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TOP SPRING INTERNATIONAL HOLDINGS LIMITED

萊蒙國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03688)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

HIGHLIGHTS

- For the six months ended 30 June 2025, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK\$451.1 million, representing an increase of approximately 8.4% as compared with the corresponding period of 2024, of which approximately HK\$450.1 million was from pre-sales of properties with pre-sold saleable GFA of approximately 9,162 sq.m. and approximately HK\$1.0 million was from pre-sales of 13 car park units. The ASP of the Group's pre-sales of properties was approximately HK\$49,126.8 per sq.m., representing a decrease of approximately 54.8% as compared with the corresponding period of 2024.
- As at 30 June 2025, the Group had 16 projects with a total estimated net saleable/leasable GFA of approximately 397,015 sq.m..
- Revenue for the six months ended 30 June 2025 increased by approximately 62.6% to approximately HK\$737.3 million from approximately HK\$453.5 million for the six months ended 30 June 2024.

- For the six months ended 30 June 2025, the Group generated recurring rental income of approximately HK\$105.4 million (for the six months ended 30 June 2024: approximately HK\$114.4 million) from its investment properties which mainly comprised shopping malls, community commercial centres, retail shops, offices and car park units. As at 30 June 2025, the investment property portfolio had a total leasable GFA of approximately 301,194 sq.m. and a fair value of approximately HK\$5,926.4 million, representing approximately 39.3% of the Group's total asset value.
- Gross loss margin for the six months ended 30 June 2025 was approximately 2.6%, as compared to approximately 22.5% for the corresponding period of 2024.
- For the six months ended 30 June 2025, the loss attributable to equity shareholders of the Company and holders of bonus perpetual subordinated convertible securities ("PCSs") was approximately HK\$746.5 million (for the six months ended 30 June 2024: approximately HK\$539.2 million).
- Basic and diluted loss per share attributable to equity shareholders of the Company and the holders of PCSs for the six months ended 30 June 2025 were approximately HK48.8 cents and HK48.8 cents, respectively (for the six months ended 30 June 2024: basic and diluted loss per share attributable to equity shareholders and holders of PCSs of HK35.3 cents and HK35.3 cents, respectively).
- Net assets per share attributable to equity shareholders of the Company and the holders of PCSs as at 30 June 2025 was approximately HK\$3.6 (as at 31 December 2024: approximately HK\$4.0).
- As at 30 June 2025, the net gearing ratio of the Group was approximately 84.7% (as at 31 December 2024: approximately 80.0%).
- No interim dividend has been declared for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of Top Spring International Holdings Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 together with selected explanatory notes and the relevant comparative figures for the corresponding period in 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2025 – UNAUDITED

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2025	2024
	Note	\$'000	\$'000
Revenue	3	737,293	453,529
Direct costs		<u>(756,784)</u>	<u>(555,752)</u>
Gross loss		(19,491)	(102,223)
Valuation losses on investment properties		(635,122)	(79,796)
Other revenue	4	58,236	56,437
Other net losses	5	(3,070)	(108,878)
Selling and marketing expenses		(105,088)	(64,332)
Administrative expenses		(102,410)	(95,118)
Impairment loss on trade and other receivables		<u>–</u>	<u>(3,063)</u>
Loss from operations		(806,945)	(396,973)
Finance costs	6(a)	(83,826)	(151,842)
Share of losses of associates		<u>(269)</u>	<u>(4,049)</u>
Loss before taxation	6	(891,040)	(552,864)
Income tax credit/(expense)	7	<u>140,730</u>	<u>(7,716)</u>
Loss for the period		<u>(750,310)</u>	<u>(560,580)</u>
Attributable to:			
Equity shareholders of the Company and holders of bonus perpetual subordinated convertible securities (“ PCSs ”)		(746,462)	(539,187)
Non-controlling interests		<u>(3,848)</u>	<u>(21,393)</u>
Loss for the period		<u>(750,310)</u>	<u>(560,580)</u>
Loss per share (HK cents)	8		
Basic		<u>(48.8)</u>	<u>(35.3)</u>
Diluted		<u>(48.8)</u>	<u>(35.3)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2025 – UNAUDITED**
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2025	2024
	\$'000	\$'000
Loss for the period	(750,310)	(560,580)
Other comprehensive income for the period (after tax and reclassification adjustments):		
Items that will not be reclassified subsequently to profit or loss:		
– Surplus on revaluation of land and buildings upon change of use to investment properties	–	20,177
– Deferred tax liability arising on revaluation gain on investment properties	–	(5,044)
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign subsidiaries	163,738	(171,179)
	163,738	(156,046)
Total comprehensive loss for the period	(586,572)	(716,626)
Attributable to:		
Equity shareholders of the Company and holders of PCSs	(587,134)	(689,299)
Non-controlling interests	562	(27,327)
Total comprehensive loss for the period	(586,572)	(716,626)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2025 – UNAUDITED
(Expressed in Hong Kong dollars)

		At 30 June 2025 \$'000	At 31 December 2024 \$'000
	<i>Note</i>		
Non-current assets			
Investment properties		5,926,376	6,378,394
Other property, plant and equipment		93,397	97,417
		<u>6,019,773</u>	<u>6,475,811</u>
Intangible assets		3,769	3,769
Goodwill		40,736	40,736
Interest in associates		3,416	3,320
Financial assets measured at fair value through profit or loss (“FVPL”)	10	1,190,504	1,155,250
Deferred tax assets		127,668	125,054
		<u>7,385,866</u>	<u>7,803,940</u>
Current assets			
Inventories and other contract costs	11	4,714,934	5,077,341
Trade and other receivables	12	1,876,729	1,723,556
Prepaid tax		2,235	2,235
Financial assets measured at FVPL	10	2,726	2,893
Restricted and pledged deposits		722,295	1,379,837
Cash and cash equivalents		386,047	376,867
		<u>7,704,966</u>	<u>8,562,729</u>
Investment properties classified as held for sale		–	250,000
		<u>7,704,966</u>	<u>8,812,729</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2025 – UNAUDITED (CONTINUED)

(Expressed in Hong Kong dollars)

		At 30 June 2025 \$'000	At 31 December 2024 \$'000
Current liabilities			
Trade and other payables	13	2,669,962	2,694,931
Contract liabilities		160,905	162,169
Bank loans and other borrowings		1,796,198	2,659,573
Lease liabilities		7,328	5,825
Tax payable		197,500	189,537
		<u>4,831,893</u>	<u>5,712,035</u>
Net current assets		<u>2,873,073</u>	<u>3,100,694</u>
Total assets less current liabilities		<u>10,258,939</u>	<u>10,904,634</u>
Non-current liabilities			
Bank loans and other borrowings		3,881,362	3,820,770
Lease liabilities		28,752	28,752
Deferred tax liabilities		910,553	1,030,268
		<u>4,820,667</u>	<u>4,879,790</u>
NET ASSETS		<u>5,438,272</u>	<u>6,024,844</u>
CAPITAL AND RESERVES			
Share capital		141,273	141,273
Reserves		5,340,329	5,927,463
Total equity attributable to equity shareholders of the Company and holders of PCSs		5,481,602	6,068,736
Non-controlling interests		<u>(43,330)</u>	<u>(43,892)</u>
TOTAL EQUITY		<u>5,438,272</u>	<u>6,024,844</u>

NOTES:

1 BASIS OF PREPARATION

This interim financial report 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, and 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 29 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in accordance with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Top Spring International Holdings Limited (“**the Company**”) and its subsidiaries (collectively referred to as “**the Group**”) since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

Material uncertainty related to going concern

For the six months ended 30 June 2025, the Group incurred a net loss of \$750.3 million (six months ended 30 June 2024: loss of \$560.6 million).

As at 30 June 2025, the Group’s current bank loans and other borrowings amounted to \$1,796.2 million. However, the Group only had cash and cash equivalents of \$386.0 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 have challenges in realising cash from sale of its properties, securing additional financing, renewing existing banking facilities and borrowings and remitting funds from Mainland China in a timely manner to meet its loan repayment obligations.

1 BASIS OF PREPARATION (CONTINUED)

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 covering a period of at least 12 months from 30 June 2025. 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 credit facilities and the borrowings. On 25 August 2025, the maturity date of the shareholder loan of USD84 million (equivalent to \$658 million) has been extended to 26 November 2025. For the remaining balances including majority of the bank loans and shareholder loans outside of Mainland China as mentioned above, the Group is still currently in active negotiation with the banks and the shareholder as of the date of approval of the interim financial report.
- (ii) The Group is seeking potential buyers to acquire its properties and investments outside of Mainland China.
- (iii) 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.
- (iv) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The directors of the Company consider that, assuming the success of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least the next twelve months from 30 June 2025. Accordingly, the directors are satisfied that it is appropriate to prepare the interim financial report on a going concern basis.

Notwithstanding the above, the use of the going concern basis depends on successful implementation of the above plans and measures. There are uncertainties inherently associated with their future outcomes, including:

- successful negotiation with the banks and the shareholder on the renewal of existing credit facilities and borrowings.
- the Group's ability to secure buyers for the Group's properties and investment outside Chinese Mainland.
- the Group's ability to accelerate the pre-sale and sales of its properties under development and completed properties, to speed up the collection of outstanding sales proceeds and other receivables, to implement cost control measures over administrative costs and to maintain containment of capital expenditures.

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.

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 realisable 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 effects of these adjustments have not been reflected in the interim financial report.

2 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The Group has applied the following amendment to HKFRS Accounting Standards issued by the HKICPA to this interim financial report for the current accounting period:

- Amendments to HKAS 21, *Lack of Exchangeability*

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 report.

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

Estimates and judgments

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, in addition to the significant judgments and estimations applied by management in the preparation of the consolidated financial statements for the year ended 31 December 2024, the assessment of the going concern assumption is also subject to judgment by the directors.

Judgment on going concern assumption

The assessment of the going concern assumption involves making a judgment by the directors, at the end of the reporting period, about the future outcome of events or conditions, which are inherently uncertain. The directors consider that the Group have the capabilities to continue as going concern and the major events and conditions, which may give rise to business risks, that individually or collectively may cast doubt upon the going concern assumption and related mitigating measures taken by management are set out in Note 1.

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	
	2025	2024
	\$'000	\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of properties	493,484	189,386
– Property management and related services income	120,156	130,802
– Education related services income	18,272	18,940
	<u>631,912</u>	<u>339,128</u>
Revenue from other sources		
Rental income	<u>105,381</u>	<u>114,401</u>
	<u>737,293</u>	<u>453,529</u>
Disaggregated by geographical location of customers		
– Mainland China	492,456	302,923
– Hong Kong	<u>244,837</u>	<u>150,606</u>
	<u>737,293</u>	<u>453,529</u>

The revenue from sale of properties is recognised at point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Property management and related services and education related services income arising from the provision of services are recognised over time when such services are rendered. Lease income is recognised over the lease term.

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	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	493,484	189,386	105,381	114,401	120,156	130,802	18,272	18,940	737,293	453,529
Inter-segment revenue	-	-	20,334	22,650	10,143	26,220	-	-	30,477	48,870
Reportable segment revenue	<u>493,484</u>	<u>189,386</u>	<u>125,715</u>	<u>137,051</u>	<u>130,299</u>	<u>157,022</u>	<u>18,272</u>	<u>18,940</u>	<u>767,770</u>	<u>502,399</u>
Reportable segment (loss)/profit (adjusted EBITDA)	<u>(232,637)</u>	<u>(312,423)</u>	<u>27,094</u>	<u>77,787</u>	<u>(6,747)</u>	<u>(5,374)</u>	<u>6,687</u>	<u>5,045</u>	<u>(205,603)</u>	<u>(234,965)</u>
As at 30 June/31 December										
Reportable segment assets	<u>6,502,870</u>	<u>7,527,234</u>	<u>7,457,291</u>	<u>8,187,899</u>	<u>357,431</u>	<u>411,700</u>	<u>157,840</u>	<u>179,751</u>	<u>14,475,432</u>	<u>16,306,584</u>
Reportable segment liabilities	<u>5,669,747</u>	<u>8,334,989</u>	<u>2,072,794</u>	<u>254,694</u>	<u>393,546</u>	<u>353,930</u>	<u>22,592</u>	<u>61,839</u>	<u>8,158,679</u>	<u>9,005,452</u>

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

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

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

	Six months ended 30 June	
	2025	2024
	\$'000	\$'000
Revenue		
Reportable segment revenue	767,770	502,399
Elimination of inter-segment revenue	(30,477)	(48,870)
	<u>737,293</u>	<u>453,529</u>
Loss		
Reportable segment loss derived from Group's external customers	(205,603)	(234,965)
Share of losses of associates	(269)	(4,049)
Other revenue and net income/(loss)	55,166	(52,441)
Impairment loss on trade and other receivables	–	(3,063)
Depreciation and amortisation	(2,056)	(7,883)
Finance costs	(83,826)	(151,842)
Valuation losses on investment properties	(635,122)	(79,796)
Unallocated head office and corporate expenses	(19,330)	(18,825)
	<u>(891,040)</u>	<u>(552,864)</u>

4 OTHER REVENUE

	Six months ended 30 June	
	2025	2024
	\$'000	\$'000
Bank interest income	12,474	15,444
Other interest income	18,316	26,227
	<u>30,790</u>	<u>41,671</u>
Interest income on financial assets measured at amortised cost	14,874	12,867
Service income for carparks and apartments	12,572	1,899
Others		
	<u>58,236</u>	<u>56,437</u>

5 OTHER NET LOSSES

	Six months ended 30 June	
	2025	2024
	\$'000	\$'000
Fair value (loss)/gain on financial assets measured at FVPL	(4,191)	981
Net exchange gain/(loss)	1,927	(6,065)
Impairment loss on interest in associates	–	(109,078)
Others	(806)	5,284
	<u>(3,070)</u>	<u>(108,878)</u>

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 June	
	2025	2024
	\$'000	\$'000
(a) Finance costs		
Interest on bank loans and other borrowings	154,044	233,958
Interest on lease liabilities	1,036	961
Interest on amounts due to non-controlling interests	–	1,399
Other borrowing costs	638	5,783
	<u>155,718</u>	<u>242,101</u>
Accrued interest on significant financing component of contract liabilities	124	2,768
	<u>155,842</u>	<u>244,869</u>
Less: Amount capitalised	<u>(72,016)</u>	<u>(93,027)</u>
	<u>83,826</u>	<u>151,842</u>
(b) Staff costs		
Salaries, wages and other benefits	84,421	90,756
Contributions to defined contribution retirement plans	4,785	4,842
	<u>89,206</u>	<u>95,598</u>

6 LOSS BEFORE TAXATION (CONTINUED)

	Six months ended 30 June	
	2025	2024
	\$'000	\$'000
(c) Other items		
Depreciation and amortisation		
– plant and equipment	2,112	3,610
– right-of-use assets	4,262	4,273
	<u>6,374</u>	<u>7,883</u>
Cost of properties sold	464,377	157,811
Inventory write-down (<i>note 11</i>)	83,495	259,655
	<u>547,872</u>	<u>417,466</u>
Rental income from investment properties	(105,381)	(114,401)
Less: Direct outgoings	8,869	12,152
	<u>(96,512)</u>	<u>(102,249)</u>

7 INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2025	2024
	\$'000	\$'000
Current tax		
Provision for Corporate Income Tax (“CIT”)	1,967	3,248
Provision for withholding tax	–	1,057
Provision for Land Appreciation Tax (“LAT”)	–	544
Provision for Hong Kong Profits Tax	4,558	142
	<u>6,525</u>	<u>4,991</u>
Deferred tax		
Origination and reversal of temporary differences	(147,255)	2,725
	<u>(140,730)</u>	<u>7,716</u>

Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. Under the PRC CIT Law, enterprises are subject to corporate income tax at a rate of 25% (2024: 25%).

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

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

7 INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

8 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share during the six months ended 30 June 2025 is based on the loss attributable to equity shareholders and the holders of PCSs of the Company of \$746,462,000 (loss attributable to equity shareholders and the holders of PCSs of the Company six months ended 30 June 2024: \$539,187,000) and the weighted average number of 1,529,286,000 shares (six months ended 30 June 2024: 1,529,286,000 shares) in issue during the period, calculated as follows:

	Six months ended 30 June	
	2025	2024
	\$'000	\$'000
Loss attributable to equity shareholders of the Company and the holders of PCSs	(746,462)	(539,187)
	'000	'000
Weighted average number of shares (thousand shares)		
Issued ordinary shares	1,412,733	1,412,733
Effect of bonus issue of shares (with PCSs as an alternative)	116,553	116,553
Weighted average number of shares	1,529,286	1,529,286

(b) Diluted loss per share

The diluted loss per share is the same as the basic loss per share for the six months ended 30 June 2025 and 2024, as there were no potential ordinary share in issue for both interim periods.

9 DIVIDENDS

- (i) No interim dividend is declared for the six months ended 30 June 2025 and 2024.
- (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	
	2025	2024
	\$'000	\$'000
No final dividend in respect of the previous financial year	—	—

10 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2025 \$'000	At 31 December 2024 \$'000
Non-current		
Unlisted equity securities not held for trading	39,193	36,611
Trading securities	24,059	24,897
Receivables from the third parties (<i>note</i>)	1,127,252	1,093,742
	1,190,504	1,155,250
Current		
Unlisted equity securities not held for trading	1,896	1,875
Wealth management products	830	1,018
	2,726	2,893

Note: Receivables from the third parties are classified as level 3 financial instruments in the fair value hierarchy. The valuations of these financial assets are derived from valuations models which require a number of inputs and assumptions which are not observable from market data and which are significant to the entire measurement.

11 INVENTORIES AND OTHER CONTRACT COSTS

	At 30 June 2025 \$'000	At 31 December 2024 \$'000
Property development		
Leasehold land held for development for sale	145,636	145,636
Properties under development for sale	2,786,430	2,707,927
Completed properties for sale	<u>1,775,548</u>	<u>2,216,776</u>
	4,707,614	5,070,339
Other contract costs	<u>265</u>	<u>265</u>
	4,707,879	5,070,604
Other operations		
Low value consumables and supplies	<u>7,055</u>	<u>6,737</u>
	<u>4,714,934</u>	<u>5,077,341</u>

During six months ended 30 June 2025, \$83,495,000 (2024: \$259,655,000) has been recognised as a reduction in the amount of inventories and recognised as an expense in profit or loss during the period, being the amount of a write-down of inventories to the estimated net realisable value.

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

12 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2025 \$'000	At 31 December 2024 \$'000
Within 1 month	31,169	26,395
1 month to 3 months	15,585	12,294
3 months to 6 months	10,390	9,350
6 months to 1 year	2,508	3,414
	<hr/>	<hr/>
Trade debtors, net of loss allowance	59,652	51,453
	<hr/>	<hr/>
Other debtors, net of loss allowance (<i>Note (i)</i>)	554,375	524,898
Less: amount to be recovered more than one year	—	—
	<hr/>	<hr/>
	554,375	524,898
	<hr/>	<hr/>
Financial assets measured at amortised cost	614,027	576,351
Deposits and prepayments (<i>Note (ii)</i>)	1,262,702	1,147,205
	<hr/>	<hr/>
	1,876,729	1,723,556
	<hr/>	<hr/>

Notes:

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

	At 30 June 2025 \$'000	At 31 December 2024 \$'000
Loans to the third parties (a)	295,383	297,395
Loan interest receivables (a)	210,698	184,296
Others	48,294	43,207
	<hr/>	<hr/>
	554,375	524,898
	<hr/>	<hr/>

- (a) As at 30 June 2025, all of the balances were secured, interest-bearing from 8% to 15% (31 December 2024: 8% to 15%) per annum and recoverable within one year.

12 TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

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

	At 30 June 2025 \$'000	At 31 December 2024 \$'000
Prepayments for acquisition of land use rights	748,624	726,955
Prepayments for acquisitions of properties	30,000	30,000
Prepayments for value added tax and other taxes	274,230	274,230
Others	209,848	116,020
	<u>1,262,702</u>	<u>1,147,205</u>

13 TRADE AND OTHER PAYABLES

	At 30 June 2025 \$'000	At 31 December 2024 \$'000
Trade payables (<i>Note (i)</i>)	202,029	217,518
Other creditors and accrued charges (<i>Note (ii)</i>)	1,264,093	1,276,584
Amounts due to non-controlling interests (<i>Note (iii)</i>)	<u>1,054,247</u>	<u>1,054,247</u>
Financial liabilities measured at amortised cost	2,520,369	2,548,349
Rental and other deposits	88,705	88,705
Valued added tax and other tax payables	<u>60,888</u>	<u>57,877</u>
	<u>2,669,962</u>	<u>2,694,931</u>

13 TRADE AND OTHER PAYABLES (CONTINUED)

Notes:

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

	At 30 June 2025 \$'000	At 31 December 2024 \$'000
Within 1 month	64,200	67,965
Over 1 month but within 3 months	43,144	45,273
Over 3 months but within 6 months	41,034	44,160
Over 6 months but within 1 year	31,561	37,595
Over 1 year	22,090	22,525
	<u>202,029</u>	<u>217,518</u>

- (ii) The estimated present value of the construction costs for future settlement properties to be compensated to residents of \$1,035,121,000 (31 December 2024: \$1,005,958,000) 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 2025, apart from the amounts due to non-controlling interests of \$60,599,000 (31 December 2024: \$58,892,000) which are interest-bearing at 4.35% (31 December 2024: 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 2025 \$'000	At 31 December 2024 \$'000
Contracted for	<u>21,840</u>	<u>44,708</u>

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

EXTRACT OF REVIEW REPORT

The following is an extract of BDO Limited's review report on the Group's interim financial report for the six months ended 30 June 2025:

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Material uncertainty related to going concern

Without qualifying our conclusion, we draw attention to note 1 to the interim financial report, which indicates that for the six months ended 30 June 2025, the Group incurred a net loss of \$750.3 million. As at 30 June 2025, the Group's current bank loans and other borrowings amounted to \$1,796.2 million, however, the Group only had cash and cash equivalents amounting to \$386.0 million. These conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists on the Group's ability to continue as a going concern.

OTHER MATTER

The comparative consolidated statement of financial position of the Group as at 31 December 2024, were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2025. The comparative consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, condensed consolidated cash flow statement of the Group for the six month period ended 30 June 2024, and the related notes were reviewed by another auditor who expressed an unmodified conclusion on those statements on 28 August 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review for the six months ended 30 June 2025

(1) Pre-sales

For the six months ended 30 June 2025, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK\$451.1 million (of which approximately HK\$450.1 million was from pre-sales of properties), representing an increase of approximately 8.4% as compared to the figure recorded in the corresponding period of 2024. The Group's total pre-sold gross floor area ("GFA") was approximately 9,162 sq.m., representing an increase of approximately 141.1% from approximately 3,800 sq.m. for the six months ended 30 June 2024. The average selling price ("ASP") of the Group's pre-sales of properties for the six months ended 30 June 2025 was approximately HK\$49,126.8 per sq.m. (for the six months ended 30 June 2024: approximately HK\$108,763.2 per sq.m.). In addition, the Group recorded pre-sales of car park units of approximately HK\$1.0 million from 13 car park units for the six months ended 30 June 2025.

A breakdown of the total pre-sales of the Group during the six months ended 30 June 2025 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.
Shenzhen	Shenzhen Jianshang Commercial Building – commercial	3,886	42.4	106.8	23.7	27,483.3
Tianjin	Tianjin Le Lemen City – residential	747	8.2	8.3	1.8	11,111.1
Shenzhen	Shenzhen Upper Residence – residential	3,036	33.1	123.2	27.4	40,579.7
Changzhou	Changzhou Fashion Mark	973	10.6	2.6	0.6	2,672.1
Hong Kong	Hong Kong 128 WATERLOO – residential	520	5.7	209.2	46.5	402,307.7
		<u>9,162</u>	<u>100.0</u>	<u>450.1</u>	<u>100.0</u>	49,126.8

City	Project	Number of pre-sold car park units		Pre-sales		Pre-sales ASP HK\$/unit
		unit	%	HK\$ million	%	
Changzhou	Changzhou Fashion Mark	1	7.7	0.2	20.0	200,000.0
Nanjing	The Sunny Land – Nanjing	12	92.3	0.8	80.0	66,666.7
		<u>13</u>	<u>100.0</u>	<u>1.0</u>	<u>100.0</u>	76,923.1

(2) Projects delivered and booked for the six months ended 30 June 2025

For the six months ended 30 June 2025, the Group's property development business in Shenzhen and Hong Kong achieved revenue from sale of properties (excluding sale of car park units) of approximately HK\$492.7 million with saleable GFA of approximately 5,600 sq.m. The recognised ASP of the Group's sale of properties was approximately HK\$87,982.1 per sq.m. for the six months ended 30 June 2025.

For the six months ended 30 June 2025, the Group delivered and recognised sale of car park units of approximately HK\$0.7 million from the sale of 7 car park units.

Details of sale of properties recognised by the Group during the six months ended 30 June 2025 are listed below:

City	Project and type of project	Saleable GFA booked sq.m.	Sale of properties recognised HK\$ million	Recognised ASP HK\$/sq.m.
Shenzhen	Shenzhen Upper Residence – residential	4,745	187.3	39,473.1
Hong Kong	Hong Kong 128 WATERLOO – residential	<u>855</u>	<u>305.4</u>	357,193.0
Total		<u>5,600</u>	<u>492.7</u>	87,982.1

Details of sale of car park units recognised by the Group during the six months ended 30 June 2025 are listed below:

City	Project	Number of car park units booked unit	Sale of car park units recognised HK\$ million	Recognised ASP HK\$/unit
Nanjing	The Sunny Land – Nanjing	<u>7</u>	<u>0.7</u>	100,000.0

(3) *Investment properties*

In addition to the sale of properties developed by the Group, the Group has also leased out or expects to lease out its investment property portfolio, which mainly comprises shopping malls, community commercial centres, retail shops, serviced apartments and car park units in The Spring Land – Shenzhen, Changzhou Fashion Mark, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden, Chengdu Fashion Mark, Shenzhen Excellence Times Square, Shanghai Bay Valley and Kunming Dianchi Lakeside Peninsula in Mainland China. As at 30 June 2025, the total fair value of the investment properties of the Group was approximately HK\$5,926.4 million, representing approximately 39.3% of the Group's total asset value. The Group's investment property portfolio had a total leasable GFA of approximately 301,194 sq.m. The Group recorded loss of approximately HK\$635.1 million (for the six months ended 30 June 2024: approximately HK\$79.8 million) in fair value of its investment properties for the six months ended 30 June 2025.

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 2025, 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 37.0% (as at 31 December 2024: approximately 37.9%) of the Group's total leasable GFA in its investment properties under operation.

The Group generated rental income of approximately HK\$105.4 million for the six months ended 30 June 2025, representing a decrease of approximately 7.9% from approximately HK\$114.4 million for the six months ended 30 June 2024. The average monthly rental income of the Group's investment properties under operation for the six months ended 30 June 2025 was approximately HK\$64.8 per sq.m. (for the six months ended 30 June 2024: approximately HK\$68.8 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 2025.

(4) Land bank as at 30 June 2025

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 2025, the Group had a total of 16 projects in various stages of development, including an estimated net saleable/leasable GFA of completed projects of approximately 332,498 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 397,015 sq.m., the details of which are as follows:

Project no.	City	Project	Type of project	Estimated net saleable/leasable GFA sq.m.	Interest attributable to the Group %
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley	Residential	996	100.0
2	Shenzhen	The Spring Land – Shenzhen	Commercial	33,454	100.0
3	Shenzhen	Shenzhen Water Flower Garden	Commercial	4,992	100.0
4	Changzhou	Changzhou Fashion Mark	Commercial	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	Kunming	Kunming Dianchi Lakeside Peninsula	Commercial	1,415	100.0
11	Shenzhen	Shenzhen Upper Residence	Residential/ Commercial	1,492	100.0
12	Hong Kong	Hong Kong 128 WATERLOO	Residential	887	60.0
13	Shenzhen	Shenzhen Excellence Times Square	Commercial	1,135	100.0
14	Shenzhen	Shenzhen Jianshang Commercial Building	Commercial	9,531	100.0
Sub-total				<u>332,498</u>	

Project no.	City	Project	Type of project	Estimated net saleable/ leasable GFA <i>sq.m.</i>	Interest attributable to the Group %
Projects under Development					
15	Shenzhen	Shenzhen Topspring International Mansion	Commercial	58,020	100.0
Sub-total				<u>58,020</u>	
Projects Contracted to be Acquired or under Application for Change in Land Use					
16	Hong Kong	Hong Kong Sheung Shui Ma Sik Road Project	Residential	6,497	50.0
Sub-total				<u>6,497</u>	
Total				<u>397,015</u>	

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)	129,792
Shanghai	97,526
Chengdu	38,325
Hangzhou	26,264
Tianjin	16,660
Changzhou	79,649
Kunming	1,415
Hong Kong	7,384
Total	<u>397,015</u>

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 2025, the Group recorded an aggregate of pre-sales of properties and car park units of approximately HK\$451.1 million (corresponding period of 2024: approximately HK\$416.1 million), pre-sold saleable GFA of 9,162 sq.m. (corresponding period of 2024: 3,800 sq.m.).

In the first half of 2025, the Group's rental income from investment properties was approximately HK\$105.4 million (corresponding period of 2024: approximately HK\$114.4 million), representing a decrease of approximately 7.9%. As at 30 June 2025, the overall occupancy rate of the Group's investment properties was 88.7% (as at 30 June 2024: 82.5%). As at 30 June 2025, the total leasable GFA of the operating investment property portfolio was 301,194 sq.m. (as at 30 June 2024: 307,246 sq.m.). In addition, as at 30 June 2025, the accumulated total area of properties managed by the Group amounted to approximately 11,407,000 sq.m., of which approximately 704,600 sq.m. property area was not developed by the Group and approximately 201,000 sq.m. was commercial property management projects.

As at 30 June 2025, the land bank (i.e. the net saleable/leasable GFA) of 16 projects of the Group was approximately 397,015 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 Greater Bay Area, core cities and regions

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 by focusing on the core cities like Shenzhen and Guangzhou, and advancing the development and delivery of existing projects. Meanwhile, we will identify project opportunities and drive the implementation of its development strategy.

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 cash flow. The Group strives to continue holding and optimising the operation of premium property assets with its sound asset management capabilities, aiming to maintain and increase 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 within the Greater Bay Area, 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 in facilitating the synergistic development of its diversified businesses and real estate business by capturing business breakthroughs and growth points to boost the robust growth of the Group's business.

FINANCIAL REVIEW

For the six months ended 30 June 2025, the Group's total revenue and income from sale of properties were approximately HK\$737.3 million and HK\$493.4 million, respectively, increased by approximately 62.6% and 160.6%, respectively, as compared to the corresponding period of 2024. The Group recorded a loss attributable to equity shareholders of the Company and holders of PCSs of approximately HK\$746.5 million, compared to a loss of approximately HK\$539.2 million in the corresponding period of 2024. As of 30 June 2025, net assets per share attributable to equity shareholders of the Company and holders of PCSs were approximately HK\$3.6, compared to approximately HK\$4.0 as of 31 December 2024.

No interim dividend has been declared for the six months ended 30 June 2025 (for the six months ended 30 June 2024: 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 increased by approximately 62.6% to approximately HK\$737.3 million for the six months ended 30 June 2025 from approximately HK\$453.5 million for the six months ended 30 June 2024. This increase was primarily due to the increase in the Group's income from sales of properties. The Group recognised property sales of approximately HK\$493.4 million, which accounted for approximately 66.9% of the total revenue for the six months ended 30 June 2025. The remaining approximately 33.1% comprised rental income, property management and related services income and income from education related services and products.

Revenue from the Group's rental income and property management and related services income decreased by approximately 7.9% for the six months ended 30 June 2025 as compared to the corresponding period of 2024 primarily due to a decrease in rental 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 increased to approximately HK\$756.8 million for the six months ended 30 June 2025 from approximately HK\$555.8 million for the six months ended 30 June 2024. Such increase was primarily due to the increase in sales of properties.

Gross loss

The Group recorded a gross loss of approximately HK\$19.5 million for the six months ended 30 June 2025 as compared with a gross loss of approximately HK\$102.2 million for the six months ended 30 June 2024. The Group recorded a gross loss margin of approximately 2.6% for the six months ended 30 June 2025 as compared to a gross loss margin of approximately 22.5% for the six months ended 30 June 2024. The improvement in margin was primarily due to the increase in sales of properties.

Other revenue

Other revenue increased by approximately HK\$1.8 million, or approximately 3.2%, to approximately HK\$58.2 million for the six months ended 30 June 2025 from approximately HK\$56.4 million for the six months ended 30 June 2024. The increase was primarily attributable to the increase in other interest income.

Other net losses

Other net losses decreased significantly by approximately 97.2% to approximately HK\$3.1 million for the six months ended 30 June 2025 from approximately HK\$108.9 million for the six months ended 30 June 2024, mainly due to the disposal of associates in the prior period.

Selling and marketing expenses

Selling and marketing expenses increased by approximately 63.4% to approximately HK\$105.1 million for the six months ended 30 June 2025 from approximately HK\$64.3 million for the six months ended 30 June 2024, which was mainly due to the increase in the commission expenses.

Administrative expenses

Administrative expenses increased by approximately 7.7% to approximately HK\$102.4 million for the six months ended 30 June 2025 from approximately HK\$95.1 million for the six months ended 30 June 2024 due to the increase in legal and professional fees incurred.

Valuation losses on investment properties

Valuation losses on investment properties amounted to approximately HK\$635.1 million for the six months ended 30 June 2025 (for the six months ended 30 June 2024: approximately HK\$79.8 million). The increase was mainly attributable to the decline in property rental rates in the PRC in 2025.

Finance costs

Finance costs decreased by approximately 44.8% to approximately HK\$83.8 million for the six months ended 30 June 2025 from approximately HK\$151.8 million for the corresponding period of 2024. The decrease was primarily attributable to the repayment of bank loans and the lower interest rate.

Income tax credit/(expense)

Income tax credit amounted to approximately HK\$140.7 million for the six months ended 30 June 2025, as compared with income tax expense of approximately HK\$7.7 million for the six months ended 30 June 2024. The income tax credit for the period was due to deferred tax on the fair value losses on investment properties.

Non-controlling interests

The loss attributable to non-controlling interests was approximately HK\$3.8 million for the six months ended 30 June 2025 as compared to approximately HK\$21.4 million in the corresponding period of 2024.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2025, the carrying amount of the Group's cash and bank deposits was approximately HK\$1,108.3 million (as at 31 December 2024: approximately HK\$1,756.7 million), representing a decrease of approximately 36.9%.

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 2025 of approximately HK\$6,514.9 million, of which approximately HK\$2,633.6 million is repayable within one year, approximately HK\$2,856.4 million is repayable after one year but within five years and approximately HK\$1,024.9 million is repayable after five years.

As at 30 June 2025, the Group's bank loans of approximately HK\$5,000.0 million (as at 31 December 2024: approximately HK\$5,721.0 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\$9,211.7 million (as at 31 December 2024: approximately HK\$11,071.5 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\$625.3 million (as at 31 December 2024: approximately HK\$1,168.9 million) and HK\$658.7 million (as at 31 December 2024: approximately HK\$743.7 million) as at 30 June 2025 which were denominated in Hong Kong dollars and US dollars, respectively.

Cost of borrowings

The Group's annualised average cost of borrowings, calculated by dividing total interest expenses (both expensed and capitalised) by average borrowings during the period, was approximately 6.1% for the six months ended 30 June 2025 (for the six months ended 30 June 2024: approximately 6.7%).

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 2025 and 31 December 2024 were approximately 84.7% and 80.0%, respectively. The rise in net gearing ratio was mainly attributable to the fair value losses on investment properties and impairment losses of certain inventories during the six months ended 30 June 2025.

Foreign exchange risk

As at 30 June 2025, the Group had cash balances denominated in RMB of approximately RMB913.2 million (equivalent to approximately HK\$999.0 million), in US dollars of approximately US\$0.2 million (equivalent to approximately HK\$1.5 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 2025 and 31 December 2024 are calculated as follows:

	As at 30 June 2025	As at 31 December 2024
Net assets attributable to equity shareholders of the Company and the holders of PCSs (<i>HK\$'000</i>)	5,481,601	6,068,736
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>)	3.6	4.0

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 2025 and 31 December 2024.

CONTINGENT LIABILITIES

As at 30 June 2025, save for the guarantees of approximately HK\$163.6 million (as at 31 December 2024: approximately HK\$164.5 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.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures from 1 January 2025 up to the date of this announcement.

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 and was subsequently completed on 28 March 2025.

For details, please refer to the announcements of the Company dated 25 November 2024 and 24 January 2025, and the circular of the Company dated 9 January 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group employed a total 718 employees (as at 30 June 2024: 812 employees) in Mainland China and Hong Kong, of which, 41 were under the headquarters team, 86 were under the property development division and 565 were under the retail operation and property management division, 26 were under education division. For the six months ended 30 June 2025, the total staff costs incurred was approximately HK\$89.2 million (for the six months ended 30 June 2024: approximately HK\$95.6 million). The remuneration of the employees was determined based on their performance, work experience, skills, knowledge and the prevailing market wage levels. The Group remunerated the employees by means of basic salaries, cash bonuses and equity settled share-based payments.

A share option scheme (the “**Share Option Scheme**”) was adopted pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 8 June 2022. As at 30 June 2025 and the date of this announcement, no share option was granted by the Company pursuant to the Share Option Scheme.

EVENTS AFTER THE REPORTING PERIOD

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

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 2025 (for the six months ended 30 June 2024: 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 2025.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has applied the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in “Part 2 – Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices” of Appendix C1 to the Listing Rules during the six months ended 30 June 2025 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 2025, Mr WONG Chun Hong performed his duties as the chairman and the chief executive officer of the Company. The Board considers that vesting both roles in the same person ensures consistent leadership within the Group and enables more effective and efficient planning of long-term strategies and implementation of business plans. The Board believes that the balance of power and authority is adequately ensured by the operations and governance of the Board which comprises experienced and high calibre individuals, with more than half of the Board members being non-executive or independent non-executive Directors. The Company will review the current structure when and as it becomes appropriate.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its code of conduct for securities transactions by the Directors. After having made specific enquiries with all the Directors, all the Directors have confirmed that they had complied with the required standards set out in the Model Code and its code of conduct during the six months ended 30 June 2025.

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 2025. The audit committee of the Company comprises three independent non-executive Directors, namely Mr CHAN So Kuen (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 2025. The interim financial report is unaudited, but has been reviewed by BDO Limited, 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, BDO Limited 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 (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, 29 August 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.