

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2024

HIGHLIGHTS

- For the six months ended 30 June 2024, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK\$416.1 million, representing a decrease of approximately 1.3% as compared with the corresponding period of 2023, of which approximately HK\$413.3 million was from pre-sales of properties with pre-sold saleable GFA of approximately 3,800 sq.m. and approximately HK\$2.8 million was from pre-sales of 38 car park units. The ASP of the Group's pre-sales of properties was approximately HK\$108,763.2 per sq.m., representing an increase of approximately 28.7% as compared with the corresponding period of 2023.
- As at 30 June 2024, the Group had 20 projects across 10 cities with a total estimated net saleable/leasable GFA of approximately 437,851 sq.m..
- Revenue for the six months ended 30 June 2024 decreased by approximately 9.1% to approximately HK\$453.5 million from approximately HK\$498.7 million for the six months ended 30 June 2023.

- For the six months ended 30 June 2024, the Group generated recurring rental income of approximately HK\$114.4 million (for the six months ended 30 June 2023: approximately HK\$105.9 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 2024, the investment property portfolio had a total leasable GFA of approximately 307,246 sq.m. and a fair value of approximately HK\$7,882.0 million, representing approximately 40.7% of the Group's total asset value.
- Gross loss margin for the six months ended 30 June 2024 was approximately 22.5%, as compared with gross profit margin of approximately 32.2% for the corresponding period of 2023.
- For the six months ended 30 June 2024, the loss attributable to equity shareholders of the Company and holders of bonus perpetual subordinated convertible securities ("PCSs") was approximately HK\$539.2 million (for the six months ended 30 June 2023: profit approximately HK\$23.4 million).
- Basic and diluted loss per share attributable to equity shareholders of the Company and the holders of PCSs for the six months ended 30 June 2024 were approximately HK35.3 cents and HK35.3 cents, respectively (for the six months ended 30 June 2023: basic and diluted earnings per share attributable to equity shareholders and holders of PCSs of HK1.5 cents and HK1.5 cents, respectively).
- Net assets per share attributable to equity shareholders of the Company and the holders of PCSs as at 30 June 2024 was approximately HK\$4.8 (as at 31 December 2023: approximately HK\$5.3).
- As at 30 June 2024, the net gearing ratio of the Group was approximately 69.2% (as at 31 December 2023: approximately 62.8%).
- No interim dividend has been declared for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of Top Spring International Holdings Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 together with selected explanatory notes and the relevant comparative figures for the corresponding period in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2024 – UNAUDITED

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2024 \$'000	2023 \$'000
Revenue	3	453,529	498,669
Direct costs		<u>(555,752)</u>	<u>(338,110)</u>
Gross (loss)/profit		(102,223)	160,559
Valuation (losses)/gains on investment properties		(79,796)	35,218
Other revenue	4	56,437	62,869
Other net (loss)/income	5	(108,878)	78,150
Selling and marketing expenses		(64,332)	(41,838)
Administrative expenses		(95,118)	(108,048)
Impairment loss on trade and other receivables		<u>(3,063)</u>	<u>(9,842)</u>
(Loss)/profit from operations		(396,973)	177,068
Finance costs	6(a)	(151,842)	(119,143)
Share of losses of associates		<u>(4,049)</u>	<u>(807)</u>
(Loss)/profit before taxation	6	(552,864)	57,118
Income tax	7	<u>(7,716)</u>	<u>(52,821)</u>
(Loss)/profit for the period		<u>(560,580)</u>	<u>4,297</u>
Attributable to:			
Equity shareholders of the Company and holders of bonus perpetual subordinated convertible securities (“ PCSs ”)		(539,187)	23,428
Non-controlling interests		<u>(21,393)</u>	<u>(19,131)</u>
(Loss)/profit for the period		<u>(560,580)</u>	<u>4,297</u>
(Loss)/earnings per share (HK cents)	8		
Basic		<u>(35.3)</u>	<u>1.5</u>
Diluted		<u>(35.3)</u>	<u>1.5</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024 – UNAUDITED**
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
(Loss)/profit for the period	(560,580)	4,297
Other comprehensive income for the period (after tax and reclassification adjustments):		
Items that will not be reclassified subsequently to profit or loss:		
– Surplus on revaluation of land and buildings upon change of use to investment properties	20,177	–
– Deferred tax liability arising on revaluation gain on investment properties	(5,044)	–
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign subsidiaries	(171,179)	(317,917)
– Share of other comprehensive income of associates	–	188
	(156,046)	(317,729)
Total comprehensive income for the period	(716,626)	(313,432)
Attributable to:		
Equity shareholders of the Company and holders of PCSs	(689,299)	(288,461)
Non-controlling interests	(27,327)	(24,971)
Total comprehensive income for the period	(716,626)	(313,432)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2024 – UNAUDITED
(Expressed in Hong Kong dollars)

		At 30 June 2024 \$'000	At 31 December 2023 \$'000
Non-current assets			
Investment properties		7,881,984	8,105,892
Other property, plant and equipment		<u>110,212</u>	<u>138,126</u>
		7,992,196	8,244,018
Intangible assets		3,769	3,769
Goodwill		40,736	40,736
Interest in associates		64,016	158,358
Financial assets measured at fair value through profit or loss (“FVPL”)	10	1,175,918	1,202,818
Other receivables		–	314,675
Deferred tax assets		<u>117,864</u>	<u>112,663</u>
		<u>9,394,499</u>	<u>10,077,037</u>
Current assets			
Inventories and other contract costs	11	5,855,221	6,300,697
Trade and other receivables	12	1,797,104	1,467,188
Prepaid tax		2,235	2,141
Financial assets measured at FVPL	10	2,701	2,835
Restricted and pledged deposits		1,799,770	1,525,775
Cash and cash equivalents		<u>509,982</u>	<u>665,194</u>
		<u>9,967,013</u>	<u>9,963,830</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2024 – UNAUDITED (CONTINUED)

(Expressed in Hong Kong dollars)

		At 30 June 2024 \$'000	At 31 December 2023 \$'000
Current liabilities			
Trade and other payables	13	2,846,884	2,956,489
Contract liabilities		168,987	146,774
Bank loans and other borrowings		3,215,408	3,305,907
Lease liabilities		4,567	6,072
Tax payable		196,950	206,733
		<u>6,432,796</u>	<u>6,621,975</u>
Net current assets		<u>3,534,217</u>	<u>3,341,855</u>
Total assets less current liabilities		<u>12,928,716</u>	<u>13,418,892</u>
Non-current liabilities			
Bank loans and other borrowings		4,194,441	3,948,400
Lease liabilities		24,349	28,946
Deferred tax liabilities		1,303,390	1,318,384
		<u>5,522,180</u>	<u>5,295,730</u>
NET ASSETS		<u>7,406,536</u>	<u>8,123,162</u>
CAPITAL AND RESERVES			
Share capital		141,273	141,273
Reserves		7,261,629	7,950,928
Total equity attributable to equity shareholders of the Company and holders of PCSs		<u>7,402,902</u>	<u>8,092,201</u>
Non-controlling interests		<u>3,634</u>	<u>30,961</u>
TOTAL EQUITY		<u>7,406,536</u>	<u>8,123,162</u>

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 2024, 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 28 August 2024.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 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 2023 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.

Material uncertainty related to going concern

For the six months ended 30 June 2024, the Group recorded a decrease in revenue and incurred a net loss of \$560.6 million (six months ended 30 June 2023: profit of \$4.3 million). In particular, revenue generated from sales of properties reduced to \$189.4 million (six months ended 30 June 2023: \$237.9 million), and the reportable segment loss for property development segment was \$312.4 million (six months ended 30 June 2023: \$23.1 million).

As at 30 June 2024, the Group's current bank loans and other borrowings amounted to \$3,215.4 million. These amounts include bank loans and other borrowings outside of Chinese Mainland of \$1,093.8 million with due dates in the period from July to December 2024. In particular, a shareholder loan outside of Chinese Mainland of \$741.8 million will be due in November 2024. However, the Group only had cash and cash equivalents of \$510.0 million, including those situated outside of Chinese Mainland of \$128.8 million. In view of the continuing deterioration of the property market, tightening of the financing environment and exchange restrictions for remittance of funds out of Chinese Mainland, the Group have challenges in realising cash from sale of its properties, securing additional financing, renewing existing bank facilities and borrowings and remitting funds from Chinese Mainland in a timely manner to meet its loan repayment obligations.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors have reviewed the Group's cash flow projections prepared by management, which covers a period of at least 12 months from 30 June 2024. Certain plans and measures have been or will be taken to mitigate the liquidity pressures and to improve its financial position which include, but not limited to, the following:

- (i) Management is negotiating with the banks and a shareholder for renewal of existing bank facilities and the borrowings. From 1 July 2024 to the date of approval of interim financial report, the Group has renewed the existing bank facilities of \$80 million for at least 12 months from the date of approval of this interim financial report, drawn down new bank loans of \$241 million and settled the current bank loans of \$213 million. For the remaining balances including majority of the banks loans and shareholder loans outside of Chinese Mainland as mentioned above, no commitment or agreement had been reached yet.
- (ii) The Group is seeking potential buyers to acquire its properties and investments outside of Chinese Mainland.
- (iii) The subsidiaries in Chinese Mainland are exploring ways to transfer funds to the subsidiaries in Hong Kong to partially repay the loans outside of Chinese Mainland, but they are subject to the approval from the State Administration of Foreign Exchange.
- (iv) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and speed up the collection of outstanding sales proceeds and other receivables.
- (v) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The board of directors are of opinion that, assuming success of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least the next twelve months from 30 June 2024. Accordingly, the directors are satisfied that it is appropriate to prepare the interim financial report on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Should the Group fail to achieve a combination of the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The interim financial information does not include any adjustments that might be necessary should the Group be unable to continue to operate as a going concern.

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 1, *Presentation of financial statements: Classification of liabilities as current or non-current*
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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	
	2024	2023
	\$'000	\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of properties	189,386	237,915
– Property management and related services income	130,802	134,029
– Education related services income	18,940	20,859
	339,128	392,803
Revenue from other sources		
Rental income	114,401	105,866
	453,529	498,669
Disaggregated by geographical location of customers		
– Mainland China	302,923	303,209
– Hong Kong	150,606	195,460
	453,529	498,669

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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	189,386	237,915	114,401	105,866	130,802	134,029	18,940	20,859	453,529	498,669
Inter-segment revenue	-	-	22,650	21,135	26,220	27,661	-	-	48,870	48,796
Reportable segment revenue	189,386	237,915	137,051	127,001	157,022	161,690	18,940	20,859	502,399	547,465
Reportable segment (loss)/profit (adjusted EBITDA)	(312,423)	(23,107)	77,787	96,577	(5,374)	(2,681)	5,045	7,903	(234,965)	78,692
As at 30 June/31 December										
Reportable segment assets	8,992,363	8,977,400	10,098,908	10,081,675	326,399	363,283	159,449	158,877	19,577,119	19,581,235
Reportable segment liabilities	9,405,611	9,394,558	160,417	158,098	364,912	401,780	48,627	48,019	9,979,567	10,002,455

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, other revenue and net income, valuation (losses)/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	
	2024	2023
	\$'000	\$'000
Revenue		
Reportable segment revenue	502,399	547,465
Elimination of inter-segment revenue	<u>(48,870)</u>	<u>(48,796)</u>
Consolidated revenue	<u>453,529</u>	<u>498,669</u>
(Loss)/profit		
Reportable segment (loss)/profit derived from Group's external customers	(234,965)	78,692
Share of losses of associates	(4,049)	(807)
Other revenue and net (loss)/income	(52,441)	141,019
Impairment loss on trade and other receivables	(3,063)	(9,842)
Depreciation and amortisation	(7,883)	(10,270)
Finance costs	(151,842)	(119,143)
Valuation (loss)/gains on investment properties	(79,796)	35,218
Unallocated head office and corporate expenses	<u>(18,825)</u>	<u>(57,749)</u>
Consolidated (loss)/profit before taxation	<u>(552,864)</u>	<u>57,118</u>

4 OTHER REVENUE

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Bank interest income	15,444	21,904
Other interest income	<u>26,227</u>	<u>23,577</u>
Interest income on financial assets measured at amortised cost	41,671	45,481
Service income for carparks and apartments	12,867	15,748
Others	<u>1,899</u>	<u>1,640</u>
	<u>56,437</u>	<u>62,869</u>

5 OTHER NET (LOSS)/INCOME

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Fair value gain on financial assets measured at FVPL	981	568
Net exchange loss	(6,065)	(4,561)
Additional compensation income received from Hong Kong's government for land parcels in Yuen Long	–	81,981
Impairment loss on interest in associates	(109,078)	–
Others	5,284	162
	(108,878)	78,150

6 (LOSS)/PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
(a) Finance costs		
Interest on bank loans and other borrowings	233,958	238,402
Interest on lease liabilities	961	1,164
Interest on amounts due to non-controlling interests	1,399	1,603
Other borrowing costs	5,783	8,235
	242,101	249,404
Accrued interest on significant financing component of contract liabilities	2,768	3,849
	244,869	253,253
Less: Amount capitalised	(93,027)	(134,110)
	151,842	119,143
(b) Staff costs		
Salaries, wages and other benefits	90,756	106,341
Contributions to defined contribution retirement plans	4,842	5,173
	95,598	111,514

6 (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
(c) Other items		
Depreciation and amortisation		
– plant and equipment	3,610	3,182
– right-of-use assets	4,273	7,088
	<u>7,883</u>	<u>10,270</u>
Cost of properties sold	157,811	200,829
Inventory write-down (<i>Note 11</i>)	259,655	6,190
	<u>157,811</u>	<u>200,829</u>
Rental income from investment properties	(114,401)	(105,866)
Less: Direct outgoings	12,152	5,073
	<u>(102,249)</u>	<u>(100,793)</u>

7 INCOME TAX

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Current tax		
Provision for Corporate Income Tax (“CIT”)	3,248	12,876
Provision for withholding tax	1,057	–
Provision for Land Appreciation Tax (“LAT”)	544	1,437
Provision for Hong Kong Profits Tax	142	–
	<u>4,991</u>	<u>14,313</u>
Deferred tax		
Origination and reversal of temporary differences	2,725	38,508
	<u>7,716</u>	<u>52,821</u>

Taxes on profits assessable in Chinese Mainland have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. Under the PRC Corporate Income Tax Law, enterprises are subject to corporate income tax at a rate of 25% (2023: 25%).

Land appreciation tax (“LAT”) has been provided in accordance with the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation values, with certain allowable deductions.

The withholding tax arose from the 5% of dividend paid from a subsidiary established in Chinese Mainland to its holding company in Hong Kong.

7 INCOME TAX (CONTINUED)

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

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 2024 is based on the loss attributable to equity shareholders and the holders of PCSs of the Company of \$539,187,000 (six months ended 30 June 2023: profit attributable to equity shareholders and the holder of PCSs of the Company of \$23,428,000) and the weighted average number of 1,529,286,000 shares (six months ended 30 June 2023: 1,529,286,000 shares) in issue during the period, calculated as follows:

	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
(Loss)/profit attributable to equity shareholders of the Company and the holders of PCSs	(539,187)	23,428
	'000	'000
Weighted average number of shares (thousand shares)		
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 (loss)/earnings per share

The diluted (loss)/earnings per share for the six months ended 30 June 2024 and 2023 is the same as the basic (loss)/earnings per share as the outstanding share options during the period have an anti-dilutive effect to the basic (loss)/earnings per share.

9 DIVIDENDS

- (i) No interim dividend is declared for the six months ended 30 June 2024 and 2023.
- (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	
	2024	2023
	\$'000	\$'000
No final dividend in respect of the previous financial year (2023: HK1 cent per ordinary share and per unit of PCSs)	–	15,291
	<u> </u>	<u> </u>

10 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Non-current		
Unlisted equity securities not held for trading	36,835	36,836
Trading securities	27,560	27,560
Receivables from the third parties (<i>Note</i>)	1,111,523	1,138,422
	<u> </u>	<u> </u>
	1,175,918	1,202,818
	<u> </u>	<u> </u>
Current		
Unlisted equity securities not held for trading	1,902	2,021
Wealth management products	799	814
	<u> </u>	<u> </u>
	2,701	2,835
	<u> </u>	<u> </u>

Note: 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.

11 INVENTORIES AND OTHER CONTRACT COSTS

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Property development		
Leasehold land held for development for sale	145,371	145,174
Properties under development for sale	3,712,416	3,981,122
Completed properties for sale	<u>1,990,320</u>	<u>2,167,989</u>
	5,848,107	6,294,285
Other contract costs	<u>400</u>	<u>450</u>
	5,848,507	6,294,735
Other operations		
Low value consumables and supplies	<u>6,714</u>	<u>5,962</u>
	<u>5,855,221</u>	<u>6,300,697</u>

During six months ended 30 June 2024, \$259,655,000 (six months ended 30 June 2023: \$6,190,000) has been recognised as a reduction in the amount of inventories and recognised as an expense in profit or loss during the period, being the amount of a write-down of inventories to the estimated net realisable value.

The Group's certain properties under development for sale and completed properties for sale were pledged to secure bank loans and other borrowings.

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 2024 \$'000	At 31 December 2023 \$'000
Within 1 month	31,791	29,042
1 month to 3 months	14,807	13,527
3 months to 6 months	11,260	10,287
6 months to 1 year	4,111	3,756
	<hr/>	<hr/>
Trade debtors, net of loss allowance	61,969	56,612
	<hr/>	<hr/>
Other debtors, net of loss allowance (<i>Note (i)</i>)	512,920	503,374
Less: amount to be recovered more than one year	–	(314,675)
	<hr/>	<hr/>
	512,920	188,699
	<hr/>	<hr/>
Financial assets measured at amortised cost	574,889	245,311
Deposits and prepayments (<i>Note (ii)</i>)	1,222,215	1,221,877
	<hr/>	<hr/>
	1,797,104	1,467,188
	<hr/> <hr/>	<hr/> <hr/>

Notes:

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

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Loans to the third parties (a)	290,889	298,869
Others	222,031	204,505
	<hr/>	<hr/>
	512,920	503,374
	<hr/> <hr/>	<hr/> <hr/>

- (a) As at 30 June 2024, all of the balances were secured, interest-bearing from 8% to 15% (31 December 2023: 8% to 15%) per annum and recoverable within one year.

12 TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

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

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Prepayments for acquisition of land use rights	733,231	751,229
Prepayments for acquisitions of properties	30,000	30,000
Prepayments for value added tax and other taxes	284,808	295,729
Others	174,176	144,919
	<u>1,222,215</u>	<u>1,221,877</u>

13 TRADE AND OTHER PAYABLES

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Trade payables (Note (i))	206,256	235,706
Other creditors and accrued charges (Note (ii))	1,444,099	1,536,656
Amounts due to non-controlling interests (Note (iii))	1,015,091	1,018,256
	<u>2,665,446</u>	<u>2,790,618</u>
Financial liabilities measured at amortised cost	2,665,446	2,790,618
Rental and other deposits	84,983	89,316
Valued added tax and other tax payables	96,455	76,555
	<u>2,846,884</u>	<u>2,956,489</u>

13 TRADE AND OTHER PAYABLES (CONTINUED)

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 2024 \$'000	At 31 December 2023 \$'000
Within 1 month	64,445	73,648
1 month but within 3 months	42,929	49,059
3 months but within 6 months	41,874	47,853
6 months but within 1 year	35,649	40,739
Over 1 year	21,359	24,407
	<u>206,256</u>	<u>235,706</u>

- (ii) The estimated value of future settlement properties to be compensated to residents of \$1,016,599,000 (31 December 2023: \$1,042,128,000) is included in other creditors and accrued charges which is expected to be settled within one year by delivering the respective properties.
- (iii) As at 30 June 2024, apart from the amounts due to non-controlling interests of \$70,233,000 (31 December 2023: \$71,933,000) which are interest-bearing at 4.35% (31 December 2023: 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 2024 \$'000	At 31 December 2023 \$'000
Contracted for	–	60,052
Authorised but not contracted for	149,753	164,753
	<u>149,753</u>	<u>224,805</u>

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

EXTRACT OF REVIEW REPORT

The following is an extract of KPMG’s review report on the Group’s interim financial report for the six months ended 30 June 2024:

“Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2024 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

Material uncertainty related to going concern

We draw attention to note 1 to the interim financial report, which indicates that for the six months ended 30 June 2024, the Group recorded a decrease in revenue and incurred a net loss of HK\$560.6 million (six months ended 30 June 2023: profit of HK\$4.3 million). As at 30 June 2024, the Group’s current bank loans and other borrowings amounted to HK\$3,215.4 million, including bank loans and other borrowings outside of Mainland China of HK\$1,093.8 million with due dates in the period from July to December 2024. In particular, a shareholder loan outside of Mainland China of HK\$741.8 million will be due in November 2024. However, the Group only had cash and cash equivalents amounted to HK\$510.0 million, including those situated outside of Mainland China of HK\$128.8 million. In view of the continuing deterioration of the property market, tightening of the financing environment and exchange restrictions for remittance of funds out of Mainland China, the Group faces challenges in realizing cash from sale of its properties, securing additional financing, renewing existing bank facilities and borrowings and remitting funds from Mainland China in a timely manner to meet its loan repayment obligations. These conditions, along with the matters as set forth in note 1, indicate that a material uncertainty exists on the Group’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.”

MANAGEMENT DISCUSSION AND ANALYSIS

Business review for the six months ended 30 June 2024

(1) Pre-sales

For the six months ended 30 June 2024, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK\$416.1 million (of which approximately HK\$413.3 million was from pre-sales of properties), representing a decrease of approximately 1.3% as compared to the figure recorded in the corresponding period of 2023. The Group's total pre-sold gross floor area ("GFA") was approximately 3,800 sq.m., representing a decrease of approximately 23.4% from approximately 4,962 sq.m. for the six months ended 30 June 2023. The average selling price ("ASP") of the Group's pre-sales of properties for the six months ended 30 June 2024 was approximately HK\$108,763.2 per sq.m. (for the six months ended 30 June 2023: approximately HK\$84,522.4 per sq.m.). In addition, the Group recorded pre-sales of car park units of approximately HK\$2.8 million from 38 car park units for the six months ended 30 June 2024.

A breakdown of the total pre-sales of the Group during the six months ended 30 June 2024 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.
Tianjin	Tianjin Le Lemen City – residential	1,797	47.3	20.7	5.0	11,519.2
Shenzhen	Shenzhen Upper Residence – residential	1,106	29.1	68.5	16.6	61,934.9
Hong Kong	Hong Kong 128 WATERLOO – residential	897	23.6	324.1	78.4	361,315.5
		<u>3,800</u>	<u>100.0</u>	<u>413.3</u>	<u>100.0</u>	108,763.2

City	Project	Number of pre-sold car park units		Pre-sales		Pre-sales ASP
		unit	%	HK\$ million	%	HK\$/unit
Changzhou	Changzhou Fashion Mark	11	28.9	0.9	32.1	81,818.2
Nanjing	The Sunny Land – Nanjing	27	71.1	1.9	67.9	70,370.4
		<u>38</u>	<u>100.0</u>	<u>2.8</u>	<u>100.0</u>	73,684.2

(2) Projects delivered and booked for the six months ended 30 June 2024

For the six months ended 30 June 2024, the Group's property development business in Shenzhen and Hong Kong achieved revenue from sale of properties (excluding sale of car park units) of approximately HK\$187.8 million with saleable GFA of approximately 1,443 sq.m.. The recognised ASP of the Group's sale of properties was approximately HK\$130,145.5 per sq.m. for the six months ended 30 June 2024.

For the six months ended 30 June 2024, the Group delivered and recognised sale of car park units of approximately HK\$1.6 million from the sale of 16 car park units.

Details of sale of properties recognised by the Group during the six months ended 30 June 2024 are listed below:

City	Project and type of project	Saleable GFA booked sq.m.	Sale of properties recognised HK\$ million	Recognised ASP HK\$/sq.m.
Shenzhen	Shenzhen Upper Residence – residential	1,042	54.8	52,591.2
Hong Kong	Hong Kong 128 WATERLOO – residential	<u>401</u>	<u>133.0</u>	331,670.8
Total		<u>1,443</u>	<u>187.8</u>	130,145.5

Details of sale of car park units recognised by the Group during the six months ended 30 June 2024 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>
Nanjing	The Sunny Land – Nanjing	<u>16</u>	<u>1.6</u>	100,000.0

(3) *Investment properties*

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, which mainly comprises 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, Shenzhen Excellence Times Square, Shanghai Bay Valley and Kunming Dianchi Lakeside Peninsula in Mainland China and Kowloon Tong Rutland Quadrant Project in Hong Kong. As at 30 June 2024, the total fair value of the investment properties of the Group was approximately HK\$7,882.0 million, representing approximately 40.7% of the Group's total asset value. The Group's investment property portfolio had a total leasable GFA of approximately 307,246 sq.m.. The Group recorded loss of approximately HK\$79.8 million (for the six months ended 30 June 2023: gain of approximately HK\$35.2 million) in fair value of its investment properties for the six months ended 30 June 2024.

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 2024, 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 29.4% (as at 31 December 2023: approximately 29.6%) of the Group's total leasable GFA in its investment properties under operation.

The Group generated rental income of approximately HK\$114.4 million for the six months ended 30 June 2024, representing an increase of approximately 8.0% from approximately HK\$105.9 million for the six months ended 30 June 2023. The average monthly rental income of the Group's investment properties under operation for the six months ended 30 June 2024 was approximately HK\$68.8 per sq.m. (for the six months ended 30 June 2023: approximately HK\$70.1 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 2024.

Details of the Group's major investment properties as at 30 June 2024 and the Group's rental income for the six months ended 30 June 2024 are set out as follows:

Investment Properties	Leasable GFA as at 30 June 2024 <i>(Note)</i> <i>sq.m.</i>	Fair value as at 30 June 2024 <i>HK\$ million</i>	Rental income for the six months ended 30 June 2024 <i>HK\$ million</i>	Average monthly rental income per sq.m. for the six months ended 30 June 2024 <i>HK\$/sq.m.</i>	Occupancy rate as at 30 June 2024 <i>%</i>
<i>Investment properties under operation</i>					
Changzhou Fashion Mark Phases 1 and 2 (Shopping mall and car park units)	81,938	1,232.8	11.8	29.8	80.4
The Spring Land – Shenzhen (Shopping mall)	33,454	1,373.0	24.5	143.7	84.9
Chengdu Fashion Mark (Shopping mall and car park units)	39,776	734.0	12.8	57.1	94.0
Shanghai Bay Valley	97,526	2,819.2	28.7	67.7	72.5

Note: The leasable GFA as at 30 June 2024 excluded car park units.

(4) Land bank as at 30 June 2024

The PRC



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 2024, the Group had a total of 20 projects over 10 cities in various stages of development, including an estimated net saleable/leasable GFA of completed projects of approximately 340,766 sq.m., an estimated net saleable/leasable GFA of projects under development of approximately 90,588 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 437,851 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	996	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	81,938	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	39,776	100.0
8	Tianjin	Tianjin Le Lemen City	Residential/ Commercial	19,595	58.0
9	Nanjing	The Spring Land – Nanjing	Commercial	717	100.0
10	Shanghai	Bay Valley Project	Commercial	97,526	70.0
11	Hong Kong	Hong Kong Kowloon Tong Rutland Quadrant Project	Campus	574	100.0
12	Kunming	Kunming Dianchi Lakeside Peninsula	Commercial	1,415	100.0
13	Shenzhen	Shenzhen Upper Residence	Residential/ Commercial	8,401	100.0
14	Hong Kong	Hong Kong 128 WATERLOO	Residential	3,811	60.0
15	Shenzhen	Shenzhen Excellence Times Square	Commercial	1,135	100.0
Sub-total				<u>340,766</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 under Development					
16	Shenzhen	Shenzhen Topspring International Mansion	Commercial	58,020	100.0
17	Shenzhen	Shenzhen Jianshang Commercial Building	Commercial	9,531	100.0
18	Hong Kong	Hong Kong Yuen Long Shap Pat Heung Road Project	Residential	20,050	10.0
19	Hong Kong	Hong Kong Yuen Long Tai Tong Road Project	Residential	2,987	10.0
Sub-total				<u>90,588</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 Contracted to be Acquired or under Application for Change in Land Use					
20	Hong Kong	Hong Kong Sheung Shui Ma Sik Road Project	Residential	6,497	50.0
Sub-total				<u>6,497</u>	
Total				<u>437,851</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)	136,701
Shanghai	97,526
Nanjing	717
Chengdu	39,776
Hangzhou	26,264
Tianjin	19,595
Changzhou	81,938
Kunming	1,415
Hong Kong	33,919
	<hr/>
Total	437,851
	<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) and Shanghai.

BUSINESS REVIEW

In the first half of 2024, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK\$416.1 million (corresponding period of 2023: approximately HK\$421.7 million), pre-sold saleable GFA of 3,800 sq.m. (corresponding period of 2023: 4,962 sq.m.).

In the first half of 2024, the Group's rental income from investment properties was approximately HK\$114.4 million (corresponding period of 2023: approximately HK\$105.9 million), representing an increase of approximately 8.0%. As at 30 June 2024, the overall occupancy rate of the Group's investment properties was 82.5%. As at 30 June 2024, the total leasable GFA of the operating investment property portfolio was 307,246 sq.m.. In addition, as at 30 June 2024, the accumulated total area of properties managed by the Group amounted to approximately 14,270,000 sq.m., of which approximately 10,363,000 sq.m. property area was not developed by the Group and approximately 207,000 sq.m. was commercial property management projects.

As at 30 June 2024, the land bank (i.e. the net saleable/leasable GFA) of 20 projects of the Group was approximately 437,851 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 anchoring on the development opportunities in the core cities and regions in the Guangdong-Hong Kong-Macao Greater Bay Area

The synergistic development of the Guangdong-Hong Kong-Macao Greater Bay Area intensified in 2024. The closer industrial cooperation across the region had brought about strong vibrancy and a kick-starting effect on the regional economy. Characterised by its innovative leadership, high openness, industry cluster, and livability and workability, the Greater Bay Area continues to forge ahead steadily by maintaining its resilience and momentum of high-quality development. With the advancement and completion of a suite of mega-projects such as the Shenzhen-Zhongshan Corridor, industrial cooperation in the Greater Bay Area has been further strengthened. The Group will closely follow the strategic planning and key areas on the construction of the Greater Bay Area, focusing on the core cities of Shenzhen and Guangzhou, fully utilise its strengths and capabilities to advance existing projects and explore project opportunities, and propel the implementation of the Group's development strategy.

Maintaining and moderately expanding rental properties that generate stable income

Commercial and office properties are highly resistant to periodicity. Steady increase in rental income is a key component of the Company's stable cash flow. The Group strives to continue to hold, optimize and operate premium property assets with its sound asset management capabilities, to further increase rental income and profitability while achieving property preservation and appreciation.

Actively capturing overseas investment opportunities by focusing on Hong Kong

The Group has always been confident of Hong Kong's core position in the construction of the Greater Bay Area, as well as the development potential in its northern metropolitan area. Against the backdrop of the continuous enhancement of regional collaboration in the Greater Bay Area, bolstered by positive factors including population immigration through several talent schemes such as the Top Talent Pass Scheme and the return of expatriates, the advantages of Hong Kong being a financial, shipping and trade hub will be more prominent. The Group will continue to keep an eye on and treasure the investment opportunities in Hong Kong. We will capitalise on our ability and strengths to build high-end boutique properties. While continuing to deepen its presence in the Hong Kong market, the Group will proactively explore opportunities for quality projects.

Gaining insight into potential investment opportunities to foster new business growth points

The Group will continue to monitor market dynamics and industry trends and focus on new economic development opportunities. In line with its actual development needs, the Group will integrate resources and invest prudently, facilitating synergistic development of its diversified businesses and real estate business by agilely capturing new business breakthroughs and growth points to boost the overall robust growth of the Group's business.

FINANCIAL REVIEW

For the six months ended 30 June 2024, the Group's total revenue and income from sale of properties were approximately HK\$453.5 million and HK\$189.4 million, respectively, decreased by approximately 9.1% and 20.4%, respectively, as compared with the corresponding period of 2023. The Group recorded a loss attributable to equity shareholders of the Company of approximately HK\$539.2 million, compared to a profit of approximately HK\$23.4 million in the corresponding period of 2023. As of 30 June 2024, net assets per share attributable to equity shareholders of the Company and holders of PCSs were approximately HK\$4.8, compared to approximately HK\$5.3 as of 31 December 2023.

No interim dividend has been declared for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

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 decreased by approximately 9.1% to approximately HK\$453.5 million for the six months ended 30 June 2024 from approximately HK\$498.7 million for the six months ended 30 June 2023. This decline was primarily due to a reduction in sales of properties. The Group recognised property sales of approximately HK\$189.4 million, which accounted for approximately 41.8% of the total revenue for the six months ended 30 June 2024. The remaining approximately 58.2% comprised 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 increased by approximately 2.2% for the six months ended 30 June 2024 as compared with the corresponding period of 2023 primarily due to an increase in leased area.

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\$555.8 million for the six months ended 30 June 2024 from approximately HK\$338.1 million for the six months ended 30 June 2023. Such increase was primarily attributable to the impairment of certain inventories.

Gross (loss)/profit

The Group recorded gross loss of approximately HK\$102.2 million for the six months ended 30 June 2024, a significant decline from a gross profit of approximately HK\$160.6 million for the six months ended 30 June 2023. The Group recorded a gross loss margin of approximately 22.5% for the six months ended 30 June 2024 as compared with a gross profit margin of approximately 32.2% for the six months ended 30 June 2023. The decline in margin was primarily due to the impairment of certain inventories.

Other revenue

Other revenue decreased by approximately HK\$6.5 million, or approximately 10.3%, to approximately HK\$56.4 million for the six months ended 30 June 2024 from approximately HK\$62.9 million for the six months ended 30 June 2023. The decrease was primarily attributable to the decrease in bank and other interest income.

Other net (loss)/income

Other net loss increased significantly by approximately 239.3%, amounting to a loss of approximately HK\$108.9 million for the six months ended 30 June 2024, compared to net income of approximately HK\$78.2 million for the six months ended 30 June 2023. This decline was mainly due to the impairment of interest in associates during the six months ended 30 June 2024 and the recognition of additional compensation income received from the Hong Kong government for land parcels in Yuen Long during the six months ended 30 June 2023.

Selling and marketing expenses

Selling and marketing expenses increased by approximately 53.8% to approximately HK\$64.3 million for the six months ended 30 June 2024 from approximately HK\$41.8 million for the six months ended 30 June 2023, which was mainly due to the increase in the commission expenses.

Administrative expenses

Administrative expenses decreased by approximately 11.9% to approximately HK\$95.1 million for the six months ended 30 June 2024 from approximately HK\$108.0 million for the six months ended 30 June 2023 due to the decrease in staff costs and legal and professional fees incurred.

Valuation (losses)/gains on investment properties

Valuation losses on investment properties amounted to approximately HK\$79.8 million for the six months ended 30 June 2024 (for the six months ended 30 June 2023: valuation gains of approximately HK\$35.2 million). The shift from valuation gains to losses was primarily due to the lower rental rates of properties in Changzhou in 2024.

Finance costs

Finance costs increased by approximately 27.5% to approximately HK\$151.8 million for the six months ended 30 June 2024 from approximately HK\$119.1 million for the corresponding period of 2023. The increase was primarily attributable to the decrease in capitalization of interest.

Income tax

Income tax expense decreased by approximately 85.4% to approximately HK\$7.7 million for the six months ended 30 June 2024 from approximately HK\$52.8 million for the six months ended 30 June 2023. The income tax expense for the period was consistent with the decrease in the sale of properties.

Non-controlling interests

The loss attributable to non-controlling interests was approximately HK\$21.4 million for the six months ended 30 June 2024 as compared with approximately HK\$19.1 million in the corresponding period of 2023.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2024, the carrying amount of the Group's cash and bank deposits was approximately HK\$2,309.8 million (as at 31 December 2023: approximately HK\$2,191.0 million), representing an increase of approximately 5.4%.

Borrowings and charges on the Group's assets

The Group had an aggregate borrowings (including bank and other borrowings and lease liabilities) as at 30 June 2024 of approximately HK\$7,438.8 million, of which approximately HK\$3,220.0 million is repayable within one year, approximately HK\$3,289.9 million is repayable after one year but within five years and approximately HK\$928.9 million is repayable after five years.

As at 30 June 2024, the Group's bank loans of approximately HK\$6,646.2 million (as at 31 December 2023: approximately HK\$6,490.7 million) were secured by certain investment properties, property, plant and equipment, 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\$13,103.1 million (as at 31 December 2023: approximately HK\$12,247.0 million).

The carrying amounts of all the Group's bank loans and other borrowings were denominated in RMB except for certain borrowings with an aggregate amount of approximately HK\$1,613.8 million (as at 31 December 2023: approximately HK\$1,759.6 million) and HK\$979.2 million (as at 31 December 2023: approximately HK\$979.2 million) as at 30 June 2024 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 (both expensed and capitalised) by average borrowings during the period, was approximately 6.7% for the six months ended 30 June 2024 (for the six months ended 30 June 2023: approximately 6.6%).

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 ratios as at 30 June 2024 and 31 December 2023 were approximately 69.2% and 62.8%, respectively. The rise in net gearing ratio was mainly attributable to the depreciation of the exchange rate and the loss incurred during the six months ended 30 June 2024.

Foreign exchange risk

As at 30 June 2024, the Group had cash balances denominated in RMB of approximately RMB2,041.9 million (equivalent to approximately HK\$2,193.0 million), in US dollars of approximately US\$0.3 million (equivalent to approximately HK\$2.6 million) and in Australian dollars of approximately AUD0.02 million (equivalent to approximately HK\$0.1 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 2024 and 31 December 2023 are calculated as follows:

	As at 30 June 2024	As at 31 December 2023
Net assets attributable to equity shareholders of the Company and the holders of PCSs (<i>HK\$'000</i>)	7,402,902	8,092,201
Number of issued ordinary Shares (<i>'000</i>)	1,412,733	1,412,733
Number of outstanding PCSs (<i>'000</i>)	<u>116,553</u>	<u>116,553</u>
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>)	<u><u>4.8</u></u>	<u><u>5.3</u></u>

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 2024 and 31 December 2023.

CONTINGENT LIABILITIES

As at 30 June 2024, save for the guarantees of approximately HK\$219.1 million (as at 31 December 2023: approximately HK\$242.3 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 2024, the Group employed a total of 812 employees (as at 31 December 2023: 851 employees) in Mainland China and Hong Kong, of which, 45 were under the headquarters team, 95 were under the property development division and 640 were under the retail operation and property management division, 32 were under education division. For the six months ended 30 June 2024, the total staff costs incurred was approximately HK\$95.6 million (for the six months ended 30 June 2023: approximately HK\$111.5 million). The remuneration of the employees was determined based on their performance, work experience, skills, knowledge and the prevailing market wage levels. The Group remunerated the employees by means of basic salaries, cash bonuses and equity settled share-based payments.

A new share option scheme (the “**Share Option Scheme**”) was adopted pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 8 June 2022. As at 30 June 2024 and the date of this announcement, no share option was granted by the Company pursuant to the 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 2024 (for the six months ended 30 June 2023: 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 2024.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has applied the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in “Part 2 – Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices” of Appendix C1 to the Listing Rules during the six months ended 30 June 2024 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 should be separate and should not be performed by the same individual. During the six months ended 30 June 2024, 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 C3 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 2024.

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 2024. 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 2024. 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, 28 August 2024

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.