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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 2024

HIGHLIGHTS

- For the year ended 31 December 2024, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK\$784.5 million. The pre-sales of properties was approximately HK\$779.8 million with pre-sold GFA of approximately 14,269 sq.m. and ASP of approximately HK\$54,649.9 per sq.m., representing an increase of approximately 30.7% and 89.2%, and a decrease of approximately 30.3%, respectively, as compared with 2023.
- Revenue for the year ended 31 December 2024 increased by approximately 43.5% to approximately HK\$1,369.3 million from approximately HK\$954.3 million for the year ended 31 December 2023.
- For the year ended 31 December 2024, the Group generated recurring rental income of approximately HK\$223.1 million (2023: approximately HK\$217.2 million) from its investment properties which mainly comprised shopping malls, community commercial centres, retail shops, offices and car park units. As at 31 December 2024, the investment property portfolio had a total leasable GFA of approximately 301,768 sq.m. and a fair value of approximately HK\$6,378.4 million, representing approximately 38.4% of the Group's total assets.
- Gross loss margin was approximately 8.5% for the year ended 31 December 2024, whereas the gross loss margin was approximately 26.6% for the year ended 31 December 2023.

- For the year ended 31 December 2024, the loss attributable to equity shareholders of the Company and the holders of PCSs was approximately HK\$1,832.6 million (for the year ended 31 December 2023: approximately HK\$876.9 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 2024 were approximately HK\$1.20 and HK\$1.20, respectively (for the year ended 31 December 2023: approximately HK\$0.57 and HK\$0.57, respectively).
- Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs as at 31 December 2024 was approximately HK\$4.0 (as at 31 December 2023: approximately HK\$5.3).
- The Group's net gearing ratio was approximately 80.0% and 63.6% as at 31 December 2024 and 2023, respectively.
- The Board did not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

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**”) hereby announces the consolidated annual results of the Group for the year ended 31 December 2024 with comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	3	1,369,285	954,319
Direct costs		<u>(1,486,059)</u>	<u>(1,208,094)</u>
Gross loss		(116,774)	(253,775)
Valuation (losses)/gains on investment properties		(1,195,925)	14,376
Other revenue	4	99,642	158,795
Other net loss	5	(173,145)	(39,695)
Selling and marketing expenses		(257,583)	(76,519)
Administrative expenses		(197,822)	(176,820)
Reversal of impairment loss/(impairment loss) on trade and other receivables		<u>2,066</u>	<u>(85,225)</u>
Loss from operations		(1,839,541)	(458,863)
Finance costs	6(a)	(303,166)	(319,999)
Share of losses of associates		<u>(4,149)</u>	<u>(57,615)</u>
Loss before taxation	6	(2,146,856)	(836,477)
Income tax	7	<u>250,237</u>	<u>(63,853)</u>
Loss for the year		<u><u>(1,896,619)</u></u>	<u><u>(900,330)</u></u>

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Attributable to:			
Equity shareholders of the Company and holders of bonus perpetual subordinated convertible securities ("PCSs")		(1,832,632)	(876,893)
Non-controlling interests		<u>(63,987)</u>	<u>(23,437)</u>
Loss for the year		<u>(1,896,619)</u>	<u>(900,330)</u>
Loss per share (HK\$)			
Basic and diluted	8	<u>(1.20)</u>	<u>(0.57)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	<u>(1,896,619)</u>	<u>(900,330)</u>
Other comprehensive income for the year (after tax and reclassification adjustments)		
<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	11,007	9,365
Deferred tax liability arising on revaluation gain on change of use to investment properties	<u>(2,752)</u>	<u>(2,342)</u>
	<u>8,255</u>	<u>7,023</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign subsidiaries	<u>(209,954)</u>	<u>(250,246)</u>
Other comprehensive income for the year, net of income tax	<u>(201,699)</u>	<u>(243,223)</u>
Total comprehensive income for the year	<u><u>(2,098,318)</u></u>	<u><u>(1,143,553)</u></u>
Attributable to:		
Equity shareholders of the Company and holder of PCSs	(2,023,465)	(1,116,388)
Non-controlling interests	<u>(74,853)</u>	<u>(27,165)</u>
Total comprehensive income for the year	<u><u>(2,098,318)</u></u>	<u><u>(1,143,553)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Investment properties		6,378,394	8,105,892
Property, plant and equipment		97,417	138,126
		6,475,811	8,244,018
Intangible assets		3,769	3,769
Goodwill		40,736	40,736
Interests in associates		3,320	158,358
Financial assets measured at fair value through profit or loss (“ FVPL ”)		1,155,250	1,202,818
Other receivables		–	314,675
Deferred tax assets		125,054	112,663
		7,803,940	10,077,037
Current assets			
Inventories and other contract costs		5,077,341	6,300,697
Financial assets measured at FVPL		2,893	2,835
Trade and other receivables	10	1,723,556	1,467,188
Prepaid tax		2,235	2,141
Restricted and pledged deposits		1,379,837	1,525,775
Cash and cash equivalents		376,867	665,194
		8,562,729	9,963,830
Investment properties classified as held for sale		250,000	–
		8,812,729	9,963,830

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current liabilities			
Trade and other payables	11	2,694,931	2,956,489
Bank loans and other borrowings		2,659,573	3,305,907
Contract liabilities		162,169	146,774
Lease liabilities		5,825	6,072
Tax payable		189,537	206,733
		<u>5,712,035</u>	<u>6,621,975</u>
Net current assets		<u>3,100,694</u>	<u>3,341,855</u>
Total assets less current liabilities		<u>10,904,634</u>	<u>13,418,892</u>
Non-current liabilities			
Bank loans and other borrowings		3,820,770	3,948,400
Lease liabilities		28,752	28,946
Deferred tax liabilities		1,030,268	1,318,384
		<u>4,879,790</u>	<u>5,295,730</u>
NET ASSETS		<u>6,024,844</u>	<u>8,123,162</u>
CAPITAL AND RESERVES			
Share capital		141,273	141,273
Reserves		5,927,463	7,950,928
Total equity attributable to equity shareholders of the Company and holders of PCSs		<u>6,068,736</u>	<u>8,092,201</u>
Non-controlling interests		<u>(43,892)</u>	<u>30,961</u>
TOTAL EQUITY		<u>6,024,844</u>	<u>8,123,162</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 (the “**Stock Exchange**”) on 23 March 2011.

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 (the “**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 2024 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 (“**the Listing Rules**”).

Material uncertainty related to going concern

For the year ended 31 December 2024, the Group incurred a net loss of approximately HK\$1,896.6 million (2023: approximately HK\$900.3 million). In particular, a reportable segment loss for property development segment was approximately HK\$592.8 million (2023: approximately HK\$537.7 million).

As at 31 December 2024, the Group’s current bank loans and other borrowings amounted to approximately HK\$2,659.6 million, including bank loans and other borrowings outside Mainland China of approximately HK\$2,122.5 million. However, the Group only had cash and cash equivalents amounted to approximately HK\$376.9 million, including those situated outside Mainland China of approximately HK\$115.1 million. In view of the continuing deterioration of the property market, tightening of the financing environment and exchange restrictions for remittance of funds out of Mainland China, the Group has challenges in realising cash from the sale of its properties, renewing existing bank facilities and borrowings and remitting funds from Mainland China in a timely manner to meet its loan repayment obligations. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors of the Company (the “**Directors**”) 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 the management of the Company, which covers a period of at least 12 months from 31 December 2024. Certain plans and measures have been or will be taken to mitigate the liquidity pressures and to improve its financial position which include, but not limited to, the following:

- (i) Management is negotiating with the banks and a shareholder for renewal of existing bank facilities and the borrowings. From 1 January 2025 to the date of approval of the consolidated financial statements, the Group has renewed the existing bank facilities of approximately HK\$320.6 million, drawn down new bank loans of approximately HK\$146.7 million and settled the current bank loans of approximately HK\$593.4 million. For the remaining balances including majority of bank loans and shareholder loan outside Mainland China as mentioned above, no commitment or agreement has been reached yet.

- (ii) The Group is seeking potential buyers to acquire its properties and investments outside Mainland China.
- (iii) The subsidiaries in Mainland China are exploring ways to transfer funds to the subsidiaries in Hong Kong to partially repay the loans outside Mainland China, but they are subject to the approval from the State Administration of Foreign Exchange.
- (iv) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and speed up the collection of outstanding sales proceeds and other receivables.
- (v) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The board of Directors are of the opinion that, assuming success of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due for at least the next twelve months from 31 December 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

2 CHANGES IN ACCOUNTING POLICIES

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

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

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of properties	806,752	405,477
– Property management and related services income	293,294	287,352
– Education related services income	46,102	44,245
	<u>1,146,148</u>	<u>737,074</u>
Revenue from other sources		
Gross rentals from investment properties		
– Lease payments that are fixed or depend on a rate	212,174	204,844
– Variable lease payments that do not depend on an index or a rate	10,963	12,401
	<u>223,137</u>	<u>217,245</u>
	<u>1,369,285</u>	<u>954,319</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 (2023: 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 Mainland China 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, other revenue and net income, valuation change on investment properties, reversal of impairment loss/(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 2024 and 2023 is set out below.

	Property development		Property investment		Property management and related services		Education related services		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	806,752	405,477	223,137	217,245	293,294	287,352	46,102	44,245	1,369,285	954,319
Inter-segment revenue	-	-	27,270	52,201	29,205	46,117	-	-	56,475	98,318
Reportable segment revenue	<u>806,752</u>	<u>405,477</u>	<u>250,407</u>	<u>269,446</u>	<u>322,499</u>	<u>333,469</u>	<u>46,102</u>	<u>44,245</u>	<u>1,425,760</u>	<u>1,052,637</u>
Reportable segment (loss)/profit (adjusted EBITDA)	<u>(592,819)</u>	<u>(537,731)</u>	<u>138,020</u>	<u>112,289</u>	<u>(32,197)</u>	<u>(35,279)</u>	<u>18,556</u>	<u>4,795</u>	<u>(468,440)</u>	<u>(455,926)</u>
Reportable segment assets	<u>7,527,234</u>	<u>8,977,400</u>	<u>8,187,899</u>	<u>10,081,675</u>	<u>411,700</u>	<u>363,283</u>	<u>179,751</u>	<u>158,877</u>	<u>16,306,584</u>	<u>19,581,235</u>
Reportable segment liabilities	<u>8,334,989</u>	<u>9,394,558</u>	<u>254,694</u>	<u>158,098</u>	<u>353,930</u>	<u>401,780</u>	<u>61,839</u>	<u>48,019</u>	<u>9,005,452</u>	<u>10,002,455</u>

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

	2024 HK\$'000	2023 HK\$'000
Revenue		
Reportable segment revenue	1,425,760	1,052,637
Elimination of inter-segment revenue	<u>(56,475)</u>	<u>(98,318)</u>
Consolidated revenue (Note 3(a))	<u><u>1,369,285</u></u>	<u><u>954,319</u></u>
Loss		
Reportable segment loss derived from Group's external customers	(468,440)	(455,926)
Share of losses of associates	(4,149)	(57,615)
Other revenue and net loss	(73,503)	119,100
Reversal of impairment loss/(impairment loss) on trade and other receivables	2,066	(85,225)
Depreciation and amortisation	(19,297)	(19,503)
Finance costs	(303,166)	(319,999)
Valuation (losses)/gains on investment properties	(1,195,925)	14,376
Unallocated head office and corporate expenses	<u>(84,442)</u>	<u>(31,685)</u>
Consolidated loss before taxation	<u><u>(2,146,856)</u></u>	<u><u>(836,477)</u></u>
Assets		
Reportable segment assets	16,306,584	19,581,235
Interests in associates	3,320	158,358
Financial assets measured at FVPL	64,401	67,231
Prepaid tax	2,235	2,141
Deferred tax assets	125,054	112,663
Unallocated head office and corporate assets	<u>115,075</u>	<u>119,239</u>
Consolidated total assets	<u><u>16,616,669</u></u>	<u><u>20,040,867</u></u>
Liabilities		
Reportable segment liabilities	9,005,452	10,002,455
Tax payable	189,537	206,733
Deferred tax liabilities	1,030,268	1,318,384
Unallocated head office and corporate liabilities	<u>366,568</u>	<u>390,133</u>
Consolidated total liabilities	<u><u>10,591,825</u></u>	<u><u>11,917,705</u></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, and receivables from the third parties ("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 and receivables from the third parties and the location of operations, in the case of interests in associates.

	Revenue from external customers		Specified non-current assets	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Mainland China	773,103	655,500	7,569,985	9,120,621
Hong Kong	596,182	298,819	47,260	779,161
Others	–	–	133	196
	<u>1,369,285</u>	<u>954,319</u>	<u>7,617,378</u>	<u>9,899,978</u>

4 OTHER REVENUE

	2024 \$'000	2023 \$'000
Bank interest income	37,835	50,671
Other interest income	<u>37,002</u>	<u>50,721</u>
Interest income on financial assets measured at amortised cost	74,837	101,392
Service income for car parks and apartments	15,525	28,974
Government grants (<i>Note (i)</i>)	1,044	10,122
Others	<u>8,236</u>	<u>18,307</u>
	<u>99,642</u>	<u>158,795</u>

Note:

- (i) Government grants in the years ended 31 December 2024 and 2023 represented unconditional cash awards granted by government authorities.

5 OTHER NET LOSS

	2024 HK\$'000	2023 HK\$'000
Fair value loss on financial assets measured at FVPL	(8,370)	(102,082)
Net exchange loss	(2,974)	(17,369)
Additional compensation income received from Hong Kong's government for land parcels in Yuen Long	–	81,981
Net loss on disposal of associates	(107,224)	–
Net loss on disposal of property, plant and equipment	(9,625)	(1,668)
Net loss on disposal of investment properties	(46,532)	–
Net gain on disposal of a subsidiary	–	12,964
Others	1,580	(13,521)
	<u>(173,145)</u>	<u>(39,695)</u>

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2024 HK\$'000	2023 HK\$'000
(a) Finance costs		
Interest on bank loans and other borrowings	452,833	470,391
Interest on lease liabilities	2,343	2,281
Interest on amounts due to non-controlling interests	3,331	3,671
Other borrowing costs	22,576	15,785
	<u>481,083</u>	<u>492,128</u>
Accrued interest on significant financing component of contract liabilities	3,348	2,371
	<u>484,431</u>	<u>494,499</u>
Less: Amount capitalised (<i>Note</i>)	(181,265)	(174,500)
	<u>303,166</u>	<u>319,999</u>

Note: The borrowing costs have been capitalised at rates ranging from 3.3% to 9.0% (2023: 0.7% to 11.0%) per annum.

	2024 HK\$'000	2023 HK\$'000
(b) Staff costs		
Salaries, wages and other benefits	187,301	208,283
Contributions to defined contribution retirement plans	9,576	10,284
	<u>196,877</u>	<u>218,567</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(c) Other items		
Depreciation and amortisation		
– furniture, fixtures and other fixed assets	7,681	6,214
– right-of-use assets	11,616	13,289
	<u>19,297</u>	<u>19,503</u>
Cost of properties sold	1,175,745	919,566
Rental income from investment properties	223,137	217,245
Less: Direct outgoings	(14,301)	(15,872)
	208,836	201,373
Auditors' remuneration		
– audit services	4,800	4,950
– other services	1,675	1,639
	<u>6,475</u>	<u>6,589</u>

7 INCOME TAX

Income tax (credited)/charged to consolidated statement of profit or loss represents:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
Corporate Income Tax (“CIT”)		
– Provision for the year	6,022	14,416
– PRC Withholding Tax	6,863	–
– Under-provision in respect of prior years	552	62
	<u>13,437</u>	14,478
Provision for Land Appreciation Tax (“LAT”)	2,228	3,045
	<u>15,665</u>	17,523
Deferred tax		
Origination and reversal of temporary differences	(265,902)	46,330
	<u>(250,237)</u>	<u>63,853</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 2024 is calculated at 16.5% (2023: 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 2023.

The 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 of the PRC. The applicable CIT rate was 25% for the year ended 31 December 2024 (2023: 25%).

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.

The withholding tax arose from the 5% of dividend paid from subsidiaries established in Mainland China to their holding companies 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 \$1,832,632,000 (2023: \$876,893,000) and the weighted average number of 1,529,286,000 (2023: 1,529,286,000) shares in issue during the year, calculated as follows:

	2024 <i>HK\$'000</i>	2023 <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

There were no dilutive potential ordinary shares outstanding during the years ended 31 December 2024 and 2023. Accordingly, the diluted earnings per share is the same as basic earnings per share.

9 DIVIDENDS

Dividends payable to equity shareholders of the Company and holders of PCSs attributable to the previous financial year, approved and paid during the year

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of Nil cent (2023: 1 cent) per ordinary share and per unit of PCSs	–	15,291

10 TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade debtors, net of loss allowance		51,453	56,612
Other debtors, net of loss allowance	(i)	524,898	503,374
Less: amount to be recovered more than one year		–	(314,675)
		<u>524,898</u>	<u>188,699</u>
Financial assets measured at amortised cost		576,351	245,311
Deposits and prepayments	(ii)	1,147,205	1,221,877
		<u>1,723,556</u>	<u>1,467,188</u>

Notes:

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loans to third parties (a)	297,395	298,869
Others	227,503	204,505
	<u>524,898</u>	<u>503,374</u>

(a) As at 31 December 2024, all of the balances were secured, interest-bearing from 8% to 15% per annum and recoverable within one year. As at 31 December 2023, apart from the loans to third parties of \$201,869,000 which were secured, interest-bearing at 13% per annum and recoverable after one year, all of the balances were secured, interest-bearing from 8% to 15% per annum.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Prepayments for acquisition of land use rights	726,955	751,229
Prepayments for acquisition of properties	30,000	30,000
Prepaid value-added tax	274,230	295,729
Others	116,020	144,919
	<u>1,147,205</u>	<u>1,221,877</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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	26,395	29,042
1 to 3 months	12,294	13,527
3 to 6 months	9,350	10,287
6 months to 1 year	3,414	3,756
	<u>51,453</u>	<u>56,612</u>

11 TRADE AND OTHER PAYABLES

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	(i)	217,518	235,706
Other creditors and accrued charges	(ii)	1,276,584	1,536,656
Amounts due to non-controlling interests	(iii)	1,054,247	1,018,256
Rental and other deposits		88,705	89,316
Value added tax and other tax payables		57,877	76,555
		<u>2,694,931</u>	<u>2,956,489</u>

All trade and other payables are expected to be settled within one year, except for rental and other deposits of \$88,705,000 (2023: \$89,316,000) 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	67,965	73,648
1 to 3 months	45,273	49,059
3 to 6 months	44,160	47,853
6 months to 1 year	37,595	40,739
Over 1 year	22,525	24,407
	<u>217,518</u>	<u>235,706</u>

- (ii) The estimated value of future settlement properties to be compensated to residents of \$1,005,958,000 (2023: \$1,042,128,000) 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 2024, apart from the amounts due to non-controlling interests of \$58,892,000 (2023: \$71,933,000) which are interest-bearing at 4.35% (2023: 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contracted for	44,708	60,052
Authorised but not contracted for	–	164,753
	<u>44,708</u>	<u>224,805</u>

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

EXTRACT OF 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 2024:

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 2024 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 2024, the Group incurred a net loss of HK\$1,896.6 million (2023: HK\$900.3 million). As at 31 December 2024, the Group’s current bank loans and other borrowings amounted to HK\$2,659.6 million, including bank loans and other borrowings outside Mainland China of HK\$2,122.5 million. However, the Group only had cash and cash equivalents of HK\$376.9 million, including those situated outside Mainland China of HK\$115.1 million. In view of the continuing deterioration of the property market, tightening of the financing environment and exchange restrictions for remittance of funds out of Mainland China, the Group has challenges in realising cash from sale of its properties, securing additional financing, renewing existing bank facilities and borrowings and remitting funds from Mainland China in a timely manner to meet its loan repayment obligations. These conditions, along with the matters as set forth in Note 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 2024

(1) Pre-sales

In 2024, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK\$784.5 million (of which approximately HK\$779.8 million was from pre-sales of properties), representing an increase of approximately 30.7% as compared with 2023. The Group’s total pre-sold gross floor area (“**GFA**”) was approximately

14,269 square metres (“**sq.m.**”), representing an increase of approximately 89.2% as compared with 2023. The average selling price (“**ASP**”) of the Group’s pre-sales of properties in 2024 was approximately HK\$54,649.9 per sq.m. (2023: approximately HK\$78,355.4 per sq.m.), representing a decrease of approximately 30.3% as compared with 2023. The decrease in ASP of the Group’s pre-sales of properties was mainly due to the pre-sales of properties in Mainland China in 2024, which has a relatively lower ASP as compared with 2023. In addition, the Group’s pre-sales of car park units in 2024 was approximately HK\$4.7 million.

A breakdown of the total pre-sales of the properties and car park units of the Group during the year ended 31 December 2024 is set out as follows:

(a) *Pre-sales of properties*

City	Project – type of project	Pre-sold GFA		Pre-sales		Pre-sales
		sq.m.	%	HK\$ million	%	ASP HK\$/sq.m.
Tianjin	Tianjin Le Leman City – residential	3,485	24.4	29.1	3.7	8,350.1
Shenzhen	Shenzhen Upper Residence – residential/commercial	4,443	31.1	248.9	32.0	56,020.7
Hong Kong	Hong Kong 128 WATERLOO – residential	1,178	8.3	472.5	60.6	401,103.6
Changzhou	Fashion Mark – Changzhou	3,340	23.4	21.2	2.7	6,347.3
Nanjing	The Sunny Land – Nanjing	1,106	7.8	4.0	0.5	3,616.6
Nanjing	The Spring Land – Nanjing	717	5.0	4.1	0.5	5,718.3
Total		<u>14,269</u>	<u>100</u>	<u>779.8</u>	<u>100</u>	54,649.9

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

City	Project	Number of pre-sold car park units		Pre-sales		Pre-sales
		unit	%	HK\$ million	%	ASP HK\$/unit
Changzhou	Fashion Mark – Changzhou	18	29.0	1.7	36.2	94,444.4
Nanjing	The Sunny Land – Nanjing	42	67.7	2.9	61.7	69,047.6
Nanjing	The Spring Land – Nanjing	2	3.3	0.1	2.1	50,000.0
		<u>62</u>	<u>100</u>	<u>4.7</u>	<u>100</u>	75,806.5

(2) *Projects delivered and booked in 2024*

For the year ended 31 December 2024, 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\$804.3 million with saleable GFA of approximately 8,644 sq.m. being recognised, representing an increase of approximately 99.9% and an increase of approximately 41.1%, respectively, as compared with the year ended 31 December 2023. The recognised ASP of the Group's sale of properties was approximately HK\$93,047.2 per sq.m. for the year ended 31 December 2024. The approximate 41.7% increase 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 Hong Kong, which have a relatively higher ASP during the year ended 31 December 2024.

For the year ended 31 December 2024, the Group delivered and recognised the sale of car park units of approximately HK\$2.5 million from the sale of 39 car park units.

Details of sale of properties and car park units of the Group recognised in 2024 are listed below:

City	Project – type of project	Saleable GFA booked <i>sq.m.</i>	Sale of properties recognised <i>HK\$ million</i>	Recognised ASP <i>HK\$/sq.m.</i>
Tianjin	Tianjin Le Leman City – residential	2,936	20.7	7,050.4
Shenzhen	Shenzhen Upper Residence – residential/commercial	3,205	229.5	67,769.1
Hong Kong	Hong Kong 128 WATERLOO – residential	1,786	550.0	398,046.3
Nanjing	The Spring Land – Nanjing	717	4.1	5,718.3
		<u>8,644</u>	<u>804.3</u>	93,047.2
City	Project	Number of car park units booked <i>unit</i>	Sale of car park units recognised <i>HK\$ million</i>	Recognised ASP <i>HK\$/unit</i>
Nanjing	The Sunny Land – Nanjing	<u>39</u>	<u>2.5</u>	66.666.7

(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 2024, the total fair value of the investment properties of the Group was approximately HK\$6,378.4 million, representing approximately 38.4% of the Group's total assets. The Group's investment property portfolio had a total leasable GFA of approximately 301,768 sq.m. The Group recorded approximately HK\$915.9 million (net of deferred tax) as loss in fair value of its investment properties for the year ended 31 December 2024 (for the year ended 31 December 2023: approximately HK\$13.2 million (net of deferred tax) as gain 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 2024, the GFA taken up by these anchor and reputable tenants, whose leased GFA was over 10.0% of the total leasable GFA of a single investment property, made up approximately 37.9% (as at 31 December 2023: approximately 29.6%) of the Group's total leasable area in its investment properties under operation.

The occupancy rate of the Group's investment properties increased from approximately 82.5% as at 31 December 2023 to approximately 88.0% as at 31 December 2024. The Group generated rental income of approximately HK\$223.1 million for the year ended 31 December 2024, representing an increase of approximately 2.7% from approximately HK\$217.2 million for the year ended 31 December 2023. The average monthly rental income of the Group's investment properties under operation for the year ended 31 December 2024 was approximately HK\$84.2 per sq.m. (for the year ended 31 December 2023: approximately HK\$69.3 per sq.m.).

(4) Land bank as at 31 December 2024

The PRC



The Group is specialised in the development and operation of urban mixed-use communities and the development and sale of residential properties in the 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 2024, the Group had a total of 17 property projects in various stages of development, including an estimated net saleable/leasable GFA of completed projects of approximately 338,336 sq.m., an estimated net saleable/leasable GFA of projects under development of approximately 58,020 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 402,853 sq.m., the details of which are as follows:

Project no.	Region/City	Project	Type of project	Estimated net saleable/leasable GFA sq.m.	Interest attributable to the Group %
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley	Residential	996	100.0
2	Shenzhen	The Spring Land – Shenzhen	Commercial	33,454	100.0
3	Shenzhen	Shenzhen Water Flower Garden	Commercial	4,992	100.0
4	Changzhou	Changzhou Fashion Mark	Commercial	79,649	100.0
5	Dongguan	Dongguan Landmark	Commercial	20,172	100.0
6	Hangzhou	Hangzhou Landmark	Commercial	26,264	100.0
7	Chengdu	Chengdu Fashion Mark	Commercial	38,325	100.0
8	Tianjin	Tianjin Le Lemen City	Residential/ Commercial	16,660	58.0
9	Shanghai	Bay Valley Project	Commercial	97,526	70.0
10	Hong Kong	Hong Kong Kowloon Tong Rutland Quadrant Project	Campus	574	100.0
11	Kunming	Kunming Dianchi Lakeside Peninsula	Commercial	1,415	100.0
12	Shenzhen	Shenzhen Upper Residence	Residential/ Commercial	6,237	100.00
13	Hong Kong	Hong Kong 128 WATERLOO	Residential	1,406	60.0
14	Shenzhen	Shenzhen Excellence Times Square	Commercial	1,135	100.0
15	Shenzhen	Shenzhen Jianshang Commercial Building	Commercial	9,531	100.0
Sub-total				338,336	

Project no.	Region/City	Project	Type of project	Estimated net saleable/ leasable GFA sq.m.	Interest attributable to the Group %
Projects under Development					
16	Shenzhen	Shenzhen Topspring International Mansion	Commercial	58,020	100.0
Sub-total				58,020	
Projects Contracted to be Acquired or under Application for Change in Land Use					
17	Hong Kong	Hong Kong Sheung Shui Ma Sik Road Project	Residential	6,497	50.0
Sub-total				6,497	
Total				402,853	

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

Region/City	Estimated net saleable/leasable GFA <i>sq.m.</i>
Shenzhen and surrounding regions (including Dongguan)	134,537
Shanghai	97,526
Chengdu	38,325
Hangzhou	26,264
Tianjin	16,660
Changzhou	79,649
Kunming	1,415
Hong Kong	8,477
	<hr/>
Total	<u><u>402,853</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 2024, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK\$784.5 million (2023: HK\$600.4 million), pre-sold saleable GFA of 14,269 sq.m. (2023: 7,540 sq.m.).

In 2024, the Group's rental income from investment properties was approximately HK\$223.1 million (2023: HK\$217.2 million), representing an increase of approximately 2.7%. As at 31 December 2024, the overall occupancy rate of the Group's investment properties was approximately 88.0%. As at 31 December 2024, the total leasable GFA of the Group's operating investment property portfolio was approximately 301,768 sq.m. In addition, as at 31 December 2024, the accumulated total area of properties managed by the Group amounted to approximately 13,220,000 sq.m., of which approximately 8,990,000 sq.m. was properties not developed by the Group and approximately 773,000 sq.m. was commercial property management projects.

As at 31 December 2024, the land bank (that is, the net saleable/leasable GFA) of 17 property projects of the Group was approximately 402,853 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

Firmly anchoring on the development opportunities in the core cities and regions in the Greater Bay Area

The synergistic effect of the Guangdong-Hong Kong-Macao Greater Bay Area will continue to be unleashed, with the regional industrial chains deeply integrated, the infrastructure connectivity and the augmented population agglomeration effects continued to enhance, providing long-term growth momentum for the real estate market. The Group will closely follow the strategic planning and key areas on the construction of the Greater Bay Area, focus on the core cities like Shenzhen and Guangzhou, and advance the development and delivery of existing projects. Meanwhile, we will actively explore strategic investment opportunities in those areas such as urban redevelopment and industrial parks.

Maintaining and moderately expanding rental properties that generate stable income

The counter-cyclical nature of commercial and office properties will continue to provide stable rental income to the Group, which is a key component of the Company's stable cashflow. The Group is committed to optimising the operation of premium property assets with its sound asset management capabilities, aiming to enhance rental income and profitability while preserving and increasing the value of our properties.

Focusing on Hong Kong while actively seizing overseas investment opportunities

The Group is full of confidence about Hong Kong's pivotal role within the Greater Bay Area, as well as the development potential in its northern metropolitan area. Against the backdrop of enhancing regional collaboration, with the facilitated population immigration through the continued expansion of a number of talent schemes such as the "Top Talent Pass Scheme" and also the return of expatriates, the advantages of Hong Kong being a financial, shipping and trade hub will become more prominent. The Group will continue to keep an eye on the investment opportunities in Hong Kong, and leverage our strengths to build high-end boutique properties. While deepening its presence in the Hong Kong market, the Group will expand high-quality projects.

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

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

FINANCIAL REVIEW

In 2024, the Group's consolidated revenue reached approximately HK\$1,369.3 million, increased by approximately 43.5% as compared with 2023. The loss attributable to equity shareholders of the Company and holders of PCSs for the year ended 31 December 2024 was approximately HK\$1,832.6 million, as compared to a loss attributable to the equity shareholders of the Company and holders of PCSs of approximately HK\$876.9 million recorded in the previous year. For the year ended 31 December 2024, the Group's basic and diluted loss per share of the Company (the "Share(s)") were approximately HK\$1.20 and HK\$1.20 respectively (for the year ended 31 December 2023: approximately HK\$0.57 and HK\$0.57, respectively). Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs decreased by approximately 24.5% from approximately HK\$5.3 as at 31 December 2023 to approximately HK\$4.0 as at 31 December 2024.

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 2024 increased by approximately 43.5% to approximately HK\$1,369.3 million from approximately HK\$954.3 million for the year ended 31 December 2023. This increase was primarily due to the increase in the Group's income from sale of properties. During the year ended 31 December 2024, the Group recognised property sales of approximately HK\$806.8 million, representing approximately 58.9% of the total revenue. The Group recognised rental income of approximately HK\$223.1 million, representing approximately 16.3% of the total revenue. The Group recognised property management and related services income of approximately HK\$293.3 million, representing approximately 21.4% of the total revenue. The remaining approximately 3.4% of the total revenue of approximately HK\$46.1 million was income from education related services.

Revenue from the Group's sales of properties increased by approximately 99.0% in 2024 as compared with 2023 primarily due to the increase 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 increased to approximately HK\$1,486.1 million for the year ended 31 December 2024 from approximately HK\$1,208.1 million for the year ended 31 December 2023. This increase was primarily attributable to the increase in the sales of properties for the year ended 31 December 2024.

Gross loss

The Group recorded a gross loss of approximately HK\$116.8 million for the year ended 31 December 2024 as compared to approximately HK\$253.8 million for the year ended 31 December 2023. The Group reported a gross loss margin of approximately 8.5% for the year ended 31 December 2024 as compared to a gross loss margin of approximately 26.6% for the year ended 31 December 2023. The gross loss was mainly due to the impairment of certain inventories.

Other revenue

Other revenue decreased by approximately HK\$59.2 million, or approximately 37.3%, to approximately HK\$99.6 million in 2024 from approximately HK\$158.8 million in 2023. The decrease was primarily attributable to a decrease in bank and other interest income.

Other net loss

Other net loss increased significantly by approximately 336.2% to approximately HK\$173.1 million in 2024 from approximately HK\$39.7 million in 2023, mainly due to net loss on disposal of associates amounting to approximately HK\$107.2 million during the year.

Selling and marketing expenses

Selling and marketing expenses increased by approximately 236.6% to approximately HK\$257.6 million for the year ended 31 December 2024 from approximately HK\$76.5 million for the year ended 31 December 2023.

The increase in selling and marketing expenses was primarily attributable to the increase in commission expenses incurred in 2024 as compared with 2023, which is in line with the revenue.

Administrative expenses

Administrative expenses increased by approximately 11.9% to approximately HK\$197.8 million for the year ended 31 December 2024 from approximately HK\$176.8 million for the year ended 31 December 2023. The increase was due to reversal of certain expenses in prior year.

Valuation (losses)/gains on investment properties

The Group recorded valuation losses on investment properties of approximately HK\$1,195.9 million for the year ended 31 December 2024 as compared to valuation gains of approximately HK\$14.4 million for the year ended 31 December 2023. The turnaround from valuation gains to losses was primarily due to the lower rental rate of respective properties in Mainland China in 2024.

Finance costs

Finance costs decreased by approximately 5.3% to approximately HK\$303.2 million for the year ended 31 December 2024 from approximately HK\$320.0 million for the year ended 31 December 2023. The decrease was primarily attributable to the repayment of certain bank loans during the year.

Income tax

Income tax credit was amounted to approximately HK\$250.2 million for the year ended 31 December 2024 as compared to income tax expenses of approximately HK\$63.9 million for the previous year. The change was primarily attributable to the reversal of deferred tax liabilities due to valuation losses on investment properties.

Non-controlling interests

The loss attributable to non-controlling interests was approximately HK\$64.0 million for the year ended 31 December 2024 (for the year ended 31 December 2023: approximately HK\$23.4 million).

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2024, the carrying amount of the Group's cash and bank deposits was approximately HK\$1,756.7 million (as at 31 December 2023: approximately HK\$2,191.0 million), representing a decrease of approximately 19.8% as compared with that as at 31 December 2023.

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 2024 of approximately HK\$6,514.9 million, of which approximately HK\$2,665.4 million is repayable within one year, approximately HK\$2,801.9 million is repayable after one year but within five years and approximately HK\$1,047.6 million is repayable after five years.

As at 31 December 2024, the Group's bank loans of approximately HK\$5,721.0 million (as at 31 December 2023: approximately HK\$6,490.7 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\$11,071.5 million (as at 31 December 2023: approximately HK\$12,247.0 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\$1,168.9 million (as at 31 December 2023: approximately HK\$1,759.6 million) and HK\$743.7 million (as at 31 December 2023: approximately HK\$979.2 million) as at 31 December 2024 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 7.1% in 2024 (2023: approximately 6.6%).

As at 31 December 2024, the weighted average borrowing cost for the Group's existing borrowings was approximately 5.7% (2023: approximately 6.1%).

Secured Loan

On 26 October 2018, Metro Property (BVI) Limited (“**Metro Property**”) and Lee Kim Tah Holdings Limited as the lenders (the “**Lender(s)**”), Top Spring International (BVI) Limited (a wholly-owned subsidiary of the Company) as the borrower (the “**Borrower**”), MetroLKT (BVI) Limited (“**Metro-LKT**”) (as the security agent and the facility agent) and the Company as the guarantor (collectively, the “**Parties**”) entered into a secured facility agreement (the “**Secured Facility Agreement**”), pursuant to which, among other things, the Lenders agreed to provide the Borrower with the loan in an aggregate sum of US\$120,000,000 (equivalent to HK\$938,400,000) (the “**Loan**”) for 24 months from 26 October 2018 with an option of 12-month extension at the Borrower’s request subject to additional terms and conditions specified in the Secured Facility Agreement. The payment obligations of the Borrower under the Secured Facility Agreement are secured by the share charges and the shareholder’s loans assignment given by the Borrower in favour of Metro-LKT. The Loan was drawn on 27 November 2018.

On 23 November 2020, the Parties entered into the first supplemental agreement, whereby the term of the Loan was extended for two years and the interest rate of the Loan for the extended term was lowered.

On 11 October 2022, the Parties entered into the second supplemental agreement, whereby Lee Kim Tah Holdings Limited ceased to be a Lender and the term of the Loan was extended by two additional years. The third supplemental agreement was subsequently entered into on 5 August 2024 to amend certain terms and conditions of the Secured Facility Agreement.

On 26 November 2024, Metro Property, the Borrower, Metro-LKT (as the security agent and the facility agent) and the Company (as the guarantor) entered into the fourth supplemental agreement, whereby, among others, (i) subject to the Lender’s quarterly consent, the new maturity dates of the Loan under the fourth supplemental agreement and the 12-month extension are 27 November 2024 and 27 November 2025, respectively; (ii) the interest rate will be lowered to 9% per annum if the final repayment date is extended for 12 months; and (iii) an additional share charge over the entire issued shares of Faith Luck Corporation Limited has been executed by Wan Hua Holdings Limited, an indirect wholly-owned subsidiary of the Company, in favour of Metro-LKT.

For details, please refer to the announcements of the Company dated 26 October 2018, 23 November 2020, 11 October 2022 and 26 November 2024 and the circulars of the Company dated 1 November 2018, 9 December 2020, 1 November 2022 and 24 December 2024.

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 80.0% and 63.6% as at 31 December 2024 and 31 December 2023, respectively.

Foreign exchange risk

As at 31 December 2024, the Group had cash balances denominated in RMB of approximately RMB1,516.9 million (equivalent to approximately HK\$1,612.7 million), in US dollars of approximately US\$0.2 million (equivalent to approximately HK\$1.4 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 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. 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 2024 and 2023 are calculated as follows:

	As at 31 December 2024	As at 31 December 2023
Net assets attributable to equity shareholders of the Company (<i>HK\$'000</i>)	6,068,736	8,092,201
Number of issued ordinary Shares (<i>'000</i>)	1,412,733	1,412,733
Number of outstanding PCSs (<i>'000</i>)	116,553	116,553
Number of Shares for the calculation of net assets per Share (<i>'000</i>)	1,529,286	1,529,286
Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs (<i>HK\$</i>) (<i>Note</i>)	<u>4.0</u>	<u>5.3</u>

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 2024 and 31 December 2023.

CONTINGENT LIABILITIES

As at 31 December 2024, save for the guarantees of approximately HK\$164.5 million (as at 31 December 2023: approximately HK\$242.3 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

On 4 September 2024, (i) Top Spring International (Hong Kong) Company Limited (a direct wholly-owned subsidiary of the Company) ("**TSIHK**"), Leading Model Limited ("**Leading Model**") and the Company entered into a sale and purchase agreement and a sale loan agreement, pursuant to which TSIHK agreed to sell, and Leading Model agreed to purchase from TSIHK, 10% of the entire issued share capital of Great Billion Corporation Limited ("**Great Billion**") and assign the shareholder's loan(s) owed by Great Billion to TSIHK for the consideration of HK\$1.00 and HK\$59,699,999.00, respectively; and (ii) TSIHK, Master Best Development Limited ("**Master Best**") and the Company entered into a separate sale and purchase agreement and a sale loan agreement, pursuant to which TSIHK agreed to sell, and Master Best agreed to purchase from TSIHK, 10% of the entire issued share capital of Wealth Channel Holdings Limited ("**Wealth Channel**") and assign the shareholder's loan owed by Wealth Channel to TSIHK for the consideration of HK\$1.00 and HK\$2,179,999.00, respectively.

Prior to the completion of the abovementioned agreements, each of Great Billion and Wealth Channel was held as to 10% by the Company and accounted for as an associate in the Group's consolidated financial statements. The Company has ceased to hold any interest in either of Great Billion and Wealth Channel.

For details, please refer to the announcements of the Company dated 4 and 12 September 2024.

Save as disclosed above, the Group did not have any other material acquisition or disposal of subsidiaries, associates or joint ventures for the year ended 31 December 2024.

DISPOSAL OF INVESTMENT PROPERTY

On 25 November 2024, Flourish Fortune Company Limited (the “**Vendor**”), an indirect wholly-owned subsidiary of the Company, and Shang Sin Chun Tong (an independent third party) (the “**Purchaser**”) entered into a provisional agreement for sale and purchase, whereby the Vendor agreed to sell, and the Purchaser agreed to purchase, the piece or parcel of ground registered in the Land Registry as New Kowloon Inland Lot No. 812 and of and in the messuages, erections and building thereon and known as No. 6 Rutland Quadrant, Kowloon, Hong Kong at a consideration of HK\$250,000,000 (the “**Disposal**”). The Vendor and the Purchaser entered into the formal agreement in respect of the Disposal on 17 December 2024. The Disposal was approved by the shareholders of the Company as an ordinary resolution at an extraordinary general meeting held on 24 January 2025.

For details, please refer to the announcement of the Company dated 25 November 2024 and the circular of the Company dated 9 January 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed a total of approximately 754 employees (as at 31 December 2023: 851 employees) in Mainland China and Hong Kong, of which, approximately 43 were under the headquarters team, approximately 87 were under the property development division, approximately 597 were under the retail operation and property management division and approximately 27 were under the education division. For the year ended 31 December 2024, the total staff and related costs incurred was approximately HK\$196.9 million (for the year ended 31 December 2023: approximately HK\$218.6 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.

A share option scheme (the “**Share Option Scheme**”) was adopted pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 8 June 2022. As at 31 December 2024 and the date of this announcement, no share option was granted by the Company pursuant to the Share Option Scheme.

ANNUAL GENERAL MEETING

An annual general meeting (the “**AGM**”) of the Company is scheduled to be held on Thursday, 22 May 2025, 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 2024 (2023: Nil).

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, 19 May 2025 to Thursday, 22 May 2025 (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, 16 May 2025; 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, 9 May 2025.

The record date for such purposes is Thursday, 22 May 2025.

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 2024.

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 2024 and, where appropriate, adopted the Recommended Best Practices set out in the CG Code, except for the following deviation:

Under Code Provision C.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2024, Mr. WONG Chun Hong performed his duties as the chairman and the chief executive officer of the Company. The Board considers that vesting both roles in the same person ensures consistent leadership within the Group and enables more effective and efficient planning of long-term strategies and implementation of business plans. The Board believes that the balance of power and authority is adequately ensured by the operations and governance of the Board which comprises experienced and high calibre individuals, with more than half of the Board members being non-executive or independent non-executive Directors. The Company will review the current structure when and as it becomes appropriate.

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise interests of the shareholders of the Company.

Details of the Company's corporate governance practices will be set out in the Company's 2024 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 2024.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are 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 2024. The Audit Committee comprises three independent non-executive Directors, namely Mr. CHAN So Kuen (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 2024 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 and the Company at www.topspring.com. The 2024 annual report will be despatched to the shareholders of the Company (if requested) and available on the above websites in accordance with the Listing Rules in due course.

By order of the Board
Top Spring International Holdings Limited
WONG Chun Hong
Chairman

Hong Kong, 28 March 2025

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. CHAN So Kuen, 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.