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萊蒙國際
TOPSPRiNG

TOP SPRING INTERNATIONAL HOLDINGS LIMITED
萊蒙國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03688)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

HIGHLIGHTS

- For the six months ended 30 June 2023, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK$421.7 million, representing a decrease of approximately 24.4% as compared with the corresponding period of 2022, of which approximately HK$419.4 million was from pre-sales of properties with pre-sold saleable GFA of approximately 4,962 sq.m. and approximately HK$2.3 million was from pre-sales of 18 car park units. The ASP of the Group's pre-sales of properties was approximately HK$84,522.4 per sq.m., representing a decrease of approximately 8.9% as compared with the corresponding period of 2022.

- As at 30 June 2023, the Group had 20 projects across 10 cities with a total estimated net saleable/leasable GFA of approximately 445,348 sq.m..

- Revenue for the six months ended 30 June 2023 decreased by approximately 82.7% to approximately HK$498.7 million from approximately HK$2,883.7 million for the six months ended 30 June 2022.

- For the six months ended 30 June 2023, the Group generated recurring rental income of approximately HK$105.9 million (for the six months ended 30 June 2022: approximately HK$105.7 million) from its investment properties which mainly comprised shopping malls, community commercial centres, retail shops, serviced apartments and car park units. As at 30 June 2023, the investment property portfolio (inclusive of investment properties classified as held for sale) had a total leasable GFA of approximately 304,789 sq.m. and a fair value of approximately HK$7,992.5 million, representing approximately 38.0% of the Group's total asset value.

- Gross profit margin for the six months ended 30 June 2023 was approximately 32.2%, as compared with approximately 13.9% for the corresponding period of 2022.

- For the six months ended 30 June 2023, the profit attributable to equity shareholders of the Company was approximately HK$23.4 million (for the six months ended 30 June 2022: approximately HK$6.3 million).

- Basic and diluted earnings per Share attributable to equity shareholders of the Company and the holders of PCSs for the six months ended 30 June 2023 were approximately HK1.5 cents and HK1.5 cents, respectively (for the six months ended 30 June 2022: basic and diluted earnings per Share attributable to equity shareholders and holders of PCSs of HK0.4 cents and HK0.4 cents, respectively).

- Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs as at 30 June 2023 was approximately HK$5.8 (as at 31 December 2022: approximately HK$6.0).

- As at 30 June 2023, the net gearing ratio of the Group was approximately 55.7% (as at 31 December 2022: approximately 54.7%).

- No interim dividend is declared for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Top Spring International Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2023 together with selected explanatory notes and the relevant comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2023 – UNAUDITED

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2023	2022
	Note	***$'000***	*$'000*
Revenue	3	**498,669**	2,883,680
Direct costs		**(338,110)**	(2,483,082)
Gross profit		**160,559**	400,598
Valuation gains on investment properties		**35,218**	35,649
Other revenue	4	**62,869**	96,446
Other net income/(loss)	5	**78,150**	(12,717)
Selling and marketing expenses		**(41,838)**	(66,690)
Administrative expenses		**(108,048)**	(133,913)
Impairment loss on trade and other receivables		**(9,842)**	(2,455)
Profit from operations		**177,068**	316,918
Finance costs	6(a)	**(119,143)**	(158,272)
Share of losses of associates		**(807)**	(118)
Share of losses of joint ventures		**–**	(6,406)
Profit before taxation	6	**57,118**	152,122
Income tax charge	7	**(52,821)**	(147,930)
Profit for the period		**4,297**	4,192
Attributable to:			
Equity shareholders of the Company and holders of bonus perpetual subordinated convertible securities ("**PCSs**")		**23,428**	6,307
Non-controlling interests		**(19,131)**	(2,115)
Profit for the period		**4,297**	4,192
Earnings per share ***(HK cents)***	8		
Basic		**1.5**	0.4
Diluted		**1.5**	0.4

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023 – UNAUDITED
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2023	2022
	$'000	*$'000*
Profit for the period	**4,297**	4,192
Other comprehensive income for the period (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign subsidiaries	**(317,917)**	(559,649)
– Share of other comprehensive income of associates and joint ventures	**188**	(11,864)
	(317,729)	(571,513)
Total comprehensive income for the period	**(313,432)**	(567,321)
Attributable to:		
Equity shareholders of the Company and holders of PCSs	**(288,461)**	(558,901)
Non-controlling interests	**(24,971)**	(8,420)
Total comprehensive income for the period	**(313,432)**	(567,321)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2023 – UNAUDITED
(Expressed in Hong Kong dollars)

	Note	**At 30 June 2023** **$'000**	At 31 December 2022 $'000
Non-current assets			
Investment properties		**7,971,579**	8,297,230
Other property, plant and equipment		**167,338**	173,388
		8,138,917	8,470,618
Intangible assets		**3,769**	3,769
Goodwill		**40,736**	40,736
Interest in associates		**195,098**	186,912
Financial assets measured at fair value through profit or loss ("**FVPL**")	10	**1,289,411**	1,341,514
Other receivables		**289,831**	289,997
Deferred tax assets		**49,471**	83,293
		10,007,233	10,416,839
Current assets			
Inventories and other contract costs	11	**6,941,510**	7,145,866
Trade and other receivables	12	**1,359,293**	1,578,368
Prepaid tax		**2,262**	2,295
Financial assets measured at FVPL	10	**24,388**	31,214
Restricted and pledged deposits		**1,774,616**	2,057,404
Cash and cash equivalents		**890,795**	579,975
		10,992,864	11,395,122
Investment properties classified as held for sale		**20,917**	20,679
		11,013,781	11,415,801
Current liabilities			
Trade and other payables	13	**2,880,392**	3,196,329
Contract liabilities		**113,899**	99,056
Bank loans and other borrowings		**2,864,001**	2,568,827
Lease liabilities		**7,894**	10,611
Tax payable		**197,588**	269,161
		6,063,774	6,143,984

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2023 – UNAUDITED (CONTINUED)
(Expressed in Hong Kong dollars)

	At 30 June 2023	At 31 December 2022
	$'000	*$'000*
Net current assets	**4,950,007**	5,271,817
Total assets less current liabilities	**14,957,240**	15,688,656
Non-current liabilities		
Bank loans and other borrowings	**4,751,062**	5,097,072
Lease liabilities	**29,052**	35,874
Deferred tax liabilities	**1,223,843**	1,273,704
	6,003,957	6,406,650
NET ASSETS	**8,953,283**	9,282,006
CAPITAL AND RESERVES		
Share capital	**141,273**	141,273
Reserves	**8,778,855**	9,082,607
Total equity attributable to equity shareholders of the Company and holders of PCSs	**8,920,128**	9,223,880
Non-controlling interests	**33,155**	58,126
TOTAL EQUITY	**8,953,283**	9,282,006

NOTES:

1 BASIS OF PREPARATION

The interim financial information set out in this announcement does not constitute the Group's interim financial report for the six months ended 30 June 2023, but is extracted from that interim financial report which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 28 August 2023.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The financial information relating to the financial year ended 31 December 2022 that is included in this announcement of the interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

Material uncertainty related to going concern

The Group's sales of properties reduced to $237.9 million for the six months ended 30 June 2023 (six months ended 30 June 2022: $2,622.7 million). As at 30 June 2023, the Group's current bank loans and other borrowings amounted to $2,864.0 million, while its cash and cash equivalents amounted to $890.8 million. In view of the prevailing slow-down of the property market, the Group may take longer time than expected to realise cash from the sale of its properties to meet its loan repayment obligations. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors have reviewed the Group's cash flow projections prepared by management, which covers a period of at least 12 months from 30 June 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 borrowers for renewal of existing bank facilities. The Group has drawn down a new bank loan of $162 million in July 2023 which has a term of 36 months from the date of first drawn down while another bank loan of $113 million is repaid in August 2023. No commitment or agreement had been reached for the remaining bank facilities as of the date of approval of this interim financial report.

(iii) Mr. Wong Chun Hong, a substantial shareholder of the Company, has issued a letter of financial support to the Company for a period of at least twelve months from 30 June 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 30 June 2023. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. The interim financial information does not include any adjustments that would result should the Group be unable to continue to operate as a going concern.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amended HKFRSs issued by the HKICPA to this interim financial report 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 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*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial information.

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

3 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified four reportable segments. No operating segments have been aggregated to form the following reportable segments.

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2023	2022
	$'000	*$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of properties	**237,915**	2,622,739
– Property management and related services income	**134,029**	141,649
– Education related services income	**20,859**	13,554
	392,803	2,777,942
Revenue from other sources		
Rental income	**105,866**	105,738
	498,669	2,883,680
Disaggregated by geographical location of customers		
– Mainland China	**303,209**	2,452,868
– Hong Kong	**195,460**	430,812
	498,669	2,883,680

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

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

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

Disaggregation of revenue from contracts with customers, revenue from other sources as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

For the six months ended 30 June	Property development		Property investment		Property management and related services		Education related services		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**237,915**	2,622,739	**105,866**	105,738	**134,029**	141,649	**20,859**	13,554	**498,669**	2,883,680
Inter-segment revenue	**–**	–	**21,135**	17,676	**27,661**	15,264	**–**	–	**48,796**	32,940
Reportable segment revenue	**237,915**	2,622,739	**127,001**	123,414	**161,690**	156,913	**20,859**	13,554	**547,465**	2,916,620
Reportable segment (loss)/profit (adjusted EBITDA)	**(23,107)**	176,953	**96,577**	99,174	**(2,681)**	3,290	**7,903**	1,742	**78,692**	281,159
Interest income from bank deposits	**10,587**	42,145	**10,260**	1,420	**190**	200	**867**	–	**21,904**	43,765
Other interest income	**23,577**	32,982	**–**	–	**–**	–	**–**	–	**23,577**	32,982
Interest expenses	**(110,614)**	(154,784)	**(5,137)**	(3,488)	**(3,392)**	–	**–**	–	**(119,143)**	(158,272)
Depreciation and amortisation	**(8,322)**	(12,536)	**(868)**	(839)	**(518)**	(630)	**(562)**	(577)	**(10,270)**	(14,582)
(Impairment loss)/reversal on trade and other receivables	**(279)**	–	**1,428**	(3,148)	**(10,982)**	693	**(9)**	–	**(9,842)**	(2,455)
Valuation gains on investment properties	**–**	–	**35,218**	35,649	**–**	–	**–**	–	**35,218**	35,649
As at 30 June/31 December										
Reportable segment assets	**9,993,469**	10,547,803	**9,947,726**	10,197,520	**412,680**	419,928	**149,729**	150,451	**20,503,604**	21,315,702
Reportable segment liabilities	**8,523,367**	8,617,440	**1,504,042**	1,721,985	**470,856**	343,223	**44,157**	50,654	**10,542,422**	10,733,302

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

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

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

	Six months ended 30 June	
	2023	2022
	$'000	*$'000*
Revenue		
Reportable segment revenue	**547,465**	2,916,620
Elimination of inter-segment revenue	**(48,796)**	(32,940)
Consolidated revenue	**498,669**	2,883,680
Profit or loss		
Reportable segment profit derived from Group's external customers	**78,692**	281,159
Share of losses of associates	**(807)**	(118)
Share of losses of joint ventures	**–**	(6,406)
Other revenue and net income	**141,019**	83,729
Impairment loss on trade and other receivables	**(9,842)**	(2,455)
Depreciation and amortisation	**(10,270)**	(14,582)
Finance costs	**(119,143)**	(158,272)
Valuation gains on investment properties	**35,218**	35,649
Unallocated head office and corporate expenses	**(57,749)**	(66,582)
Consolidated profit before taxation	**57,118**	152,122

4 OTHER REVENUE

	Six months ended 30 June	
	2023	2022
	$'000	*$'000*
Bank interest income	**21,904**	43,765
Other interest income	**23,577**	32,982
Interest income on financial assets measured at amortised cost	**45,481**	76,747
Service income from carparks	**15,748**	15,562
Others	**1,640**	4,137
	62,869	96,446

5 OTHER NET INCOME/(LOSS)

	Six months ended 30 June	
	2023	2022
	$'000	*$'000*
Fair value gain/(loss) on financial assets measured at FVPL	**568**	(18,549)
Net exchange (loss)/gain	**(4,561)**	8,423
Additional compensation income received from Hong Kong's government for land parcels in Yuen Long	**81,981**	–
Net loss on disposal of joint ventures	**–**	(2,591)
Others	**162**	–
	78,150	(12,717)

6 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2023	2022
	$'000	*$'000*
(a) Finance costs		
Interest on bank loans and other borrowings	**238,402**	244,254
Interest on lease liabilities	**1,164**	1,445
Interest on amounts due to non-controlling interests	**1,603**	2,933
Interest on bonds payable	**–**	12,230
Other borrowing costs	**8,235**	9,925
	249,404	270,787
Accrued interest on significant financing component of contract liabilities	**3,849**	5,280
	253,253	276,067
Less: Amount capitalised	**(134,110)**	(117,795)
	119,143	158,272
(b) Staff costs		
Salaries, wages and other benefits	**106,341**	104,330
Contributions to defined contribution retirement plans	**5,173**	6,198
	111,514	110,528

6 PROFIT BEFORE TAXATION (CONTINUED)

	Six months ended 30 June	
	2023	2022
	$'000	*$'000*
(c) Other items		
Depreciation and amortisation		
– plant and equipment	**3,182**	3,384
– right-of-use assets	**7,088**	11,198
	10,270	14,582
Cost of properties sold	**200,829**	2,189,633
Rental income from investment properties	**(105,866)**	(105,738)
Less: Direct outgoings	**5,073**	8,489
	(100,793)	(97,249)

7 INCOME TAX

	Six months ended 30 June	
	2023	2022
	$'000	*$'000*
Current tax		
Provision for Corporate Income Tax ("**CIT**")	**12,876**	84,481
Provision for Land Appreciation Tax ("**LAT**")	**1,437**	116,965
Provision for withholding tax	**–**	30,782
	14,313	232,228
Deferred tax		
Origination and reversal of temporary differences	**38,508**	(84,298)
	52,821	147,930

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.

Provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2022: 16.5%) to the six months ended 30 June 2023.

7 INCOME TAX (CONTINUED)

Provision for CIT is based on the respective applicable CIT rates on the estimated assessable profits of the subsidiaries in Mainland China within the Group as determined in accordance with the relevant income tax rules and regulations in Mainland China. The applicable CIT rate was 25% for the six months ended 30 June 2023 and 2022.

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

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share during the six months ended 30 June 2023 is based on the profit attributable to equity shareholders and the holders of PCSs of the Company of $23,428,000 (six months ended 30 June 2022: $6,307,000) and the weighted average number of 1,529,286,000 shares (six months ended 30 June 2022: 1,529,286,000 shares) in issue during the period, calculated as follows:

	Six months ended 30 June	
	2023	2022
	$'000	*$'000*
Profit attributable to equity shareholders of the Company and the holders of PCSs	**23,428**	6,307
	'000	*'000*
Weighted average number of shares (thousand shares)		
Issued ordinary shares	**1,412,733**	1,412,733
Effect of bonus issue of shares (with PCSs as an alternative)	**116,553**	116,553
Weighted average number of shares	**1,529,286**	1,529,286

(b) Diluted earnings per share

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

9 DIVIDENDS

(i) No interim dividend is declared for the six months ended 30 June 2023 and 2022.

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

	Six months ended 30 June	
	2023	2022
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the period, of HK1 cent (2022: HK1 cent) per ordinary share	**15,291**	15,322

10 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2023	At 31 December 2022
	$'000	*$'000*
Non-current		
Unlisted equity securities not held for trading	**36,986**	36,840
Trading securities	**36,175**	38,344
Receivables from the third parties *(note)*	**1,216,250**	1,266,330
	1,289,411	1,341,514
Current		
Unlisted equity securities not held for trading	**3,011**	7,810
Wealth management products	**21,377**	23,404
	24,388	31,214

Note: Receivables from the third parties are classified as level 3 financial instruments in the fair value hierarchy. The valuations of these financial assets are derived from valuations models which require a number of inputs and assumptions which are not observable from market data and which are significant to the entire measurement. During the period, the fair value gain on these financial assets measured at FVPL amounted to $7,152,000 (six months ended 30 June 2022: $2,002,000).

11 INVENTORIES AND OTHER CONTRACT COSTS

	At 30 June 2023 *$'000*	At 31 December 2022 *$'000*
Property development		
Leasehold land held for development for sale	**144,224**	149,650
Properties under development for sale	**4,467,239**	4,368,771
Completed properties for sale	**2,323,756**	2,621,515
	6,935,219	7,139,936
Other contract costs	**512**	548
	6,935,731	7,140,484
Other operations		
Low value consumables and supplies	**5,779**	5,382
	6,941,510	7,145,866

12 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2023 *$'000*	At 31 December 2022 *$'000*
Within 1 month	**40,726**	35,463
1 month to 3 months	**15,167**	16,518
3 months to 6 months	**11,066**	12,561
6 months to 1 year	**7,959**	4,587
Trade debtors, net of loss allowance	**74,918**	69,129
Other debtors, net of loss allowance *(Note (i))*	**592,595**	739,252
Less: amount to be recovered more than one year	**(289,831)**	(289,997)
	302,764	449,255
Financial assets measured at amortised cost	**377,682**	518,384
Deposits and prepayments *(Note (ii))*	**981,611**	1,059,984
	1,359,293	1,578,368

12 TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

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

	At 30 June 2023	At 31 December 2022
	$'000	*$'000*
Loans to the third parties (a)	**307,108**	309,143
Amounts due from joint ventures (b)	**35,097**	35,697
Others	**250,390**	394,412
	592,595	739,252

(a) As at 30 June 2023, apart from the loans to the third parties of $201,108,000 (31 December 2022: $203,143,000) which are secured, interest-bearing at 13% (31 December 2022: 13%) per annum and repayable after one year, all of the balances were secured, interest-bearing from 8% to 15% (31 December 2022: 8% to 15%) per annum and recoverable within one year.

(b) As at 30 June 2023 and 31 December 2022, the balances are unsecured, interest-free and recoverable on demand.

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

	At 30 June 2023	At 31 December 2022
	$'000	*$'000*
Prepayments for acquisition of land use rights	**736,663**	771,349
Prepayments for acquisitions of properties	**30,000**	30,000
Others	**214,948**	258,635
	981,611	1,059,984

13 TRADE AND OTHER PAYABLES

	At 30 June 2023 $'000	At 31 December 2022 $'000
Trade payables *(Note (i))*	**306,320**	194,065
Other creditors and accrued charges *(Note (ii))*	**1,402,668**	1,793,512
Amounts due to non-controlling interests *(Note (iii))*	**1,030,350**	1,038,430
Financial liabilities measured at amortised cost	**2,739,338**	3,026,007
Rental and other deposits	**80,079**	78,306
Valued added tax and other tax payables	**60,975**	92,016
	2,880,392	3,196,329

Notes:

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

	At 30 June 2023 $'000	At 31 December 2022 $'000
Within 1 month	**199,382**	60,637
1 month but within 3 months	**13,657**	40,392
3 months but within 6 months	**39,409**	39,399
6 months but within 1 year	**33,421**	33,542
Over 1 year	**20,451**	20,095
	306,320	194,065

(ii) The estimated value of future settlement properties to be compensated to residents of $1,056,269,000 (31 December 2022: $1,149,410,000) is included in other creditors and accrued charges which is expected to be settled within one year by delivering the respective properties.

(iii) As at 30 June 2023, apart from the amounts due to non-controlling interests of $84,309,000 (31 December 2022: $88,278,000) which are interest-bearing at 4.35% (31 December 2022: 4.35%) per annum, unsecured and repayable on demand, all of the balances are unsecured, interest-free and repayable on demand.

14 COMMITMENTS

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

	At 30 June 2023	At 31 December 2022
	$'000	*$'000*
Contracted for	**141,355**	334,045
Authorised but not contracted for	**181,453**	187,253
	322,808	521,298

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

EXTRACT OF REVIEW REPORT

The following is an extract of review report on the Group's interim financial report for the six months ended 30 June 2023:

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2023 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting.*

Material uncertainty related to going concern

We draw attention to note 1 to the interim financial report, which indicates that the Group's sales of properties reduced to approximately HK$237.9 million for the six months ended 30 June 2023 (six months ended 30 June 2022: HK$2,622.7 million). As at 30 June 2023, the Group's current bank loans and other borrowings amounted to HK$2,864.0 million, while its cash and cash equivalents amounted to approximately HK$890.8 million. In view of the prevailing slow-down of the property market, the Group may take longer time than expected to realise cash from the sale of its properties to meet its loan repayment obligations. These conditions, along with the matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review for the six months ended 30 June 2023

(1) Pre-sales

For the six months ended 30 June 2023, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK$421.7 million (of which approximately HK$419.4 million was from pre-sales of properties), representing a decrease of approximately 24.4% as compared to the figure recorded in the corresponding period of 2022. The Group's total pre-sold gross floor area ("**GFA**") was approximately 4,962 sq.m., representing a decrease of approximately 14.8% from approximately 5,821 sq.m. for the six months ended 30 June 2022. The average selling price ("**ASP**") of the Group's pre-sales of properties for the six months ended 30 June 2023 was approximately HK$84,522.4 per sq.m. (for the six months ended 30 June 2022: approximately HK$92,733.2 per sq.m.). In addition, the Group recorded pre-sales of car park units of approximately HK$2.3 million from 18 car park units for the six months ended 30 June 2023.

A breakdown of the total pre-sales of the Group during the six months ended 30 June 2023 is set out as follows:

City	**Project and type of project**	**Pre-sold GFA**		**Pre-sales**		**Pre-sales ASP**
		sq.m.	*%*	*HK$ million*	*%*	*HK$/sq.m.*
Tianjin	Tianjin Le Leman City – residential	3,081	62.1	34.6	8.2	11,230.1
Shenzhen	Shenzhen Upper Residence – residential	784	15.8	48.9	11.7	62,372.4
Hong Kong	Hong Kong 128 WATERLOO – residential	1,097	22.1	335.9	80.1	306,198.7
		4,962	100.0	419.4	100.0	84,522.4

City	**Project**	**Number of pre-sold car park units**		**Pre-sales**		**Pre-sales ASP**
		unit	*%*	*HK$ million*	*%*	*HK$/unit*
Nanjing	The Sunny Land – Nanjing	18	100.0	2.3	100.0	127,777.8

(2) Projects delivered and booked for the six months ended 30 June 2023

For the six months ended 30 June 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$236.0 million with saleable GFA of approximately 3,038 sq.m.. The recognised ASP of the Group's sale of properties was approximately HK$77,682.7 per sq.m. for the six months ended 30 June 2023.

For the six months ended 30 June 2023, the Group delivered and recognised sale of car park units of approximately HK$1.9 million from the sale of 16 car park units.

Details of sale of properties recognised by the Group during the six months ended 30 June 2023 are listed below:

City	Project and type of project	Saleable GFA booked	Sale of properties recognised	Recognised ASP
		sq.m.	*HK$ million*	*HK$/sq.m.*
Tianjin	Tianjin Le Leman City – residential	1,573	15.7	9,980.9
Shenzhen	Shenzhen Upper Residence – residential	867	45.7	52,710.5
Hong Kong	Hong Kong 128 WATERLOO – residential	598	174.6	291,973.2
Total		3,038	236.0	77,682.7

Details of sale of car park units recognised by the Group during the six months ended 30 June 2023 are listed below:

City	Project	Number of car park units booked	Sale of car park units recognised	Recognised ASP
		unit	*HK$ million*	*HK$/unit*
Nanjing	The Sunny Land – Nanjing	16	1.9	118,750.0

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

In addition to the sale of properties developed by the Group, the Group has also leased out or expects to lease out its investment property portfolio, which mainly comprises shopping malls, community commercial centres, retail shops, serviced apartments and car park units in The Spring Land – Shenzhen, Changzhou Fashion Mark, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden, Chengdu Fashion Mark, Shanghai Shama Century Park, Shanghai Bay Valley and Kunming Dianchi Lakeside Peninsula in Mainland China and Kowloon Tong Rutland Quadrant Project in Hong Kong. As at 30 June 2023, the total fair value of the investment properties (inclusive of investment properties classified as held for sale) of the Group was approximately HK$7,992.5 million, representing approximately 38.0% of the Group's total asset value. The Group's investment property portfolio had a total leasable GFA of approximately 304,789 sq.m.. The Group recorded gain of approximately HK$35.2 million (for the six months ended 30 June 2022: approximately HK$35.6 million) in fair value of its investment properties for the six months ended 30 June 2023.

The Group carefully plans and selects tenants based on factors such as the project's overall positioning, market demand in surrounding areas, market rent and development needs of tenants. The Group attracts large-scale anchor tenants which assist in enhancing the value of its projects. The Group enters into longer-term and more favourable lease contracts with such anchor and reputable tenants which include well-known brands, chain cinema operators, reputable restaurants and top operators of catering businesses. As at 30 June 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 GFA in its investment properties under operation.

The Group generated rental income of approximately HK$105.9 million for the six months ended 30 June 2023, representing an increase of approximately 0.2% from approximately HK$105.7 million for the six months ended 30 June 2022. The average monthly rental income of the Group's investment properties under operation for the six months ended 30 June 2023 was approximately HK$70.1 per sq.m. (for the six months ended 30 June 2022: approximately HK$71.3 per sq.m.). The decrease in the average monthly rental income was mainly attributable to a decrease in rental rate of the Group's existing investment properties under operation during the six months ended 30 June 2023.

Details of the Group's major investment properties as at 30 June 2023 and the Group's rental income for the six months ended 30 June 2023 are set out as follows:

Investment Properties (inclusive of investment properties classified as held for sale)	**Leasable GFA as at 30 June 2023**	**Fair value as at 30 June 2023**	**Rental income for the six months ended 30 June 2023**	**Average monthly rental income per sq.m. for the six months ended 30 June 2023**	**Occupancy rate as at 30 June 2023**
	(Note)				
	sq.m.	*HK$ million*	*HK$ million*	*HK$/sq.m.*	*%*
Investment properties under operation					
Changzhou Fashion Mark Phases 1 and 2 (Shopping mall and car park units)	80,771	1,313.5	13.7	35.8	78.9
The Spring Land – Shenzhen (Shopping mall)	33,454	1,383.5	25.0	152.0	82.0
Chengdu Fashion Mark (Shopping mall and car park units)	38,285	745.0	13.7	63.7	93.6
Shanghai Bay Valley	97,854	2,837.5	22.8	57.8	67.0

Note: The leasable GFA as at 30 June 2023 excluded car park units.

(4) *Land bank as at 30 June 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 Guangdong-Hong Kong-Macau Greater Bay Area (the "**Greater Bay Area**"), the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu- Chongqing regions in the People's Republic of China (the "**PRC**" or "**China**").

As at 30 June 2023, the Group had a total of 20 projects over 10 cities in various stages of development, including an estimated net saleable/leasable GFA of completed projects of approximately 348,002 sq.m., an estimated net saleable/leasable GFA of projects under development of approximately 90,849 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 445,348 sq.m., the details of which are as follows:

Project no.	City	Project	Type of project	Estimated net saleable/ leasable GFA	Interest attributable to the Group
				sq.m.	*%*
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley	Residential	4,015	100.0
2	Shenzhen	The Spring Land – Shenzhen	Commercial	33,454	100.0
3	Shenzhen	Shenzhen Water Flower Garden	Commercial	4,992	100.0
4	Changzhou	Changzhou Fashion Mark	Commercial	82,490	100.0
5	Dongguan	Dongguan Landmark	Commercial	20,172	100.0
6	Hangzhou	Hangzhou Landmark	Commercial	26,182	100.0
7	Chengdu	Chengdu Fashion Mark	Commercial	38,285	100.0
8	Shanghai	Shanghai Shama Century Park	Serviced apartments	298	70.0
9	Tianjin	Tianjin Le Lemen City	Residential/ Commercial	21,130	58.0
10	Nanjing	The Spring Land – Nanjing	Commercial	717	100.0
11	Shanghai	Bay Valley Project	Commercial	97,526	70.0
12	Hong Kong	Hong Kong Kowloon Tong Rutland Quadrant Project	Campus	574	100.0
13	Kunming	Kunming Dianchi Lakeside Peninsula	Commercial	1,415	100.0
14	Shenzhen	Shenzhen Upper Residence	Residential/ Commercial	12,300	100.0
15	Hong Kong	Hong Kong 128 WATERLOO	Residential	4,452	60.0
Sub-total				348,002	
Projects under Development					
16	Shenzhen	Shenzhen Topspring International Mansion	Commercial	58,294	100.0
17	Shenzhen	Shenzhen Jianshang Commercial Building	Commercial	9,518	100.0
18	Hong Kong	Hong Kong Yuen Long Shap Pat Heung Road Project	Residential	20,050	10.0
19	Hong Kong	Hong Kong Yuen Long Tai Tong Road Project	Residential	2,987	10.0
Sub-total				90,849	

Project no.	City	Project	Type of project	Estimated net saleable/ leasable GFA	Interest attributable to the Group
				sq.m.	*%*
Projects Contracted to be Acquired or under Application for Change in Land Use					
20	Hong Kong	Hong Kong Sheung Shui Ma Sik Road Project	Residential	6,497	50.0
Sub-total				6,497	
Total				445,348	

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

Region/City	**Estimated net saleable/ leasable GFA**
	sq.m.
Shenzhen and surrounding regions (including Dongguan)	142,745
Shanghai	97,824
Nanjing	717
Chengdu	38,285
Hangzhou	26,182
Tianjin	21,130
Changzhou	82,490
Kunming	1,415
Hong Kong	34,560
Total	445,348

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

BUSINESS REVIEW

In the first half of 2023, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK$421.7 million (corresponding period of 2022: approximately HK$558.1 million), pre-sold saleable GFA of 4,962 sq.m. (corresponding period of 2022: 5,821 sq.m.) and gross profit margin of the recognised sales of approximately 13.0% (corresponding period of 2022: approximately 10.3%).

In the first half of 2023, the Group's rental income from investment properties was approximately HK$105.9 million (corresponding period of 2022: approximately HK$105.7 million), representing an increase of approximately 0.2%. As at 30 June 2023, the overall occupancy rate of the Group's investment properties was 79.1%. As at 30 June 2023, the total leasable GFA of the operating investment property portfolio was 304,789 sq.m.. In addition, as at 30 June 2023, the accumulated total area of properties managed by the Group amounted to approximately 16,012,000 sq.m., of which approximately 11,372,000 sq.m. property area was not developed by the Group and approximately 208,000 sq.m. was commercial property management projects.

As at 30 June 2023, the land bank (i.e. the net saleable/leasable GFA) of 20 projects of the Group was approximately 445,348 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

In the first half of 2023, the economy of the Greater Bay Area realised gradual improvement, characterized by innovation leadership, high openness, development concentration and a conducive living and business environment, among others. These characteristics helped the Greater Bay Area to maintain its resilience and continue its high-quality development momentum. With the advancement of a series of mega-projects in the Greater Bay Area, industrial cooperation across regions has been accelerating. In close alignment with the development planning and priorities of the construction of the Greater Bay Area, the Group will highly focus on core cities such as Hong Kong, Shenzhen and Guangzhou, and leverage its own advantages and capabilities to explore project opportunities, so as to realise the development strategy of the Group.

Maintaining and moderately increasing rental properties that generate stable income growth

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

Actively seeking overseas investment opportunities with a focus on Hong Kong

The Group has always been optimistic about the important role and position of Hong Kong in the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, as well as the development opportunities in the northern metropolitan area of Hong Kong. With the full relaxation of pandemic-related control policies, Hong Kong's advantages as a financial, shipping and trading centre were highlighted by the reopening of borders and the return of foreigners and white-collar workers. The Group remains optimistic about and attaches importance to investment opportunities in Hong Kong, and will leverage its capabilities and advantages in developing high-end boutique properties to further invest in the Hong Kong market and actively explore opportunities for premium 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 make prudent investments, so as to seek opportunities in business breakthroughs and growth and achieving the synergistic development of diversified businesses alongside the real estate business.

FINANCIAL REVIEW

For the six months ended 30 June 2023, the Group's total revenue and income from sale of properties were approximately HK$498.7 million and HK$237.9 million, respectively, decreased by approximately 82.7% and 90.9%, respectively, as compared with the corresponding period of 2022. The Group recorded a profit attributable to equity shareholders of the Company of approximately HK$23.4 million as compared with approximately HK$6.3 million recorded in the corresponding period of 2022. For the six months ended 30 June 2023, the Group had a basic earnings per ordinary share (the "**Share(s)**") of HK1.5 cents, compared with HK0.4 cents in the corresponding period of 2022. Net assets per Share attributable to equity shareholders of the Company and holders of PCSs were approximately HK$5.8 as at 30 June 2023 and approximately HK$6.0 as at 31 December 2022.

No interim dividend is declared for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

Revenue

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

The Group's revenue decreased by approximately 82.7% to approximately HK$498.7 million for the six months ended 30 June 2023 from approximately HK$2,883.7 million for the six months ended 30 June 2022. This decrease was primarily due to a decrease in sales of properties. The Group recognised property sales of approximately HK$237.9 million, representing approximately 47.7% of the revenue for the six months ended 30 June 2023. The remaining approximately 52.3% represented rental income, property management and related services income and income from education related services and products.

Revenue from the Group's rental income and property management and related services income decreased by approximately 3.0% for the six months ended 30 June 2023 as compared with the corresponding period of 2022 primarily due to the decrease in exchange rate.

Direct costs

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

The Group's direct costs decreased to approximately HK$338.1 million for the six months ended 30 June 2023 from approximately HK$2,483.1 million for the six months ended 30 June 2022. Such decrease was primarily attributable to a decrease in sales of properties for the six months ended 30 June 2023.

Gross profit

The Group's gross profit decreased by approximately 59.9% to approximately HK$160.6 million for the six months ended 30 June 2023 from approximately HK$400.6 million for the six months ended 30 June 2022. The Group recorded a gross profit margin of approximately 32.2% for the six months ended 30 June 2023 as compared with approximately 13.9% for the six months ended 30 June 2022. The increase in gross profit margin was primarily due to the decrease in sales of properties which have lower profit margins.

Other revenue

Other revenue decreased by approximately HK$33.5 million, or approximately 34.8%, to approximately HK$62.9 million for the six months ended 30 June 2023 from approximately HK$96.4 million for the six months ended 30 June 2022. The decrease was primarily attributable to the decrease in bank and other interest income.

Other net income/(loss)

Other net income/(loss) increased significantly by approximately 720.6% to income of approximately HK$78.2 million for the six months ended 30 June 2023 from loss of approximately HK$12.6 million for the six months ended 30 June 2022, mainly due to the additional compensation income received from the Hong Kong government for land parcels in Yuen Long.

Selling and marketing expenses

Selling and marketing expenses decreased by approximately 37.3% to approximately HK$41.8 million for the six months ended 30 June 2023 from approximately HK$66.7 million for the six months ended 30 June 2022, which was consistent with the decrease in the sale of properties.

Administrative expenses

Administrative expenses decreased by approximately 19.3% to approximately HK$108.0 million for the six months ended 30 June 2023 from approximately HK$133.9 million for the six months ended 30 June 2022 due to the decrease in staff costs incurred.

Valuation gains on investment properties

Valuation gains on investment properties was approximately HK$35.2 million for the six months ended 30 June 2023 (for the six months ended 30 June 2022: approximately HK$35.6 million), representing a decrease of approximately 1.1%.

Finance costs

Finance costs decreased by approximately 24.8% to approximately HK$119.1 million for the six months ended 30 June 2023 from approximately HK$158.3 million for the corresponding period of 2022. The decrease was primarily attributable to the repayment of loan and bonds payable.

Income tax

Income tax expense decreased by approximately 64.3% to approximately HK$52.8 million for the six months ended 30 June 2023 from approximately HK$147.9 million for the six months ended 30 June 2022. The income tax expense for the period was consistent with the decrease in the sale of properties.

Non-controlling interests

The loss attributable to non-controlling interests was approximately HK$19.1 million for the six months ended 30 June 2023 as compared with approximately HK$2.1 million in the corresponding period of 2022.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2023, the carrying amount of the Group's cash and bank deposits was approximately HK$2,665.4 million (as at 31 December 2022: approximately HK$2,637.4 million), representing an increase of approximately 1.1%.

Borrowings and charges on the Group's assets

The Group had an aggregate borrowings (including bank and other borrowings and lease liabilities) as at 30 June 2023 of approximately HK$7,652.0 million, of which approximately HK$2,871.9 million is repayable within one year, approximately HK$4,131.0 million is repayable after one year but within five years and approximately HK$649.1 million is repayable after five years.

As at 30 June 2023, the Group's bank loans of approximately HK$6,848.6 million (as at 31 December 2022: approximately HK$6,902.2 million) were secured by certain investment properties, property, plant and equipment, leasehold land held for development for sale, properties under development for sale, completed properties for sale, pledged deposits and rental receivables of the Group with total carrying values of approximately HK$13,421.8 million (as at 31 December 2022: approximately HK$12,972.2 million).

The carrying amounts of all the Group's bank loans and other borrowings were denominated in RMB except for certain borrowings with an aggregate amount of approximately HK$2,104.4 million (as at 31 December 2022: approximately HK$2,141.8 million) and HK$983.0 million (as at 31 December 2022: approximately HK$979.3 million) as at 30 June 2023 which were denominated in Hong Kong dollars and US dollars, respectively.

Cost of borrowings

The Group's annualised average cost of borrowings (calculated by dividing total interest expenses expensed and capitalised by average borrowings, during the period) was approximately 6.6% for the six months ended 30 June 2023 (for the six months ended 30 June 2022: approximately 5.6%).

Net gearing ratio

The net gearing ratio is calculated by dividing the Group's net borrowings (aggregate borrowings net of cash and cash equivalents and restricted and pledged deposits) by the total equity. The Group's net gearing ratios as at 30 June 2023 and 31 December 2022 were approximately 55.7% and 54.7%, respectively. The rise in net gearing ratio was mainly attributable to the depreciation of the exchange rate during the six months ended 30 June 2023.

Foreign exchange risk

As at 30 June 2023, the Group had cash balances denominated in RMB of approximately RMB2,080.7 million (equivalent to approximately HK$2,249.2 million), in US dollars of approximately US$0.5 million (equivalent to approximately HK$3.8 million) and in Australian dollars of approximately AUD2.4 million (equivalent to approximately HK$12.4 million).

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign currency risk arising from the exposure of RMB against Hong Kong dollars, US dollars or Australian dollars as a result of its investment in the PRC and the settlement of certain administrative expenses and borrowings in Hong Kong dollars, US dollars or Australian dollars. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

NET ASSETS PER SHARE

Net assets per Share of the Company as at 30 June 2023 and 31 December 2022 are calculated as follows:

	As at 30 June 2023	As at 31 December 2022
Net assets attributable to equity shareholders of the Company and the holders of PCSs *(HK$'000)*	**8,920,128**	9,223,880
Number of issued ordinary Shares *('000)*	**1,412,733**	1,412,733
Number of outstanding PCSs *('000)*	**116,553**	116,553
Number of Shares for the calculation of net assets per Share *('000)*	**1,529,286**	1,529,286
Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs *(HK$) (Note)*	**5.8**	6.0

Note: The net assets per Share attributable to equity shareholders of the Company and the holders of PCSs is calculated as if the holders of PCSs have converted the PCSs into Shares as at 30 June 2023 and 31 December 2022.

CONTINGENT LIABILITIES

As at 30 June 2023, save for the guarantees of approximately HK$264.8 million (as at 31 December 2022: approximately HK$462.4 million) given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties, the Group had no other material contingent liabilities.

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group employed a total of 807 employees (as at 31 December 2022: 883 employees) in Mainland China and Hong Kong, of which, 50 were under the headquarters team, 105 were under the property development division and 649 were under the retail operation and property management division, 3 were under education division. For the six months ended 30 June 2023, the total staff costs incurred was approximately HK$111.5 million (for the six months ended 30 June 2022: approximately HK$110.5 million). The remuneration of the employees was based on their performance, work experience, skills, knowledge and the prevailing market wage level. The Group remunerated the employees by means of basic salaries, cash bonuses and equity settled share-based payments.

The Company 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, 23 October 2015 and 5 December 2016, the Group granted 15,720,000 share options (Lot 1), 14,000,000 share options (Lot 2), 82,650,000 share options (Lot 3), 3,000,000 share options (Lot 4), 10,000,000 share options (Lot 5) and 31,000,000 share options (Lot 6), respectively, under the post-IPO share option scheme at the exercise prices of HK$2.264 per Share (adjusted), HK$4.14 per Share, HK$3.3 per Share, HK$3.65 per Share, HK$3.45 per Share and HK$2.796 per Share, respectively, to certain Directors, senior management and selected employees of the Group. The post-IPO share option scheme expired on 27 February 2021. While no new share option can be granted, all outstanding share options granted prior to the expiration of the scheme shall continue to be valid and exercisable in accordance with the rules of the post-IPO share option scheme.

Movement of the outstanding share options under the post-IPO share option scheme during the six months ended 30 June 2023 is as follows:

	Exercise price *HK$ per Share*	**As at 1 January 2023**	**Share options granted**	**Share options exercised**	**Share options cancelled**	**Share options lapsed**	**As at 30 June 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		57,888,000	–	–	–	3,950,000	53,938,000

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 30 June 2023 and the date of this announcement, no share option was granted by the Company pursuant to the New Share Option Scheme.

IMPORTANT EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD

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

INTERIM DIVIDEND

The Board will consider the declaration of dividend at its meeting for the approval of final results and it resolved not to declare an interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all the code provisions under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**CG Code**") during the six months ended 30 June 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 should be separate and should not be performed by the same individual. During the six months ended 30 June 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by the Directors. After having made specific enquiries with all the Directors, all the Directors have confirmed that they had complied with the required standards set out in the Model Code and its code of conduct during the six months ended 30 June 2023.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and practice adopted by the Group and has reviewed the interim results of the Group for the six months ended 30 June 2023. The audit committee of the Company comprises three independent non-executive Directors, namely Mr CHENG Yuk Wo (Chairman), Professor WU Si Zong and Mr CHAN Yee Herman.

The financial information in this announcement is unaudited and is derived from the interim financial report for the six months ended 30 June 2023. The interim financial report is unaudited, but has been reviewed by KPMG, the Company's auditor, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, KPMG did not express an audit opinion.

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

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at **www.hkex.com.hk** and at the website of the Company at **www.topspring.com**. The interim report will be despatched to the shareholders of the Company and available on the above websites in due course.

By order of the Board
TOP SPRING INTERNATIONAL HOLDINGS LIMITED
WONG Chun Hong
Chairman

Hong Kong, 28 August 2023

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.