Actively expanding overseas premium projects by focusing on Hong Kong and Sydney

The Group will conduct intensive development in core overseas cities such as Hong Kong and Sydney, and build competitive high-quality projects with an international vision and standard, so as to enhance our brand value and image in overseas markets continuously as well as to build an efficient and synergistic ecology for domestic and overseas businesses.

Eyeing potential investment opportunities to foster new business growth points

We will continue to monitor market and industry changes and focus on new economic development opportunities. In line with the actual development needs of the Group, we will integrate resources and make prudent investments to cultivate the “property +” business, so as to achieve organic integration of and two-way empowerment between the diversified businesses and the property business.

FINANCIAL REVIEW

For the six months ended 30 June 2022, the Group's total revenue and income from sale of properties were approximately HK\$2,883.7 million and HK\$2,622.7 million, respectively, increased by approximately 881.5% and 207,559.5%, respectively, as compared with the corresponding period of 2021. The Group recorded a profit attributable to equity shareholders of the Company of approximately HK\$6.3 million as compared with approximately HK\$96.6 million recorded in the corresponding period of 2021. For the six months ended 30 June 2022, the Group had a basic earnings per ordinary share (the "Share(s)") of HK0.4 cents, compared with HK6.3 cents in the corresponding period of 2021. Net assets per Share attributable to equity shareholders of the Company and holders of PCSs were approximately HK\$6.4 as at 30 June 2022 and approximately HK\$6.7 as at 31 December 2021.

No interim dividend is declared for the six months ended 30 June 2022 (for the six months ended 30 June 2021: HK3 cents).

Revenue

Revenue represents income from sale of properties, rental income, income from provision of property management and related services and income from provision of education related services earned during the current period, net of value-added tax and other sales related taxes and discounts allowed.

The Group's revenue increased by approximately 881.5% to approximately HK\$2,883.7 million for the six months ended 30 June 2022 from approximately HK\$293.8 million for the six months ended 30 June 2021. This increase was primarily due to an increase in sale of properties. The Group recognised property sales of approximately HK\$2,622.7 million, representing approximately 91.0% of the revenue for the six months ended 30 June 2022. The remaining approximately 9.0% represented rental income, property management and related services income and income from education related services and products.

Revenue from the Group's rental income and property management and related services income decreased by approximately 11.2% for the six months ended 30 June 2022 as compared with the corresponding period of 2021 primarily due to the decrease in rental rate for property leases.

Direct costs

The principal component of direct costs is 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 property management and related services and the cost of education related services. The Group recognises the cost of completed properties sold for a given period to the extent that revenue from such properties has been recognised in that period.

The Group's direct costs increased to approximately HK\$2,483.1 million for the six months ended 30 June 2022 from approximately HK\$128.6 million for the six months ended 30 June 2021. Such increase was primarily attributable to an increase in sale of properties for the six months ended 30 June 2022.

Gross profit

The Group's gross profit increased by approximately 142.5% to approximately HK\$400.6 million for the six months ended 30 June 2022 from approximately HK\$165.2 million for the six months ended 30 June 2021. The Group recorded a gross profit margin of approximately 13.9% for the six months ended 30 June 2022 as compared with approximately 56.2% for the six months ended 30 June 2021. The decrease in gross profit margin was primarily due to the lower profit margin of sales of properties.

Other revenue

Other revenue increased by approximately HK\$21.4 million, or approximately 28.5%, to approximately HK\$96.4 million for the six months ended 30 June 2022 from approximately HK\$75.0 million for the six months ended 30 June 2021. The increase was primarily attributable to the increase in bank and other interest income.

Other net (loss)/income

Other net (loss)/income decreased significantly by approximately 105.6% to loss of approximately HK\$12.6 million for the six months ended 30 June 2022 from income of approximately HK\$224.7 million for the six months ended 30 June 2021, mainly due to the reversal of impairment on recovery of certain impaired receivables and the gain on disposal of subsidiaries in Hong Kong which was recorded during the six months ended 30 June 2021.

Selling and marketing expenses

Selling and marketing expenses increased by approximately 102.1% to approximately HK\$66.7 million for the six months ended 30 June 2022 from approximately HK\$33.0 million for the six months ended 30 June 2021, mainly due to an increase in promotion and commission expenses paid in the sale of Hong Kong 128 WATERLOO and Shenzhen Upper Residence. The selling and marketing expenses accounted for approximately 11.9% of total pre-sales for the six months ended 30 June 2021 (for the six months ended 30 June 2021: approximately 2.4%).

Administrative expenses

Administrative expenses decreased by approximately 18.3% to approximately HK\$133.9 million for the six months ended 30 June 2022 from approximately HK\$163.9 million for the six months ended 30 June 2021 due to the decrease in legal and professional fees.

Valuation gains on investment properties

Valuation gains on investment properties was approximately HK\$35.6 million for the six months ended 30 June 2022 (for the six months ended 30 June 2021: approximately HK\$67.7 million), representing a decrease of approximately 47.4%. The decrease was mainly due to the lower rental rate.

Finance costs

Finance costs increased by approximately 8.0% to approximately HK\$158.3 million for the six months ended 30 June 2022 from approximately HK\$146.6 million for the corresponding period of 2021. The increase was primarily attributable to the sales of properties and less of interest can be capitalised.

Income tax

Income tax expense increased by approximately 83.0% to approximately HK\$147.9 million for the six months ended 30 June 2022 from approximately HK\$80.9 million for the six months ended 30 June 2021. The income tax expenses for the period were the consistent with the increase in the sale of properties.

Non-controlling interests

The loss attributable to non-controlling interests was approximately HK\$2.1 million for the six months ended 30 June 2022 as compared with approximately HK\$0.1 million in the corresponding period of 2021.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2022, the carrying amount of the Group's cash and bank deposits was approximately HK\$3,285.7 million (as at 31 December 2021: approximately HK\$3,939.4 million), representing a decrease of approximately 16.6%.

Borrowings and charges on the Group's assets

The Group had an aggregate borrowings (including bank and other borrowings, bonds payable and lease liabilities) as at 30 June 2022 of approximately HK\$9,762.9 million, of which approximately HK\$5,007.5 million is repayable within one year, approximately HK\$3,969.8 million is repayable after one year but within five years and approximately HK\$785.6 million is repayable after five years.

As at 30 June 2022, the Group's bank loans of approximately HK\$8,277.0 million (as at 31 December 2021: approximately HK\$8,670.0 million) were secured by certain investment 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\$14,570.2 million (as at 31 December 2021: approximately HK\$15,720.6 million) and equity interest in subsidiaries within the Group and certain shareholders' loans lent by the Group to the subsidiaries. As at 30 June 2022, the Group's bonds payable was secured by issued share capital of a subsidiary of the Company and receivables owned by the Company.

The carrying amounts of all the Group's bank and other borrowings and bonds payable were denominated in RMB except for certain borrowings with an aggregate amount of approximately HK\$3,472.9 million (as at 31 December 2021: approximately HK\$3,817.4 million) and HK\$1,402.9 million (as at 31 December 2021: approximately HK\$985.7 million) as at 30 June 2022 which were denominated in Hong Kong dollars and US dollars, respectively.

Cost of borrowings

The Group's annualised average cost of borrowings (calculated by dividing total interest expenses expensed and capitalised by average borrowings, during the period) was approximately 5.6% for the six months ended 30 June 2022 (for the six months ended 30 June 2021: approximately 6.0%).

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 2022 and 31 December 2021 was approximately 66.3% and 59.8%, respectively. The increase in net gearing ratio was mainly due to the repayment of construction costs during the six months ended 30 June 2022.

Foreign exchange risk

As at 30 June 2022, the Group had cash balances denominated in RMB of approximately RMB2,614.9 million (equivalent to approximately HK\$3,061.6 million), in US dollars of approximately US\$0.2 million (equivalent to approximately HK\$1.8 million) and in Australian dollars of approximately AUD0.2 million (equivalent to approximately HK\$1.2 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 2022 and 31 December 2021 are calculated as follows:

	As at 30 June 2022	As at 31 December 2021
Net assets attributable to equity shareholders of the Company and the holders of PCSs (<i>HK\$'000</i>)	9,802,964	10,302,826
Number of issued ordinary Shares (<i>'000</i>)	1,412,733	1,412,733
Number of outstanding PCSs (<i>'000</i>)	116,553	116,553
Number of Shares for the calculation of net assets per Share (<i>'000</i>)	1,529,286	1,529,286
Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs (<i>HK\$</i>) (<i>Note</i>)	6.4	6.7

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 2022 and 31 December 2021.

CONTINGENT LIABILITIES

As at 30 June 2022, save for the guarantees of approximately HK\$820.0 million (as at 31 December 2021: approximately HK\$862.0 million) given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties, the Group had no other material contingent liabilities.

Pursuant to the mortgage contracts, 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.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group employed a total of approximately 890 employees (as at 31 December 2021: approximately 860 employees) in Mainland China, Hong Kong and Australia, of which, approximately 54 were under the headquarters team, approximately 137 were under the property development division and 696 were under the retail operation and property management division, approximately 3 were under education division. For the six months ended 30 June 2022, the total staff costs incurred was approximately HK\$110.5 million (for the six months ended 30 June 2021: approximately HK\$112.1 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 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. The post-IPO share option scheme expired on 27 February 2021. While no new share option can be granted, all outstanding share options granted prior to the expiration of the scheme shall continue to be valid and exercisable in accordance with the rules of the post-IPO share option scheme.

Movement of the outstanding share options under the post-IPO share option scheme during the six months ended 30 June 2022 is as follows:

	Exercise Price <i>HK\$ per Share</i>	As at 1 January 2022	Share options granted	Share options exercised	Share options cancelled	Share options lapsed	As at 30 June 2022
Post-IPO							
Lot 1	2.264	3,396,000	–	–	–	3,396,000	–
Lot 2	4.14	4,146,000	–	–	–	196,000	3,950,000
Lot 3	3.3	31,218,000	–	–	–	2,500,000	28,718,000
Lot 4	3.65	220,000	–	–	–	–	28,718,000
Lot 5	3.45	10,000,000	–	–	–	–	10,000,000
Lot 6	2.796	20,000,000	–	–	–	5,000,000	15,000,000
Total		<u>68,980,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>11,092,000</u>	<u>57,888,000</u>

A new share option scheme of the Company was adopted by the shareholders of the Company at the annual general meeting held on 24 May 2022 to enable the Company to grant share options to eligible participants as incentive or rewards for their contribution to the Group. The new share option scheme has a term of 10 years commencing on the effective date of the scheme, that is, 24 May 2022. For the six months ended 30 June 2022, no share option was granted under the new share option scheme.

IMPORTANT EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD

Save 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 consider the declaration of dividend at its meeting for the approval of final results and it resolved not to declare an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: HK3 cents).

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 2022.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all the code provisions under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "CG Code") during the six months ended 30 June 2022 and, where appropriate, adopted the recommended best practices set out in the CG Code, except for the following deviation:

Under Code Provision C.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 2022, Mr WONG Chun Hong performed his duties as the chairman and the 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 (the “**Model Code**”) set out in Appendix 10 to the Listing Rules 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 2022.

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 2022. 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 2022. 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 herein 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, 30 August 2022

As at the date of this announcement, the executive Directors are Mr WONG Chun Hong, Ms LAM Mei Ka, Shirley and Mr WONG Sze Yuen; the non-executive Directors are Mr YIP Hoong Mun and Mr KUI Qiang; 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.