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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 CONSOLIDATED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **HIGHLIGHTS**

- For the year ended 31 December 2023, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK\$600.4 million. The pre-sales of properties was approximately HK\$590.8 million with pre-sold GFA of approximately 7,540 sq.m. and ASP of approximately HK\$78,355.4 per sq.m., representing a decrease of approximately 10.9%, 4.3% and 6.9%, respectively, as compared with 2022.
- Revenue for the year ended 31 December 2023 decreased by approximately 74.0% to approximately HK\$954.3 million from approximately HK\$3,667.2 million for the year ended 31 December 2022.
- For the year ended 31 December 2023, the Group generated recurring rental income of approximately HK\$217.2 million (2022: approximately HK\$223.2 million) from its investment properties which mainly comprised shopping malls, community commercial centres, retail shops, offices and car park units. As at 31 December 2023, the investment property portfolio had a total leasable GFA of approximately 307,585 sq.m. and a fair value of approximately HK\$8,105.9 million, representing approximately 40.4% of the Group's total asset value.
- Gross loss margin was approximately 26.6% for the year ended 31 December 2023, whereas the gross profit margin was approximately 16.2% for the year ended 31 December 2022.

- For the year ended 31 December 2023, the loss attributable to equity shareholders of the Company and the holders of PCSs was approximately HK\$876.9 million (for the year ended 31 December 2022: approximately HK\$185.1 million).
- Basic and diluted loss per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2023 were approximately HK\$0.57 and HK\$0.57, respectively (for the year ended 31 December 2022: approximately HK\$0.12 and HK\$0.12, respectively).
- Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs as at 31 December 2023 was approximately HK\$5.3 (as at 31 December 2022: approximately HK\$6.0).
- The Group's net gearing ratio was approximately 54.7% and 62.8% as at 31 December 2022 and 2023, respectively.
- The Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (for the year ended 31 December 2022: HK1 cent per Share to equity shareholders of the Company and the holders of PCSs).

## CONSOLIDATED ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Top Spring International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) submits herewith to announce the consolidated annual results of the Group for the year ended 31 December 2023 with comparative figures for the year ended 31 December 2022 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

|   | <i>Note</i> | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| <b>Revenue</b>  | 3           | <b>954,319</b>                 | 3,667,163               |
| Direct costs  |             | <u>(1,208,094)</u>             | <u>(3,072,932)</u>      |
| <b>Gross (loss)/profit</b>  |             | <b>(253,775)</b>               | 594,231                 |
| Valuation gains/(losses) on investment properties and investment properties classified as held for sale |             | <b>14,376</b>                  | (23,019)                |
| Other revenue   | 4           | <b>158,795</b>                 | 169,689                 |
| Other net loss  | 5           | <b>(39,695)</b>                | (3,768)                 |
| Selling and marketing expenses  |             | <b>(76,519)</b>                | (155,425)               |
| Administrative expenses   |             | <b>(176,820)</b>               | (258,101)               |
| Impairment loss on trade and other receivables  |             | <u><b>(85,225)</b></u>         | <u>(34,843)</u>         |
| <b>(Loss)/profit from operations</b>  |             | <b>(458,863)</b>               | 288,764                 |
| Finance costs   | 6(a)        | <b>(319,999)</b>               | (324,257)               |
| Share of losses of associates   |             | <b>(57,615)</b>                | (22,234)                |
| Share of losses of joint ventures   |             | <u>–</u>                       | <u>(15,299)</u>         |
| <b>Loss before taxation</b>   | 6           | <b>(836,477)</b>               | (73,026)                |
| Income tax  | 7           | <u><b>(63,853)</b></u>         | <u>(110,615)</u>        |
| <b>Loss for the year</b>  |             | <u><b>(900,330)</b></u>        | <u>(183,641)</u>        |

|  | <i>Note</i> | <b>2023</b><br><b>HK\$'000</b> | 2022<br><i>HK\$'000</i> |
|--|-------------|--------------------------------|-------------------------|
| <b>Attributable to:</b>  |             |                                |                         |
| Equity shareholders of the Company and holders of<br>bonus perpetual subordinated convertible securities<br>("PCSs") |             | <b>(876,893)</b>               | (185,099)               |
| Non-controlling interests  |             | <u><b>(23,437)</b></u>         | <u>1,458</u>            |
| <b>Loss for the year</b>   |             | <u><b>(900,330)</b></u>        | <u>(183,641)</u>        |
| <b>Loss per share (HK\$)</b>   |             |                                |                         |
| Basic and diluted  | 8           | <u><b>(0.57)</b></u>           | <u>(0.12)</u>           |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2023*

|   | <b>2023</b>        | 2022            |
|---|--------------------|-----------------|
|   | <i>HK\$'000</i>    | <i>HK\$'000</i> |
| <b>Loss for the year</b>  | <b>(900,330)</b>   | (183,641)       |
| <b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>         |                    |                 |
| <i>Items that will not be reclassified subsequently to profit or loss:</i>                          |                    |                 |
| Surplus on revaluation of property, plant and equipment upon change of use to investment properties | <b>9,365</b>       | –               |
| Deferred tax liability arising on revaluation gain on change of use to investment properties        | <b>(2,342)</b>     | –               |
|   | <b>7,023</b>       | –               |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                               |                    |                 |
| Exchange differences on translation of:   |                    |                 |
| – financial statements of foreign subsidiaries  | <b>(250,246)</b>   | (962,243)       |
| – reclassified to profit or loss upon disposal of subsidiaries and joint ventures                   | –                  | (1,034)         |
|   | <b>(250,246)</b>   | (963,277)       |
| <b>Other comprehensive income for the year, net of income tax</b>                                   | <b>(243,223)</b>   | (963,277)       |
| <b>Total comprehensive income for the year</b>  | <b>(1,143,553)</b> | (1,146,918)     |
| <b>Attributable to:</b>   |                    |                 |
| Equity shareholders of the Company and holder of PCSs   | <b>(1,116,388)</b> | (1,137,985)     |
| Non-controlling interests   | <b>(27,165)</b>    | (8,933)         |
| <b>Total comprehensive income for the year</b>  | <b>(1,143,553)</b> | (1,146,918)     |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

|   | <i>Note</i> | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| <b>Non-current assets</b>   |             |                                |                         |
| Investment properties   |             | <b>8,105,892</b>               | 8,297,230               |
| Property, plant and equipment   |             | <b>138,126</b>                 | 173,388                 |
|   |             | <b>8,244,018</b>               | 8,470,618               |
| Intangible assets   |             | <b>3,769</b>                   | 3,769                   |
| Goodwill  |             | <b>40,736</b>                  | 40,736                  |
| Interests in associates   |             | <b>158,358</b>                 | 186,912                 |
| Financial assets measured at fair value through<br>profit or loss (“ <b>FVPL</b> ”) |             | <b>1,202,818</b>               | 1,341,514               |
| Other receivables   |             | <b>314,675</b>                 | 289,997                 |
| Deferred tax assets   |             | <b>112,663</b>                 | 83,293                  |
|   |             | <b>10,077,037</b>              | 10,416,839              |
| <b>Current assets</b>   |             |                                |                         |
| Inventories and other contract costs  |             | <b>6,300,697</b>               | 7,145,866               |
| Financial assets measured at FVPL   |             | <b>2,835</b>                   | 31,214                  |
| Trade and other receivables   | 10          | <b>1,467,188</b>               | 1,578,368               |
| Prepaid tax   |             | <b>2,141</b>                   | 2,295                   |
| Restricted and pledged deposits   |             | <b>1,525,775</b>               | 2,057,404               |
| Cash and cash equivalents   |             | <b>665,194</b>                 | 579,975                 |
|   |             | <b>9,963,830</b>               | 11,395,122              |
| Investment properties classified as held for sale                                   |             | <b>–</b>                       | 20,679                  |
|   |             | <b>9,963,830</b>               | 11,415,801              |

|  | <i>Note</i> | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------|--------------------------------|-------------------------|
| <b>Current liabilities</b>   |             |                                |                         |
| Trade and other payables   | 11          | <b>2,956,489</b>               | 3,196,329               |
| Bank loans and other borrowings  |             | <b>3,305,907</b>               | 2,568,827               |
| Contract liabilities   |             | <b>146,774</b>                 | 99,056                  |
| Lease liabilities  |             | <b>6,072</b>                   | 10,611                  |
| Tax payable  |             | <b>206,733</b>                 | 269,161                 |
|  |             | <u><b>6,621,975</b></u>        | <u>6,143,984</u>        |
| <b>Net current assets</b>  |             | <u><b>3,341,855</b></u>        | <u>5,271,817</u>        |
| <b>Total assets less current liabilities</b>   |             | <u><b>13,418,892</b></u>       | <u>15,688,656</u>       |
| <b>Non-current liabilities</b>   |             |                                |                         |
| Bank loans and other borrowings  |             | <b>3,948,400</b>               | 5,097,072               |
| Lease liabilities  |             | <b>28,946</b>                  | 35,874                  |
| Deferred tax liabilities   |             | <b>1,318,384</b>               | 1,273,704               |
|  |             | <u><b>5,295,730</b></u>        | <u>6,406,650</u>        |
| <b>NET ASSETS</b>  |             | <u><b>8,123,162</b></u>        | <u>9,282,006</u>        |
| <b>CAPITAL AND RESERVES</b>  |             |                                |                         |
| Share capital  |             | <b>141,273</b>                 | 141,273                 |
| Reserves   |             | <b>7,950,928</b>               | 9,082,607               |
| <b>Total equity attributable to equity shareholders of the Company and holders of PCSs</b> |             | <b>8,092,201</b>               | 9,223,880               |
| <b>Non-controlling interests</b>   |             | <b>30,961</b>                  | 58,126                  |
| <b>TOTAL EQUITY</b>  |             | <u><b>8,123,162</b></u>        | <u>9,282,006</u>        |

## NOTES:

### 1 GENERAL INFORMATION AND BASIS OF PRESENTATION

Top Spring International Holdings Limited (“**the Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 25 August 2009 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) on 23 March 2011 (“**Listing Date**”).

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are property development, property investment, property management and related services and education related services in the People’s Republic of China (“**PRC**”).

The consolidated annual results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 December 2023 but are extracted from those financial statements.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**the Listing Rules**”).

#### **Material uncertainty related to going concern**

For the year ended 31 December 2023, the Group’s revenue generated from sales of properties reduced to \$405.5 million (2022: \$3,139.9 million) and a net loss of \$900.3 million (2022: \$183.6 million) was incurred. As at 31 December 2023, the Group’s current bank loans and other borrowings amounted to \$3,305.9 million, while its cash and cash equivalents amounted to \$665.2 million. In view of the prevailing slow-down of the property market and the tightening of the financing environment, the Group may take longer time than expected to realise cash from the sale of its properties and may have challenges in securing additional financing and renewal of existing bank facilities and borrowings 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 31 December 2023. 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) 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.
- (ii) Management is negotiating with the banks and a shareholder for renewal of existing bank facilities and the borrowings respectively. Up to the date of approval of these consolidated financial statements, the Group has renewed the existing bank facilities of \$635 million for at least 12 months, drawn down new bank loans of \$846 million and settled the current bank loans of \$799 million.



- (iii) Mr. Wong Chun Hong, a shareholder of the Company, has issued a letter of financial support to the Company for a period of at least twelve months from 31 December 2023 to make reasonable efforts to enable the Group to meet its liabilities as they fall due and carry on business without a significant curtailment of operations.
- (iv) 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 within twelve months from 31 December 2023. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. The consolidated financial statements do not include adjustments that might be necessary should the Group be unable to continue as a going concern.

## **2 CHANGES IN ACCOUNTING POLICIES**

The Group has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. There is no material impact by adoption of the amendment to the Group.

## **3 REVENUE AND SEGMENT REPORTING**

### **(a) 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 year, net of value added tax and other sales related taxes and discounts allowed.

Further details regarding the Group's principal activities are disclosed in Note 3(b).

### ***Disaggregation of revenue***

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

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| <b>Revenue from contracts with customers within the scope of HKFRS 15</b> |                         |                         |
| – Sales of properties   | 405,477                 | 3,139,871               |
| – Property management and related services income                         | 287,352                 | 267,766                 |
| – Education related services income                                       | 44,245                  | 36,329                  |
|   | <u>737,074</u>          | <u>3,443,966</u>        |
| <b>Revenue from other sources</b>   |                         |                         |
| Gross rentals from investment properties                                  |                         |                         |
| – Lease payments that are fixed or depend on a rate                       | 204,844                 | 215,926                 |
| – Variable lease payments that do not depend on an index or a rate        | 12,401                  | 7,271                   |
|   | <u>217,245</u>          | <u>223,197</u>          |
|   | <u>954,319</u>          | <u>3,667,163</u>        |

Disaggregation of revenue from contracts with customers by divisions and by geographic markets are disclosed in Notes 3(b)(i) and 3(b)(iii) respectively.

The Group's customer base is diversified and no individual customer with whom transactions have exceeded 10% of the Group's revenue (2022: Nil).

### **(b) 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 presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segment:

- Property development: this segment develops and sells residential and commercial properties.
- Property investment: this segment leases shopping arcades, club houses, serviced apartments and car park units to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently, the Group's investment property portfolio is located entirely in Chinese Mainland and Hong Kong.
- Property management and related services: this segment mainly provides property management and related services to purchasers and tenants of the Group's self-developed residential and retail properties and decoration services to group companies.

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

**(i) Segment results, assets and liabilities**

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

Segment assets include all tangible, intangible assets, non-current and current assets with the exception of interests in associates, other financial assets other than receivables from the third parties, prepaid tax, deferred tax assets and other corporate assets. Segment liabilities include trade and other payables and lease liabilities attributable to the operating activities of the individual segments and bank and other borrowings managed directly by the segments.

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

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation". To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items 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 change on investment properties and investment properties classified as held for sale, impairment loss on trade and other receivables and other head office or corporate expenses.

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 years ended 31 December 2023 and 2022 is set out below.

|  | Property development |                   | Property investment |                  | Property management and related services |                | Education related services |                | Total             |                   |
|--|----------------------|-------------------|---------------------|------------------|--|----------------|----------------------------|----------------|-------------------|-------------------|
|  | 2023                 | 2022              | 2023                | 2022             | 2023                                     | 2022           | 2023                       | 2022           | 2023              | 2022              |
|  | HK\$'000             | HK\$'000          | HK\$'000            | HK\$'000         | HK\$'000                                 | HK\$'000       | HK\$'000                   | HK\$'000       | HK\$'000          | HK\$'000          |
| Revenue from external customers                    | 405,477              | 3,139,871         | 217,245             | 223,197          | 287,352                                  | 267,766        | 44,245                     | 36,329         | 954,319           | 3,667,163         |
| Inter-segment revenue                              | -                    | -                 | 52,201              | 54,616           | 46,117                                   | 51,234         | -                          | -              | 98,318            | 105,850           |
| <b>Reportable segment revenue</b>                  | <b>405,477</b>       | <b>3,139,871</b>  | <b>269,446</b>      | <b>277,813</b>   | <b>333,469</b>                           | <b>319,000</b> | <b>44,245</b>              | <b>36,329</b>  | <b>1,052,637</b>  | <b>3,773,013</b>  |
| Reportable segment (loss)/profit (adjusted EBITDA) | (537,731)            | 80,950            | 112,289             | 179,463          | (35,279)                                 | 13,582         | 4,795                      | 2,679          | (455,926)         | 276,674           |
| <b>Reportable segment assets</b>                   | <b>8,977,400</b>     | <b>12,773,287</b> | <b>10,081,675</b>   | <b>7,972,036</b> | <b>363,283</b>                           | <b>419,928</b> | <b>158,877</b>             | <b>150,451</b> | <b>19,581,235</b> | <b>21,315,702</b> |
| <b>Reportable segment liabilities</b>              | <b>9,394,558</b>     | <b>9,887,943</b>  | <b>158,098</b>      | <b>451,482</b>   | <b>401,780</b>                           | <b>343,223</b> | <b>48,019</b>              | <b>50,654</b>  | <b>10,002,455</b> | <b>10,733,302</b> |

(ii) **Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**

|  | 2023<br>HK\$'000         | 2022<br>HK\$'000         |
|--|--------------------------|--------------------------|
| <b>Revenue</b>   |                          |                          |
| Reportable segment revenue   | 1,052,637                | 3,773,013                |
| Elimination of inter-segment revenue   | (98,318)                 | (105,850)                |
|  | <u>1,052,637</u>         | <u>3,773,013</u>         |
| Consolidated revenue ( <i>Note 3(a)</i> )  | <u><b>954,319</b></u>    | <u><b>3,667,163</b></u>  |
| <b>Loss</b>  |                          |                          |
| Reportable segment (loss)/profit derived from  |                          |                          |
| Group's external customers   | (455,926)                | 276,674                  |
| Share of losses of associates  | (57,615)                 | (22,234)                 |
| Share of losses of joint ventures  | –                        | (15,299)                 |
| Other revenue and net loss   | 119,100                  | 165,921                  |
| Impairment loss on trade and other receivables   | (85,225)                 | (34,843)                 |
| Depreciation and amortisation  | (19,503)                 | (24,557)                 |
| Finance costs  | (319,999)                | (324,257)                |
| Valuation gains/(losses) on investment properties and<br>investment properties classified as held for sale | 14,376                   | (23,019)                 |
| Unallocated head office and corporate expenses   | (31,685)                 | (71,412)                 |
|  | <u>(836,477)</u>         | <u>(73,026)</u>          |
| Consolidated loss before taxation  | <u><b>(836,477)</b></u>  | <u><b>(73,026)</b></u>   |
| <b>Assets</b>  |                          |                          |
| Reportable segment assets  | 19,581,235               | 21,315,702               |
| Interests in associates  | 158,358                  | 186,912                  |
| Financial assets measured at FVPL  | 67,231                   | 106,398                  |
| Prepaid tax  | 2,141                    | 2,295                    |
| Deferred tax assets  | 112,663                  | 83,293                   |
| Unallocated head office and corporate assets   | 119,239                  | 138,040                  |
|  | <u>19,940,867</u>        | <u>21,832,640</u>        |
| Consolidated total assets  | <u><b>20,040,867</b></u> | <u><b>21,832,640</b></u> |
| <b>Liabilities</b>   |                          |                          |
| Reportable segment liabilities   | 10,002,455               | 10,733,302               |
| Tax payable  | 206,733                  | 269,161                  |
| Deferred tax liabilities   | 1,318,384                | 1,273,704                |
| Unallocated head office and corporate liabilities  | 390,133                  | 274,467                  |
|  | <u>12,017,685</u>        | <u>12,550,634</u>        |
| Consolidated total liabilities   | <u><b>11,917,705</b></u> | <u><b>12,550,634</b></u> |

(iii) **Geographic information**

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

|                  | Revenue from<br>external customers |                  | Specified<br>non-current assets |                   |
|------------------|------------------------------------|------------------|---------------------------------|-------------------|
|                  | 2023<br>HK\$'000                   | 2022<br>HK\$'000 | 2023<br>HK\$'000                | 2022<br>HK\$'000  |
| Chinese Mainland | 655,500                            | 2,941,158        | 9,120,621                       | 9,456,822         |
| Hong Kong        | 298,819                            | 726,005          | 779,161                         | 801,278           |
| Australia        | –                                  | –                | 196                             | 262               |
|                  | <b>954,319</b>                     | <b>3,667,163</b> | <b>9,899,978</b>                | <b>10,258,362</b> |

**4 OTHER REVENUE**

|  | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|--|------------------|------------------|
| Bank interest income   | 50,671           | 54,631           |
| Other interest income  | 50,721           | 60,064           |
| Interest income on financial assets measured at amortised cost | 101,392          | 114,695          |
| Service income for car parks and apartments                    | 28,974           | 23,395           |
| Government grants ( <i>Note (i)</i> )                          | 10,122           | 1,708            |
| Others   | 18,307           | 29,891           |
|  | <b>158,795</b>   | <b>169,689</b>   |

*Note:*

- (i) Government grants in the years ended 31 December 2023 and 2022 represented unconditional cash awards granted by government authorities.

## 5 OTHER NET LOSS

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Fair value loss on financial assets measured at FVPL  | (102,082)               | (12,331)                |
| Net gain on disposal of a subsidiary  | 12,964                  | 8,181                   |
| Additional compensation income received from Hong Kong's government for land parcels in Yuen Long | 81,981                  | –                       |
| Net exchange loss   | (17,369)                | (12,465)                |
| Distribution from a joint venture   | –                       | 98,713                  |
| Net loss on disposal of joint ventures  |                         |                         |
| – Great Billion Corporation Limited and Wealth Channel Holdings Limited                           | –                       | (82,475)                |
| – Other joint ventures  | –                       | (3,532)                 |
| Others  | (15,189)                | 141                     |
|   | <u>(39,695)</u>         | <u>(3,768)</u>          |

## 6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| <b>(a) Finance costs</b>  |                         |                         |
| Interest on bank loans and other borrowings                                 | 470,391                 | 510,376                 |
| Interest on lease liabilities   | 2,281                   | 2,860                   |
| Interest on bonds payable   | –                       | 17,012                  |
| Interest on amounts due to non-controlling interests                        | 3,671                   | 3,820                   |
| Other borrowing costs   | 15,785                  | 26,321                  |
|   | <u>492,128</u>          | <u>560,389</u>          |
| Accrued interest on significant financing component of contract liabilities | 2,371                   | 6,302                   |
|   | <u>494,499</u>          | <u>566,691</u>          |
| Less: Amount capitalised  | (174,500)               | (242,434)               |
|   | <u>319,999</u>          | <u>324,257</u>          |

*Note:* The borrowing costs have been capitalised at rates ranging from 0.7% to 11.0% (2022: 0.7% to 11.0%) per annum.

|  | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>(b) Staff costs</b>                                 |                         |                         |
| Salaries, wages and other benefits                     | 208,283                 | 226,961                 |
| Contributions to defined contribution retirement plans | 10,284                  | 11,684                  |
|  | <u>218,567</u>          | <u>238,645</u>          |

|  | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>(c) Other items</b>                       |                         |                         |
| Depreciation and amortisation                |                         |                         |
| – furniture, fixtures and other fixed assets | 6,214                   | 6,285                   |
| – right-of-use assets                        | 13,289                  | 18,272                  |
|  | <u>19,503</u>           | <u>24,557</u>           |
| Cost of properties sold                      | 919,566                 | 2,803,087               |
| Rental income from investment properties     | 217,245                 | 223,197                 |
| Less: Direct outgoings                       | <u>(15,872)</u>         | <u>(13,966)</u>         |
|  | 201,373                 | 209,231                 |
| Auditors' remuneration                       |                         |                         |
| – audit services                             | 4,950                   | 4,950                   |
| – other services                             | 1,639                   | 2,183                   |
|  | <u>6,589</u>            | <u>7,133</u>            |

## 7 INCOME TAX

Income tax charged to consolidated statement of profit or loss represents:

|  | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>Current tax</b>                                 |                         |                         |
| Corporate Income Tax (“CIT”)                       |                         |                         |
| – Provision for the year                           | 14,416                  | 117,436                 |
| – Under/(over)-provision in respect of prior years | 62                      | (22,114)                |
|  | 14,478                  | 95,322                  |
| Provision for Land Appreciation Tax (“LAT”)        | 3,045                   | 71,377                  |
| Provision for withholding tax                      | –                       | 30,782                  |
|  | <u>17,523</u>           | <u>197,481</u>          |
| <b>Deferred tax</b>                                |                         |                         |
| Origination and reversal of temporary differences  | 46,330                  | (86,866)                |
|  | <u>63,853</u>           | <u>110,615</u>          |

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.

The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first \$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2022.

The provision for CIT is based on the respective applicable CIT rates on the estimated assessable profits of the subsidiaries in Chinese Mainland within the Group as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rate was 25% for the year ended 31 December 2023 (2022: 25%).

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

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

## 8 LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders and the holder of PCSs of the Company of \$876,893,000 (2022: \$185,099,000) and the weighted average number of 1,529,286,000 (2022: 1,529,286,000) shares in issue during the year, calculated as follows:

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Weighted average number of shares                             |                         |                         |
| Issued ordinary shares  | 1,412,733               | 1,412,733               |
| Effect of bonus issue of shares (with PCSs as an alternative) | <u>116,553</u>          | <u>116,553</u>          |
| Weighted average number of shares at 31 December              | <u><u>1,529,286</u></u> | <u><u>1,529,286</u></u> |

### (b) Diluted loss per share

During 2023 and 2022, the effect of deemed issue of shares under the Company’s share option schemes for nil consideration was anti-diluted.

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.



## 9 DIVIDENDS

### Dividends payable to equity shareholders of the Company and holders of PCSs attributable to the year

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| No final dividend declared after the end of the reporting period<br>(2022: HK 1 cent per ordinary share and per unit of PCSs) | —                       | 15,293                  |

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

## 10 TRADE AND OTHER RECEIVABLES

|   | <i>Note</i> | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------|-------------------------|-------------------------|
| Trade debtors, net of loss allowance            |             | 56,612                  | 69,129                  |
| Other debtors, net of loss allowance            | (i)         | 503,374                 | 739,252                 |
| Less: amount to be recovered more than one year |             | (314,675)               | (289,997)               |
|   |             | 188,699                 | 449,255                 |
| Financial assets measured at amortised cost     |             | 245,311                 | 518,384                 |
| Deposits and prepayments                        | (ii)        | 1,221,877               | 1,059,984               |
|   |             | 1,467,188               | 1,578,368               |

*Notes:*

(i) The details of other receivables (net of loss allowance) are set out below:

|                                 | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---------------------------------|-------------------------|-------------------------|
| Loans to third parties (a)      | 298,869                 | 309,143                 |
| Amounts due from joint ventures | —                       | 35,697                  |
| Others                          | 204,505                 | 394,412                 |
|                                 | 503,374                 | 739,252                 |

(a) As at 31 December 2023, apart from the loans to third parties of \$201,869,000 (2022: \$203,143,000) which were secured, interest-bearing at 13% (2022:13%) per annum and repayable after one year, all of the balances were secured, interest-bearing from 8% to 15% (2022: 8% to 15%) per annum and recoverable within one year.

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

|  | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Prepayments for acquisition of land use rights | 751,229                 | 771,349                 |
| Prepayments for acquisition of properties      | 30,000                  | 30,000                  |
| Prepaid value-added tax                        | 295,729                 | 122,973                 |
| Others   | 144,919                 | 135,662                 |
|  | <u>1,221,877</u>        | <u>1,059,984</u>        |

(iii) Ageing analysis

As at the end of the reporting period, the ageing analysis of trade debtors (net of loss allowance) based on invoice date was as follows:

|                    | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--------------------|-------------------------|-------------------------|
| Within 1 month     | 29,042                  | 35,463                  |
| 1 to 3 months      | 13,527                  | 16,518                  |
| 3 to 6 months      | 10,287                  | 12,561                  |
| 6 months to 1 year | 3,756                   | 4,587                   |
|                    | <u>56,612</u>           | <u>69,129</u>           |

## 11 TRADE AND OTHER PAYABLES

|  | <i>Note</i> | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------|-------------------------|-------------------------|
| Trade payables                           | (i)         | 235,706                 | 194,065                 |
| Other creditors and accrued charges      | (ii)        | 1,536,656               | 1,793,512               |
| Amounts due to non-controlling interests | (iii)       | 1,018,256               | 1,038,430               |
| Rental and other deposits                |             | 89,316                  | 78,306                  |
| Value added tax and other tax payables   |             | 76,555                  | 92,016                  |
|  |             | <u>2,956,489</u>        | <u>3,196,329</u>        |

All trade and other payables are expected to be settled within one year, except other rental and other deposits of \$89,316,000 (2022: \$78,306,000) are expected to be settled after more than one year.

Notes:

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

|                    | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--------------------|-------------------------|-------------------------|
| Within 1 month     | 73,648                  | 60,637                  |
| 1 to 3 months      | 49,059                  | 40,392                  |
| 3 to 6 months      | 47,853                  | 39,399                  |
| 6 months to 1 year | 40,739                  | 33,542                  |
| Over 1 year        | 24,407                  | 20,095                  |
|                    | <u>235,706</u>          | <u>194,065</u>          |

- (ii) The estimated value of future settlement properties to be compensated to residents of \$1,042,128,000 (2022: \$1,149,410,000) is included in other creditors and accrued charges and is expected to be settled within one year by delivering the respective properties.
- (iii) As at 31 December 2023, apart from the amounts due to non-controlling interests of \$71,933,000 (2022: \$88,278,000) which are interest-bearing at 4.35% (2022: 4.35%), unsecured and repayable on demand, all of the balances are unsecured, interest-free and repayable on demand.

## 12 CAPITAL COMMITMENTS

Capital commitments outstanding at 31 December not provided for in the Group's financial statements were as follows:

|                                   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|-----------------------------------|-------------------------|-------------------------|
| Contracted for                    | 60,052                  | 334,045                 |
| Authorised but not contracted for | 164,753                 | 187,253                 |
|                                   | <u>224,805</u>          | <u>521,298</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 INDEPENDENT AUDITOR’S REPORT**

The following is an extract of the independent auditor’s report on the Group’s annual financial statements for the year ended 31 December 2023:

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Material uncertainty related to going concern**

We draw attention to Note 2(b) to the consolidated financial statements, which indicates that for the year ended 31 December 2023, the Group’s revenue generated from sales of properties reduced to HK\$405.5 million (2022: HK\$3,139.9 million) and a net loss of HK\$900.3 million (2022: HK\$183.6 million) was incurred. As at 31 December 2023, the Group’s current bank loans and other borrowings amounted to HK\$3,305.9 million, while its cash and cash equivalents amounted to HK\$665.2 million. In view of the prevailing slow-down of the property market and the tightening of the financing environment, the Group may take longer time than expected to realise cash from the sale of its properties and may have challenges in securing additional financing and renewal of existing bank facilities and borrowings to meet its loan repayment obligations. These conditions, along with the matters as set forth in Note 2(b) indicates that a material uncertainty exists on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Review of Business in 2023**

#### **(1) Pre-sales**

In 2023, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK\$600.4 million (of which approximately HK\$590.8 million was from pre-sales of properties), representing a decrease of approximately 14.6% as compared with 2022. The Group’s total pre-sold gross floor area (“**GFA**”) was approximately 7,540 square metres (“**sq.m.**”), representing a decrease of approximately 4.3% as compared with 2022. The average selling price (“**ASP**”) of the Group’s pre-sales of properties in 2023 was approximately HK\$78,355.4 per sq.m. (2022: approximately HK\$84,207.2

per sq.m.), representing a decrease of approximately 6.9% as compared with 2022. The decrease in ASP of the Group's pre-sales of properties was mainly due to the pre-sales of properties in Shenzhen and Hong Kong in 2023, which has a relatively lower ASP as compared with 2022. In addition, the Group's pre-sales of car park units in 2023 was approximately HK\$9.6 million.

A breakdown of the total pre-sales of the properties and car park units of the Group during the year ended 31 December 2023 is set out as follows:

(a) *Pre-sales of properties*

| City      | Project – type of project                            | Pre-sold GFA |            | Pre-sales<br>HK\$ |            | Pre-sales<br>ASP |
|-----------|--|--------------|------------|-------------------|------------|------------------|
|           |  | sq.m.        | %          | million           | %          | HK\$/sq.m.       |
| Tianjin   | Tianjin Le Leman City<br>– residential               | 3,655        | 48.5       | 41.0              | 7.0        | 11,217.5         |
| Shenzhen  | Shenzhen Upper Residence<br>– residential/commercial | 2,635        | 34.9       | 167.4             | 28.3       | 63,529.4         |
| Hong Kong | Hong Kong 128 WATERLOO<br>– residential              | 1,250        | 16.6       | 382.4             | 64.7       | 305,920.0        |
| Total     |  | <u>7,540</u> | <u>100</u> | <u>590.8</u>      | <u>100</u> | 78,355.4         |

(b) *Pre-sales of car park units*

| City      | Project                  | Number of pre-sold<br>car park units |            | Pre-sales<br>HK\$ |            | Pre-sales<br>ASP |
|-----------|--------------------------|--------------------------------------|------------|-------------------|------------|------------------|
|           |                          | unit                                 | %          | million           | %          | HK\$/unit        |
| Changzhou | Fashion Mark – Changzhou | 39                                   | 62.9       | 6.7               | 69.8       | 171,794.9        |
| Nanjing   | The Sunny Land – Nanjing | 23                                   | 37.1       | 2.9               | 30.2       | 126,087.0        |
|           |                          | <u>62</u>                            | <u>100</u> | <u>9.6</u>        | <u>100</u> | 154,838.7        |

(2) *Projects delivered and booked in 2023*

For the year ended 31 December 2023, 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\$402.3 million with saleable GFA of approximately 6,128 sq.m. being recognised, representing a decrease of approximately 87.1% and a decrease of approximately 85.5%, respectively, as compared with the year ended 31 December 2022. The recognised ASP of the Group's sale of properties was approximately HK\$65,649.5 per sq.m. for the year ended 31 December 2023. The approximate 11.1% decrease in recognised ASP was primarily attributable to the fact that a significant proportion of the recognised sale of properties (excluding sale of car park units) was contributed by the Group's residential projects in Shenzhen and Hong Kong, which have a relatively lower ASP during the year ended 31 December 2023.

For the year ended 31 December 2023, the Group delivered and recognised the sale of car park units of approximately HK\$3.2 million from the sale of 25 car park units.

Details of sale of properties and car park units of the Group recognised in 2023 are listed below:

| <b>City</b> | <b>Project – type of project</b>                     | <b>Saleable<br/>GFA booked<br/><i>sq.m.</i></b>                | <b>Sale of<br/>properties<br/>recognised<br/><i>HK\$ million</i></b>     | <b>Recognised<br/>ASP<br/><i>HK\$/sq.m.</i></b> |
|-------------|--|--|--|---|
| Tianjin     | Tianjin Le Leman City<br>– residential               | 3,107  | 30.1   | 9,687.8   |
| Shenzhen    | Shenzhen Upper Residence<br>– residential/commercial | 2,205  | 117.7  | 53,378.7  |
| Hong Kong   | Hong Kong 128 WATERLOO<br>– residential              | 816  | 254.5  | 311,887.3                                       |
|             |  | <u>6,128</u>   | <u>402.3</u>   | 65,649.5  |
| <b>City</b> | <b>Project</b>                                       | <b>Number of<br/>car park<br/>units booked<br/><i>unit</i></b> | <b>Sale of car<br/>park units<br/>recognised<br/><i>HK\$ million</i></b> | <b>Recognised<br/>ASP<br/><i>HK\$/unit</i></b>  |
| Nanjing     | The Sunny Land – Nanjing                             | <u>25</u>  | <u>3.2</u>   | 128,000.0                                       |

### (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 comprising mainly shopping malls, community commercial centres, retail shops and car park units in The Spring Land – Shenzhen, Changzhou Fashion Mark, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden, Chengdu Fashion Mark, Shanghai Bay Valley, Kunming Dianchi Lakeside Peninsula and Shenzhen Excellence Times Square in mainland China and Kowloon Tong Rutland Quadrant Project in Hong Kong. As at 31 December 2023, the total fair value of the investment properties of the Group was approximately HK\$8,105.9 million, representing approximately 40.4% of the Group's total asset value. The Group's investment property portfolio had a total leasable GFA of approximately 307,585 sq.m. The Group recorded approximately HK\$13.2 million (net of deferred tax) as gain in fair value of its investment properties for the year ended 31 December 2023 (for the year ended 31 December 2022: approximately HK\$17.1 million (net of deferred tax) as loss in fair value of its investment properties and investment properties classified as held for sale).

The Group carefully plans and selects tenants based on factors such as a project's overall positioning, market demand in surrounding areas, market levels of rent and development needs of tenants. The presence of large-scale anchor tenants which the Group has attracted enhances 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 31 December 2023, 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 29.6% (as at 31 December 2022: approximately 29.5%) of the Group's total leasable area in its investment properties under operation.

The occupancy rate of the Group's investment properties decreased from approximately 83.3% as at 31 December 2022 to approximately 82.5% as at 31 December 2023. The Group generated rental income of approximately HK\$217.2 million for the year ended 31 December 2023, representing a decrease of approximately 2.7% from approximately HK\$223.2 million for the year ended 31 December 2022. The average monthly rental income of the Group's investment properties under operation for the year ended 31 December 2023 was approximately HK\$69.3 per sq.m. (for the year ended 31 December 2022: approximately HK\$70.7 per sq.m.).

Details of the Group's major investment properties as at 31 December 2023 and their respective rental income for the year ended 31 December 2023 are set out as follows:

|  | Leasable GFA as<br>at 31 December<br>2023<br>(Note)<br>sq.m. | Fair value as at<br>31 December<br>2023<br>HK\$ million | Rental income<br>for the year<br>ended<br>31 December<br>2023<br>HK\$ million | Average monthly<br>rental income<br>per sq.m.<br>for the year<br>ended<br>31 December<br>2023<br>HK\$/sq.m. | Occupancy rate<br>as at<br>31 December<br>2023<br>% |
|--|--|---|---|---|---|
| <b>Investment properties</b>   |  |   |   |   |   |
| <i>Investment properties under operation</i>                                   |  |   |   |   |   |
| Changzhou Fashion Mark<br>Phases 1 and 2 (Shopping<br>mall and car park units) | 82,989   | 1,322.4   | 26.7  | 34.4  | 80.0  |
| Hangzhou Landmark<br>(Shopping mall)   | 26,264   | 373.9   | 11.0  | 36.6  | 95.6  |
| Chengdu Fashion Mark<br>(Shopping mall and car<br>park units)                  | 38,285   | 755.1   | 26.7  | 59.6  | 97.4  |
| Shanghai Bay Valley  | 97,526   | 2,888.6   | 50.1  | 61.1  | 69.8  |

*Note:* The leasable GFA as at 31 December 2023 excluded car park units.



(4) Land bank as at 31 December 2023

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 Greater Bay Area, the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC.

As at 31 December 2023, the Group had a total of 20 property projects over 10 cities in various stages of development, including an estimated net saleable/leasable GFA of completed projects of approximately 342,547 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 439,632 sq.m., the details of which are as follows:

| <b>Project no.</b>        | <b>Region/City</b> | <b>Project</b>                                     | <b>Type of project</b>     | <b>Estimated net saleable/leasable GFA<br/><i>sq.m.</i></b> | <b>Interest attributable to the Group<br/><i>%</i></b> |
|---------------------------|--------------------|--|----------------------------|---|--|
| <b>Completed Projects</b> |                    |  |                            |   |  |
| 1                         | Shenzhen           | Shenzhen Hidden Valley                             | Residential                | 996   | 100.0  |
| 2                         | Shenzhen           | The Spring Land<br>– Shenzhen                      | Commercial                 | 33,454  | 100.0  |
| 3                         | Shenzhen           | Shenzhen Water Flower<br>Garden                    | Commercial                 | 4,992   | 100.0  |
| 4                         | Changzhou          | Changzhou Fashion Mark                             | Commercial                 | 82,989  | 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/<br>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<br>Rutland Quadrant Project | Campus                     | 574   | 100.0  |
| 12                        | Kunming            | Kunming Dianchi Lakeside<br>Peninsula              | Commercial                 | 1,415   | 100.0  |
| 13                        | Shenzhen           | Shenzhen Upper Residence                           | Residential/<br>Commercial | 9,442   | 100.00   |
| 14                        | Hong Kong          | Hong Kong 128<br>WATERLOO                          | Residential                | 4,212   | 60.0   |
| 15                        | Shenzhen           | Shenzhen Excellence<br>Times Square                | Commercial                 | 423   | 100.0  |
| <b>Sub-total</b>          |                    |  |                            | <b>342,547</b>  |  |

| <b>Project no.</b>  | <b>Region/City</b> | <b>Project</b>                                  | <b>Type of project</b> | <b>Estimated net saleable/leasable GFA<br/><i>sq.m.</i></b> | <b>Interest attributable to the Group<br/><i>%</i></b> |
|---|--------------------|---|------------------------|---|--|
| <b>Projects under Development</b>   |                    |   |                        |   |  |
| 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   |
| <b>Sub-total</b>  |                    |   |                        | <b>90,588</b>   |  |
| <b>Projects Contracted to be Acquired or under Application for Change in Land Use</b> |                    |   |                        |   |  |
| 20  | Hong Kong          | Hong Kong Sheung Shui Ma Sik Road Project       | Residential            | 6,497   | 50.0   |
| <b>Sub-total</b>  |                    |   |                        | <b>6,497</b>  |  |
| <b>Total</b>  |                    |   |                        | <b>439,632</b>  |  |

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

| <b>Region/City</b>                                    | <b>Estimated net<br/>saleable/leasable<br/>GFA<br/><i>sq.m.</i></b> |
|---|---|
| Shenzhen and surrounding regions (including Dongguan) | 137,030   |
| Shanghai  | 97,526  |
| Nanjing   | 717   |
| Chengdu   | 39,776  |
| Hangzhou  | 26,264  |
| Tianjin   | 19,595  |
| Changzhou   | 82,989  |
| Kunming   | 1,415   |
| Hong Kong   | <u>34,320</u>   |
| <br>Total   | <br><u><u>439,632</u></u>   |

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

## **BUSINESS REVIEW**

In 2023, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK\$600.4 million (2022: HK\$703.0 million), pre-sold saleable GFA of 7,540 sq.m. (2022: 7,877 sq.m.).

In 2023, the Group's rental income from investment properties was approximately HK\$217.2 million (2022: HK\$223.2 million), representing a decrease of approximately 2.7%. As at 31 December 2023, the overall occupancy rate of the Group's investment properties was approximately 82.5%. As at 31 December 2023, the total leasable GFA of the Group's operating investment property portfolio was approximately 307,585 sq.m.. In addition, as at 31 December 2023, the accumulated total area of properties managed by the Group amounted to approximately 15,640,000 sq.m., of which approximately 11,000,000 sq.m. was properties not developed by the Group and approximately 820,000 sq.m. was commercial property management projects.

As at 31 December 2023, the land bank (that is, the net saleable/leasable GFA) of 20 property projects of the Group was approximately 439,632 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 synergistic development of the Guangdong-Hong Kong-Macao Greater Bay Area was intensifying in 2023. The closer industrial cooperation across the region had brought about an obvious kick-starting effect on the regional economy. Characterised by its innovative leadership, high openness, clustering development, and livability and workability, the Greater Bay Area continues to maintain its resilience and momentum of high-quality development. With a suite of facilitating mega-projects, industrial cooperation in the Greater Bay Area has been accelerating. The Group will closely follow the development plan and focus on the construction of the Greater Bay Area. With a high degree of focus on the core cities of Hong Kong, Shenzhen and Guangzhou, the Group will fully utilise its strengths and capabilities to expand project opportunities and put the Group's development strategy into reality.

### **Maintaining and Increasing Where Appropriate Rental Properties That Generate Stable Income Growth**

Commercial and office properties are highly resilient. Since steady rising rental income is an important component of the Company's stable cash flow, the Group expects to continue holding and operating high-quality properties in the future through its healthy asset management capabilities to further increase rental income and profit level, and to realise the preservation and appreciation of the value of its properties.

## **Actively Seeking Overseas Investment Opportunities by Focusing on Hong Kong**

The Group has always been optimistic about the important role and position of Hong Kong in the construction of the Greater Bay Area, as well as the development opportunities in the northern metropolitan area of Hong Kong. Against the backdrop of the lifting up of the pandemic control policy, Hong Kong's advantages as a financial, shipping and trading center have been highlighted by customs re-opening and the return of expatriates and white-collar workers. The Group remains optimistic about and treasures the investment opportunities in Hong Kong and will capitalise on our ability and strengths to build high-end boutique properties. While continuing to deepen our presence in the Hong Kong market, the Group will proactively explore opportunities for quality projects.

## **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 invest prudently, achieve synergistic development of our diversified businesses and real estate business by seeking new business breakthroughs and growth points.

## **FINANCIAL REVIEW**

In 2023, the Group's consolidated revenue reached approximately HK\$954.3 million, decreased by approximately 74.0% as compared with 2022. The loss attributable to equity shareholders of the Company and holders of PCSs for the year ended 31 December 2023 was approximately HK\$876.9 million, as compared to a loss attributable to the equity shareholders of the Company and holders of PCSs of approximately HK\$185.1 million recorded in the previous year. For the year ended 31 December 2023, the Group's basic and diluted loss per share of the Company (the "Share(s)") were approximately HK\$0.57 and HK\$0.57 respectively (for the year ended 31 December 2022: approximately HK\$0.12 and HK\$0.12, respectively). Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs decreased by approximately 11.7% from approximately HK\$6.0 as at 31 December 2022 to approximately HK\$5.3 as at 31 December 2023.

### **Revenue**

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

Revenue for the year ended 31 December 2023 decreased by approximately 74.0% to approximately HK\$954.3 million from approximately HK\$3,667.2 million for the year ended 31 December 2022. This decrease was primarily due to the decrease in the Group's income from sale of properties. During the year ended 31 December 2023, the Group recognised property sales of approximately HK\$405.5 million, representing approximately 42.5% of the total revenue. The Group recognised rental income of approximately HK\$217.2 million, representing approximately 22.8% of the total revenue. The Group recognised property management and related services income of approximately HK\$287.4 million, representing approximately 30.1% of the total revenue. The remaining approximately 4.6% of the total revenue of approximately HK\$44.2 million was income from education related services.

Revenue from the Group's sales of properties decreased by 87.1% in 2023 as compared with 2022 primarily due to the decrease in sale of properties and car park units in Hong Kong and Shenzhen.

### **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 such period.

The Group's direct costs decreased to approximately HK\$1,208.1 million for the year ended 31 December 2023 from approximately HK\$3,072.9 million for the year ended 31 December 2022. This decrease was primarily attributable to the decrease in the sales of properties for the year ended 31 December 2023.

### **Gross loss/profit**

The Group recorded a gross loss of approximately HK\$253.8 million for the year ended 31 December 2023 as compared to a gross profit of approximately HK\$594.2 million for the year ended 31 December 2022. The Group reported a gross loss margin of approximately 26.6% for the year ended 31 December 2023 as compared to a gross profit margin of approximately 16.2% for the year ended 31 December 2022. Such change was mainly due to the impairment of certain inventories.

### **Other revenue**

Other revenue decreased by approximately HK\$10.9 million, or approximately 6.4%, to approximately HK\$158.8 million in 2023 from approximately HK\$169.7 million in 2022. The decrease was primarily attributable to a decrease in bank and other interest income.

## **Other net loss**

Other net loss increased significantly by approximately 944.7% to approximately HK\$39.7 million in 2023 from approximately HK\$3.8 million in 2022, mainly due to the increase in fair value loss on financial assets measured at FVPL.

## **Selling and marketing expenses**

Selling and marketing expenses decreased by approximately 50.8% to approximately HK\$76.5 million for the year ended 31 December 2023 from approximately HK\$155.4 million for the year ended 31 December 2022.

The decrease in selling and marketing expenses was primarily attributable to the decrease in commission expenses incurred in 2023 as compared with 2022.

## **Administrative expenses**

Administrative expenses decreased by approximately 31.5% to approximately HK\$176.8 million for the year ended 31 December 2023 from approximately HK\$258.1 million for the year ended 31 December 2022. The decrease was due to the decrease in staff costs incurred and other tax fees.

## **Valuation gains/(losses) on investment properties and investment properties classified as held for sale**

The Group recorded valuation gains on investment properties and investment properties classified as held for sale of approximately HK\$14.4 million for the year ended 31 December 2023 as compared to valuation losses of approximately HK\$23.0 million for the year ended 31 December 2022. The turnaround from valuation losses to gains was primarily due to the higher rental rate of respective properties in Shenzhen in 2023.

## **Finance costs**

Finance costs decreased by approximately 1.3% to approximately HK\$320.0 million for the year ended 31 December 2023 from approximately HK\$324.3 million for the year ended 31 December 2022. The decrease was primarily attributable to the repayment of certain bank loans.

## **Income tax**

Income tax expense decreased by approximately 42.2% to approximately HK\$63.9 million for the year ended 31 December 2023 from approximately HK\$110.6 million for the year ended 31 December 2022. The decrease was primarily attributable to the decrease in sales of properties.



## **Non-controlling interests**

The loss attributable to non-controlling interests was approximately HK\$23.4 million for the year ended 31 December 2023 (for the year ended 31 December 2022: gain of approximately HK\$1.5 million).

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

### **Cash position**

As at 31 December 2023, the carrying amount of the Group's cash and bank deposits was approximately HK\$2,191.0 million (as at 31 December 2022: approximately HK\$2,637.4 million), representing a decrease of approximately 16.9% as compared with that as at 31 December 2022.

### **Borrowings and charges on the Group's assets**

The Group had an aggregate borrowings (including bank and other borrowings and lease liabilities) as at 31 December 2023 of approximately HK\$7,289.3 million, of which approximately HK\$3,312.0 million is repayable within one year, approximately HK\$3,356.4 million is repayable after one year but within five years and approximately HK\$620.9 million is repayable after five years.

As at 31 December 2023, the Group's bank loans of approximately HK\$6,490.7 million (as at 31 December 2022: approximately HK\$6,902.2 million) were secured by certain investment properties (inclusive of investment properties classified as held for sale), 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\$12,247.0 million (as at 31 December 2022: approximately HK\$12,972.2 million).

The carrying amounts of all the Group's bank and other borrowings were denominated in RMB except for certain borrowings with an aggregate amount of approximately HK\$1,759.6 million (as at 31 December 2022: approximately HK\$2,141.8 million) and HK\$979.2 million (as at 31 December 2022: approximately HK\$979.3 million) as at 31 December 2023 which were denominated in Hong Kong dollars and US dollars, respectively.

### **Cost of borrowings**

The Group's average cost of borrowings (calculated by dividing total interest expenses expensed and capitalised by average borrowings during the year) was approximately 6.6% in 2023 (2022: approximately 6.3%).

As at 31 December 2023, the weighted average borrowing cost for the Group's existing borrowings was approximately 6.1% (2022: approximately 4.9%).

## **Net gearing ratio**

The net gearing ratio is calculated by dividing the Group's net borrowings (total borrowings net of cash and cash equivalents, and restricted and pledged deposits) by the total equity. The Group's net gearing ratio was approximately 62.8% and 54.7% as at 31 December 2023 and 31 December 2022, respectively.

## **Foreign exchange risk**

As at 31 December 2023, the Group had cash balances denominated in RMB of approximately RMB1,819.3 million (equivalent to approximately HK\$2,001.2 million), in US dollars of approximately US\$0.1 million (equivalent to approximately HK\$1.1 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 or Australian dollars as a result of its investment in mainland China and the settlement of certain general and administrative expenses and other borrowings in Hong Kong 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 31 December 2023 and 2022 are calculated as follows:

|   | As at<br>31 December<br>2023 | As at<br>31 December<br>2022 |
|---|------------------------------|------------------------------|
| Net assets attributable to equity shareholders of the Company ( <i>HK\$'000</i> )   | <b>8,092,201</b>             | 9,223,880                    |
| Number of issued ordinary Shares ( <i>'000</i> )  | <b>1,412,733</b>             | 1,412,733                    |
| Number of outstanding PCSs ( <i>'000</i> )  | <b>116,553</b>               | 116,553                      |
| Number of Shares for the calculation of net assets per Share ( <i>'000</i> )  | <b>1,529,286</b>             | 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> ) | <b>5.3</b>                   | 6.0                          |

*Note:* The net assets per Share attributable to the 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 31 December 2023 and 31 December 2022.

## CONTINGENT LIABILITIES

As at 31 December 2023, save for the guarantees of approximately HK\$242.3 million (as at 31 December 2022: approximately HK\$462.4 million) given to the financial institutions for the mortgage loan facilities granted to the purchasers of the Group's properties, the Group had no other material contingent liabilities.

Pursuant to the mortgage contracts, the Group is required by the relevant banks to guarantee its purchasers' mortgage loans until it completes the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to its purchasers. If a purchaser defaults on a mortgage loan, the Group may have to repurchase the underlying property by paying off the mortgage. If the Group fails to do so, the mortgagee bank may auction the underlying property and recover any shortfall from the Group as the guarantor of the mortgage loan.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures from 1 January 2023 up to the date of this announcement.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2023, the Group employed a total of approximately 851 employees (as at 31 December 2022: 883 employees) in mainland China and Hong Kong, of which, approximately 50 were under the headquarters team, approximately 99 were under the property development division, approximately 670 were under the retail operation and property management division and approximately 32 were under the education division. For the year ended 31 December 2023, the total staff and related costs incurred was approximately HK\$218.6 million (for the year ended 31 December 2022: approximately HK\$238.6 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, fringe benefits, cash bonus and equity settled share-based payment.

The Company had 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 year ended 31 December 2023 is as follows:

|          | Exercise price<br><i>HK\$ per Share</i> | As at<br>1 January<br>2023 | Share<br>options<br>granted | Share<br>options<br>exercised | Share<br>options<br>cancelled | Share<br>options<br>forfeited<br>and lapsed | As at<br>31 December<br>2023 |
|----------|---|----------------------------|-----------------------------|-------------------------------|-------------------------------|---|------------------------------|
| Post-IPO |   |                            |                             |                               |                               |   |                              |
| Lot 1    | 2.264                                   | -                          | -                           | -                             | -                             | -   | -                            |
| Lot 2    | 4.14                                    | 3,950,000                  | -                           | -                             | -                             | 3,950,000                                   | -                            |
| Lot 3    | 3.3                                     | 28,718,000                 | -                           | -                             | -                             | 28,718,000                                  | -                            |
| Lot 4    | 3.65                                    | 220,000                    | -                           | -                             | -                             | 220,000                                     | -                            |
| Lot 5    | 3.45                                    | 10,000,000                 | -                           | -                             | -                             | 10,000,000                                  | -                            |
| Lot 6    | 2.796                                   | 15,000,000                 | -                           | -                             | -                             | 15,000,000                                  | -                            |
| Total    |   | <u>57,888,000</u>          | <u>-</u>                    | <u>-</u>                      | <u>-</u>                      | <u>57,888,000</u>                           | <u>-</u>                     |

Further information relating to the post-IPO share option scheme of the Company will be set out in the 2023 annual report.

A new share option scheme (the “**New 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 31 December 2023 and the date of this announcement, no share option was granted by the Company pursuant to the New Share Option Scheme.

## **ANNUAL GENERAL MEETING**

An annual general meeting (the “**AGM**”) of the Company is scheduled to be held on Thursday, 23 May 2024, the notice of which will be published and despatched to the shareholders of the Company as soon as practicable in accordance with the Company’s articles of association and the Listing Rules.

## **FINAL DIVIDEND**

The Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (for the year ended 31 December 2022: HK1 cent per Share to equity shareholders of the Company and the holders of PCSs).

## **CLOSURE OF REGISTER OF MEMBERS AND REGISTER OF HOLDERS OF PCSs**

For determining the eligibility of the shareholders of the Company to attend and vote at the AGM or any adjournment of such meeting:

The register of members and the register of holders of PCSs of the Company will be closed from Monday, 20 May 2024 to Thursday, 23 May 2024 (both days inclusive), during such period no transfer of the Shares and PCSs will be effected.

In order to qualify for attending and voting at the AGM or any adjournment of such meeting, (a) in the case of the Shares, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 17, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Friday, 17 May 2024; and (b) in the case of the PCSs, the notice of conversion in prescribed form, together with the relevant certificate of the PCSs and confirmation that any amounts required to be paid by the holder of the PCSs have been so paid, must be duly completed, executed and deposited with the Company at Rooms 04–08, 26th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 10 May 2024.

The record date for such purposes is Thursday, 23 May 2024.

## **PURCHASE, SALE OR REDEMPTION OF 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 year ended 31 December 2023.

## **CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Directors, the Company has complied with all the Code Provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "CG Code") during the year ended 31 December 2023 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 year ended 31 December 2023, 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.

Details of the Company's corporate governance practices will be set out in the Company's 2023 annual report.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct for securities transactions by the Directors. After having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2023.

### **EVENTS AFTER THE REPORTING PERIOD**

There had been no significant event since the end of the reporting period and up to the date of this announcement.

### **REVIEW OF CONSOLIDATED ANNUAL RESULTS BY THE AUDIT COMMITTEE**

The audit committee of the Board (the “**Audit Committee**”) has reviewed the accounting principles and practice adopted by the Group and has reviewed the consolidated annual results of the Group for the year ended 31 December 2023. The Audit Committee comprises three independent non-executive Directors, namely Mr. CHENG Yuk Wo (Chairman), Professor WU Si Zong and Mr. CHAN Yee Herman.

The financial figures in this announcement have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2023 and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.topspring.com](http://www.topspring.com). The 2023 annual 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 March 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.