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合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

website: <http://www.irasia.com/listco/hk/hopson>

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

(for the year ended 31 December 2024)

- Turnover was HK\$37,834 million (2023: HK\$34,292 million).
- Profit attributable to equity holders was HK\$120 million (2023: HK\$2,922 million).
- Underlying profit was HK\$3,123 million (2023: HK\$2,314 million).
- Basic and diluted earnings per share was HK\$0.03 per share (2023: HK\$0.77 per share).

* *For identification purposes only*

BUSINESS REVIEW

Industry Overview

In 2024, the global economy was still undergoing cyclical adjustment, with geopolitical tensions putting pressure on economic recovery, and rising protectionism and political elections posing further risks. 2024 marked the 75th anniversary of the founding of the People's Republic of China ("PRC" or "China"), a pivotal year for achieving the targets set out in the "14th Five-Year Plan". As the world's second-largest economy, China faced multiple challenges ranging from increasing external pressures to internal obstacles. Nevertheless, the nation remained steadfast in its overarching strategy of seeking progress through stability, implementing a series of precise and effective macroeconomic policies in a comprehensive manner, to ensure stable economic performance and progress toward high-quality development. According to the National Bureau of Statistics, China's gross domestic product (GDP) grew by 5.0% year-on-year, ranking among the top performers of major global economies. Its economic development has demonstrated strong resilience and potential, serving as a vital engine for global economic growth.

In 2024, China's real estate market as a whole remained in an adjustment phase. As the industry faced ongoing pressure, new house sales saw a significant year-on-year decline in the first three quarters. In September, the meeting of the Political Bureau of the Central Committee explicitly called for "stabilizing the real estate market and halting the decline." This commitment helped boost market confidence, and signs of recovery began to appear in core cities by the fourth quarter. With continuous regulatory optimization by government departments at various levels, the balance between market supply and demand has gradually improved. Stabilized housing prices have helped restore confidence among homebuyers. In particular, under the "city-specific policies" framework, local governments have introduced a series of measures tailored to their specific needs to support demand for both basic and upgraded housing. The cumulative effects of these policies have effectively contributed to the stabilization and recovery of the real estate market, leading to continuous improvement in key market indicators.

The current restructuring of the real estate industry has presented both opportunities and challenges for business. As a comprehensive provider of high-quality living experiences across the entire value chain, the Group has adhered to its core strategy of prudent and steady operations, prioritizing risk control while keeping an eye on the long-term future. At the same time, the Group has remained bold in navigating the complex environment by staying up-to-date with current trends, engaging with customers, and seeking innovation and change. The Group has demonstrated strong market insights through its pioneering breakthroughs in marketing innovation against traditional mindset. By combining innovative thinking with technological empowerment, the Group has built multi-dimensional core competencies that have enabled its transformation and upgrade from a "product manufacturer" to a "lifestyle setter", making steady progress toward high-quality development. In addition, the Group actively fulfilled its social responsibility by remaining committed to "ensuring delivery, quality, and people's well-being". Through its "4-in-1" quality control system, the Group has satisfied the diverse needs of its customers in every aspect of living, continuously enhancing its iterative productivity to ensure the steady operation of projects and the on-schedule delivery of high quality products. This commitment has earned a high level of trust from all sectors of society. In terms of financial management, the Group has maintained stable cash flow and impressive profitability. This, coupled with its diverse financing channels, has enabled it to reduce debt size and optimize its debt structure in an organized manner, providing a strong foundation for its long-term sustainability.

Contracted sales performance

Properties sold under sale and pre-sale contracts in 2024 amounted to a total of RMB16,629 million (2023: RMB32,583 million), including contracted sales of properties of RMB15,905 million (2023: RMB31,422 million) and contracted sales of decoration of RMB724 million (2023: RMB1,161 million). The decrease in sales was primarily attributable to a decline in activity in the real estate sector, and the fact that sales made during the year were mainly focused on the existing units and phases. Details are as follows:

- In Guangzhou, a total GFA of 103,988 square metres (2023: 236,408 square metres) with a carrying value of RMB2,558 million (2023: RMB6,779 million) was sold.
- In Huizhou, a total GFA of 71,277 square metres (2023: 81,086 square metres) with a carrying value of RMB678 million (2023: RMB723 million) was sold.
- In Shanghai, a total GFA of 186,800 square metres (2023: 201,298 square metres) with a carrying value of RMB9,168 million (2023: RMB15,148 million) was sold.
- In Beijing and Tianjin, a total GFA of 170,853 square metres (2023: 254,675 square metres) with a carrying value of RMB4,225 million (2023: RMB9,933 million) was sold.

Properties sold but yet to be delivered

As at 31 December 2024, the GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was 844,098 square metres (2023: 1,225,607 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK\$24,027 million will be recognised as revenue in the Group's financial statements in 2025 and thereafter.

Delivery of properties

A total GFA of 816,629 square metres (2023: 1,446,055 square metres) was delivered in 2024.

Project development progress

- A total GFA of 1,211,909 square metres (2023: 2,154,225 square metres) was completed during 2024.
- It is expected that a total GFA of 1,451,773 square metres will be completed in 2025.

Landbank

As at 31 December 2024, the Group had a landbank of 26.80 million square metres (31 December 2023: 27.62 million square metres).

Prospects

Looking ahead to 2025, with complications and uncertainties persisting in the global economy, economic development is expected to be sluggish due to weak investment, slowed productivity growth, high debt levels, and increased protectionism. Facing challenges from both external pressures and internal restructuring, China's economy and commercial activities will be hindered by subdued consumer spending, ongoing weakness in the real estate sector, and a slow recovery in household confidence. However, China still benefits from favorable conditions that support its long-term growth trajectory. The nation will remain firmly committed to stabilizing its economic growth in 2025. It is expected that the government will implement more proactive macro policies to expand domestic demand, stimulate market vitality, and enhance internal dynamics, driving continuous rebound and improvement in the national economy.

As a vital pillar of the national economy, the real estate industry will continue to receive support from the Central Government in 2025. Adhering to the principle of "houses are for inhabitation, not for speculation", the government will further enhance regulatory policies to promote stable development in the real estate market. In December 2024, the meetings of the Political Bureau of the Central Committee and the Central Economic Work Conference proposed to "stabilize the property and stock markets" and to "stabilize the real estate market and halt the decline with ongoing efforts", respectively. These proposals have set the tone for the property market in 2025, signaling a stronger commitment to stabilizing the market. The real estate market is expected to benefit from multiple positive changes, including policy reinforcement, market recovery, inventory reduction, and improvements in the financing environment. As the industry gradually stabilizes through adjustments, it is entering a new phase of development characterized by greater rationality and robustness.

Facing a complex and dynamic business environment in 2025, the Group will embrace reforms and proactively respond to industry changes, while closely aligning with national policies and adhering to its core principals. Following its prudent and stable development strategy, the Group will explore the potential for enterprise upgrading, enhancing its comprehensive strengths in the areas of "products, services, allocation and delivery". These efforts will further boost its brand value and reinforce its commitment to the brand philosophy of "enjoying high-quality lifestyle". With steady development, diverse industrial presence, quality products and services, and a strong financial position, the Group will continue to drive high-quality development alongside the industry, reaching the next milestone in its new journey and creating long-term value for its shareholders, customers and society.

The board (the “Board”) of directors (the “Directors”) of Hopson Development Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2024 together with the comparative figures for the previous year.

The 2024 consolidated financial statements of the Group have been reviewed by the Company’s audit committee and the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	For the year ended	
		2024	2023
		HK\$’000	HK\$’000
Revenues	4	37,834,224	34,291,809
Cost of sales	6	(28,276,127)	(24,795,337)
Gross profit		9,558,097	9,496,472
Fair value gain on investment properties		2,638	2,495,968
Other (losses)/gains, net	5	(376,869)	31,068
Selling and marketing expenses	6	(901,669)	(1,905,920)
General and administrative expenses	6	(1,980,131)	(2,289,872)
Finance income	7	92,607	519,062
Finance costs	7	(1,250,486)	(933,794)
Share of profit/(loss) of associates		546,400	(115,894)
Share of (loss)/profit of joint ventures		(773,324)	223,726
Other expenses		(2,111,375)	(1,226,714)
Profit before taxation		2,805,888	6,294,102
Taxation	8	(1,702,511)	(2,889,882)
Profit for the year		1,103,377	3,404,220
Attributable to:			
Equity holders of the Company		119,582	2,922,321
Non-controlling interests		983,795	481,899
		1,103,377	3,404,220
Earnings per share attributable to ordinary equity holders of the Company (in HK\$ per share)			
— basic and diluted	9	0.03	0.77

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
Profit for the year	1,103,377	3,404,220
Other comprehensive (loss)/income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Assets revaluation reserve realised upon disposal of completed properties held for sale	(3,397)	(17,173)
Deferred tax	1,584	8,349
Currency translation differences	(1,752,872)	77,207
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Fair value loss on financial assets at fair value through other comprehensive income	(476,832)	(739,291)
Deferred tax	68,534	109,541
Share of other comprehensive loss of an associate	(32,022)	(138,594)
Currency translation differences	(121,795)	(78,117)
Other comprehensive loss for the year, net of tax	(2,316,800)	(778,078)
Total comprehensive (loss)/income for the year	(1,213,423)	2,626,142
Attributable to:		
Equity holders of the Company	(2,075,423)	2,222,360
Non-controlling interests	862,000	403,782
	(1,213,423)	2,626,142

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2024	2023
Note	HK\$'000	HK\$'000
ASSETS		
Non-current assets		
Prepayments for acquisition of land	114,877	117,390
Loan receivables	1,702,415	1,850,077
Properties and equipment	3,204,342	3,269,591
Investment properties	85,081,273	87,275,592
Intangible assets	307,006	381,342
Investments in associates	6,077,397	7,164,615
Investments in joint ventures	7,263,128	8,392,676
Financial assets at fair value through other comprehensive income	2,325,020	2,819,455
Financial assets at fair value through profit or loss	645,189	778,802
Finance lease receivables	69,521	109,551
Right-of-use assets	1,530,560	1,613,898
Prepayments, deposits and other non-current assets	465,751	468,939
Deferred tax assets	1,242,335	1,294,019
	110,028,814	115,535,947
Current assets		
Prepayments for acquisition of land	10,389,009	10,448,231
Properties under development for sale	59,613,710	81,644,937
Completed properties for sale	40,884,691	38,111,017
Financial assets at fair value through profit or loss	511,221	1,232,335
Accounts receivable	4,058,715	4,129,782
Loan receivables	3,955,039	3,701,045
Prepayments, deposits and other current assets	12,415,320	13,693,259
Due from joint ventures	1,359,116	1,532,384
Due from associates	448,547	345,417
Due from related companies	7,291	13,362
Due from non-controlling interests	941,335	1,513,246
Contract acquisition costs	871,219	1,424,841
Cash and bank balances	11,398,148	15,368,332
	146,853,361	173,158,188
Total assets	256,882,175	288,694,135

		As at 31 December	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		379,254	379,254
Reserves		<u>92,903,536</u>	<u>94,978,959</u>
		93,282,790	95,358,213
Non-controlling interests		<u>5,632,692</u>	<u>5,626,636</u>
Total equity		<u>98,915,482</u>	<u>100,984,849</u>
LIABILITIES			
Non-current liabilities			
Land cost payable		654,956	700,668
Borrowings	12	50,465,675	49,825,011
Lease liabilities		635,276	697,939
Due to non-controlling interests		1,323,974	1,339,339
Deferred tax liabilities		<u>13,530,151</u>	<u>14,307,544</u>
		66,610,032	66,870,501
Current liabilities			
Accounts payable, accruals and other payables	13	29,802,688	30,055,180
Borrowings	12	24,606,585	37,029,973
Margin loans		430,635	828,853
Contract liabilities		24,701,612	43,690,642
Lease liabilities		114,493	92,514
Due to associates		482,924	460,093
Due to related companies		1,525,703	596,585
Due to joint ventures		2,426,242	1,375,822
Current tax liabilities		<u>7,265,779</u>	<u>6,709,123</u>
		91,356,661	120,838,785
Total liabilities		<u>157,966,693</u>	<u>187,709,286</u>
Total equity and liabilities		<u>256,882,175</u>	<u>288,694,135</u>
Net assets		<u>98,915,482</u>	<u>100,984,849</u>

Notes:

(1) GENERAL INFORMATION

Hopson Development Holdings Limited (the “Company”) and its subsidiaries (together “the Group”) are mainly engaged in the development of residential properties, commercial properties investment, property management and infrastructure business in Chinese Mainland, and investments business.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2025.

(2) BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, 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. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

As at 31 December 2024, the Group had short-term bank and other borrowings (including margin loan) of HK\$25,037,220,000, while its cash and cash equivalents amounted to HK\$8,449,113,000. The Group had not repaid an aggregate amount of principal and interest of HK\$941,661,000 for certain borrowings according to their scheduled repayment dates, triggering events of default (the “Defaulted Borrowings”) which further triggered cross-defaults of certain bank and financial institution borrowings with an aggregate amount of HK\$9,269,709,000.

The above conditions indicate the existence of a material uncertainty which cast significant doubt over the Group’s ability to continue as a going concern. In view of such circumstances, the directors of the Company have undertaken a number of plans and measures to improve the Group’s liquidity and financial position, including:

- (i) The Group is actively negotiating with the relevant lenders of the Defaulted Borrowings for debt restructuring plans.
- (ii) The Group is actively negotiating with several existing financial institutions on the renewal of certain borrowings.
- (iii) The Group will continue to implement measures to accelerate the sales of its properties under development for sale and completed properties for sale, and to 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 have reviewed the Group’s cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2024. They are of the opinion that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 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 the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the followings:

- (i) successfully completing the restructuring of its Defaulted Borrowings;
- (ii) successfully refinancing of the existing bank borrowings to finance the settlement of its existing financial obligations and future operating expenditures; and
- (iii) accelerating the pre-sale of properties and to speed up the collection of sales proceeds.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that 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 consolidated financial statements.

(3) ACCOUNTING POLICIES

(a) Changes in accounting policies and disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

(b) Issue but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
<i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards — Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

(4) OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

- (a) the property development segment engages in the development and sale of properties;
- (b) the commercial properties investment segment engages in the investments in properties for their rental income potential and/or for capital appreciation and hotel and restaurant business;
- (c) the property management segment engages in the provision of property management services;
- (d) the infrastructure segment engages in construction, design and renovation services in Chinese Mainland; and
- (e) the investments segment engages in the investments in private equity investments and listed equity investments relating to high-and-new technology and medical science.

Geographically, the property development segment and the commercial properties investment segment are further segregated into three main geographical areas, namely Southern China (SC) (including Guangzhou, Huizhou, Zhongshan, Yangshuo and Hong Kong), Northern China (NC) (including Beijing, Tianjin, Dalian, Taiyuan, Langfang and Qinhuangdao) and Eastern China (EC) (including Shanghai, Hangzhou, Kunshan, Ningbo, Cixi and Taicang).

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that finance income and costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets as these assets are managed on a group basis.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The segment results by business lines and, where applicable, by geographical areas for the year ended 31 December 2024 are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC HK\$'000	EC HK\$'000	NC HK\$'000	SC HK\$'000	EC HK\$'000	NC HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2024										
Total revenues	3,003,637	2,656,901	24,573,880	845,320	1,458,438	2,773,885	1,503,889	6,030,483	(95,058)	42,751,375
Intra/inter-segment revenues	(69,640)	(21,715)	(9,023)	(69,970)	(97,631)	(464,083)	(200,124)	(3,982,736)	(2,229)	(4,917,151)
Revenues	<u>2,933,997</u>	<u>2,635,186</u>	<u>24,564,857</u>	<u>775,350</u>	<u>1,360,807</u>	<u>2,309,802</u>	<u>1,303,765</u>	<u>2,047,747</u>	<u>(97,287)</u>	<u>37,834,224</u>
Segment results	(1,312,064)	218,359	4,331,063	(25,987)	639,174	1,353,999	(144,081)	(11,890)	(945,841)	4,102,732
Unallocated corporate expenses (including exchange loss), net										(138,965)
Finance income										92,607
Finance costs										(1,250,486)
Profit before taxation										2,805,888
Taxation										(1,702,511)
Profit for the year										<u>1,103,377</u>
Depreciation of properties and equipment	(2,272)	(30,567)	(14,348)	(4,234)	(25,473)	(73,541)	(197)	(749)	(16)	(151,397)
Depreciation of right-of-use assets	(112,107)	(2,686)	(4,611)	(3,771)	(20,309)	(9,667)	(1,485)	(4,857)	—	(159,493)
Provision for impairment of financial assets	(350,236)	—	(371,126)	—	—	(31)	(298,563)	—	(282,475)	(1,302,431)
Provision for impairment of properties under development for sale and completed properties for sale	(364,777)	(50,259)	(393,908)	—	—	—	—	—	—	(808,944)
Fair value (loss)/gain on investment properties	—	—	—	(397,820)	(165,335)	565,793	—	—	—	2,638
Share of (loss)/profit of associates	(27,245)	—	508,724	—	—	436	—	98,163	(33,678)	546,400
Share of (loss)/profit of joint ventures	(665,413)	—	—	(108,068)	—	157	—	—	—	(773,324)

The segment results by business lines and, where applicable, by geographical areas for the year ended 31 December 2023 are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC HK\$'000	EC HK\$'000	NC HK\$'000	SC HK\$'000	EC HK\$'000	NC HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2023										
Total revenues	4,986,716	14,127,876	8,368,152	735,357	1,403,052	2,805,039	1,697,239	8,114,263	(136,717)	42,100,977
Intra/inter-segment revenues	(874,287)	(47,238)	(61,682)	(96,352)	(75,376)	(532,449)	(302,046)	(5,805,462)	(14,276)	(7,809,168)
Revenues	<u>4,112,429</u>	<u>14,080,638</u>	<u>8,306,470</u>	<u>639,005</u>	<u>1,327,676</u>	<u>2,272,590</u>	<u>1,395,193</u>	<u>2,308,801</u>	<u>(150,993)</u>	<u>34,291,809</u>
Segment results	281,238	1,259,934	384,561	520,013	3,357,766	1,015,162	21,862	455,046	(424,062)	6,871,520
Unallocated corporate expenses (including exchange loss), net										(162,686)
Finance income										519,062
Finance costs										(933,794)
Profit before taxation										6,294,102
Taxation										(2,889,882)
Profit for the year										<u>3,404,220</u>
Depreciation of properties and equipment	(50,533)	(37,900)	(14,259)	(3,476)	(38,113)	(74,354)	(2,942)	(1,944)	(15)	(223,536)
Depreciation of right-of-use assets	(132,116)	(4,513)	(4,657)	(3,839)	(16,552)	(9,670)	(3,322)	(5,546)	—	(180,215)
Provision for impairment of investment in an associate	—	—	—	—	—	—	—	—	(159,887)	(159,887)
Provision for impairment of financial assets	(14,086)	—	—	—	—	—	(22,260)	—	—	(36,346)
Provision for impairment of properties under development for sale and completed properties for sale	(404,265)	(311,130)	(315,086)	—	—	—	—	—	—	(1,030,481)
Fair value (loss)/gain on investment properties	—	—	—	(338,775)	2,573,358	261,385	—	—	—	2,495,968
Share of loss of associates	(2,776)	—	(17,048)	—	—	—	(44,833)	—	(51,237)	(115,894)
Share of (loss)/profit of joint ventures	(203,203)	—	(674)	427,603	—	—	—	—	—	223,726

The segment assets by business lines and, where applicable, by geographical areas as at 31 December 2024 are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC	EC	NC	SC	EC	NC				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2024	45,449,478	39,218,595	54,177,562	23,045,103	33,699,754	39,158,641	3,638,818	3,955,676	13,296,213	255,639,840
Deferred tax assets										1,242,335
Total assets										256,882,175
Segment assets include:										
Investments in associates	254,540	—	1,134,982	—	—	—	935,191	—	3,752,684	6,077,397
Investments in joint ventures	1,003,911	—	11,004	6,248,213	—	—	—	—	—	7,263,128
Additions to non-current assets (other than financial instruments and deferred tax assets)	3,099	—	132,871	10,304	6,829	19,463	29,477	174	—	202,217

The segment assets by business lines and, where applicable, by geographical areas as at 31 December 2023 are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC	EC	NC	SC	EC	NC				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2023	48,331,223	39,122,983	77,538,375	24,098,442	34,230,754	40,456,740	4,008,544	4,195,222	15,417,833	287,400,116
Deferred tax assets										1,294,019
Total assets										288,694,135
Segment assets include:										
Investments in associates	269,599	—	1,019,032	—	—	—	1,013,030	—	4,862,954	7,164,615
Investments in joint ventures	1,668,616	—	11,484	6,712,576	—	—	—	—	—	8,392,676
Additions to non-current assets (other than financial instruments and deferred tax assets)	49,002	99	1,838	40,798	1,950,449	123,214	42,206	642	—	2,208,248

(a) *Revenue from external customers*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from property development	30,134,040	26,499,537
Revenue from commercial properties investment	4,445,959	4,239,271
Property management income	1,303,765	1,395,193
Infrastructure income	2,047,747	2,308,801
Investments losses	(97,287)	(150,993)
	<u>37,834,224</u>	<u>34,291,809</u>

The revenue information of continuing operations above is based on the locations of the customers.

(b) *Non-current assets*

As at 31 December 2024 and 2023, non-current assets were mainly located in Chinese Mainland.

Information about a major customer

During the current and prior years, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

(5) **OTHER (LOSSES)/GAINS, NET**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss on disposal of an associate	(486,363)	—
Net foreign exchange losses	(1,102)	(14,051)
Others	110,596	45,119
	<u>(376,869)</u>	<u>31,068</u>

(6) EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and general and administrative expenses are analysed as follows:

	2024	2023
	HK\$'000	HK\$'000
Advertising costs	271,197	608,447
Auditor's remuneration		
— Audit services	19,073	15,167
— Non-audit services	9,470	8,653
Cost of completed properties sold	23,736,874	20,429,133
Cost of property management business	1,076,317	1,224,326
Cost of commercial properties business	1,647,682	1,650,136
Cost of infrastructure business	1,782,061	1,439,578
Depreciation of properties and equipment	151,397	223,536
Depreciation of right-of-use assets	159,493	180,215
Direct operating expenses arising from investment properties	378,177	343,978
Employees' benefits costs (including directors' emoluments)	1,628,298	2,021,623
Loss on disposals of properties and equipment	5,076	75,673
Short-term and low-value assets lease expenses*	1,250	3,762
Provision for impairment of investment in an associate**	—	159,887
Provision for impairment of financial assets**	1,302,431	36,346
Provision for impairment of properties under development for sale and completed properties for sale**	808,944	1,030,481
Donation	27,272	20,172

* These lease payments are directly charged to general and administrative expenses and are not included in the measurement of lease liabilities under HKFRS 16.

** These items are included in "Other expenses" in the consolidated statement of profit or loss.

(7) FINANCE INCOME AND COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Finance income		
Interest income on bank deposits, advance to a joint venture and loan receivables	<u>92,607</u>	<u>519,062</u>
Finance costs		
Interest expenses and other borrowing costs:		
— loans from banks and financial institutions	(4,880,269)	(4,919,773)
— senior notes, convertible bonds, asset-backed securities and commercial mortgage-backed securities	<u>(353,570)</u>	<u>(791,874)</u>
Total borrowing costs incurred	(5,233,839)	(5,711,647)
Less: Amount capitalised as part of the cost of properties under development, investment properties under development and construction-in-progress	<u>3,983,353</u>	<u>4,777,853</u>
	<u>(1,250,486)</u>	<u>(933,794)</u>
Net finance costs	<u>(1,157,879)</u>	<u>(414,732)</u>

(8) TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
Hong Kong profits tax	5,094	134,951
Chinese Mainland corporate income tax	1,300,534	573,577
Chinese Mainland land appreciation tax	<u>516,123</u>	<u>1,062,911</u>
	1,821,751	1,771,439
Deferred tax	<u>(119,240)</u>	<u>1,118,443</u>
Taxation	<u>1,702,511</u>	<u>2,889,882</u>

The Company is exempted from taxation in Bermuda until March 2035.

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

Chinese Mainland corporate income tax has been provided at the rate of 25% for the year ended 31 December 2024 (2023: 25%).

Chinese Mainland land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

Dividend distribution made by Chinese Mainland subsidiaries and joint ventures to shareholders outside of Chinese Mainland in respect of their profits earned after 1 January 2008 is subject to withholding income tax at tax rates of 5% or 10%, where applicable.

(9) EARNINGS PER SHARE

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 3,792,541,000 (2023: 3,792,541,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

The calculation of basic and diluted earnings per share are based on:

	2024	2023
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	<u>119,582</u>	<u>2,922,321</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>3,792,541</u>	<u>3,792,541</u>
Basic and diluted earnings per share (<i>HK\$ per share</i>)	<u>0.03</u>	<u>0.77</u>

(10) DIVIDEND

No dividend was proposed for the years ended 31 December 2024 and 2023.

(11) ACCOUNTS RECEIVABLE

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sale and purchase agreements. Rentals in respect of leased properties and property management fees are generally payable in advance on a monthly basis. No credit terms were granted to the customers.

The ageing analysis of accounts receivable (including amounts due from related companies of trading in nature) is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 3 months	716,628	693,781
3 to 6 months	421,972	236,885
6 to 9 months	207,918	367,692
9 to 12 months	193,444	99,815
Over 12 months	2,518,753	2,731,609
	<u>4,058,715</u>	<u>4,129,782</u>

The carrying value of accounts receivable approximates their fair values. Accounts receivable relates to a number of independent customers and related parties, and are denominated in Renminbi.

(12) BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current		
Bank and financial institution borrowings	49,840,108	49,173,293
Commercial mortgage-backed securities (<i>Note (a)</i>)	625,567	651,718
	<u>50,465,675</u>	<u>49,825,011</u>
Current		
Bank and financial institution borrowings (<i>Note (c)</i>)	24,594,382	25,026,024
Commercial mortgage-backed securities (<i>Note (a)</i>)	12,203	9,666,599
Senior notes (<i>Note (b)</i>)	—	2,337,350
	<u>24,606,585</u>	<u>37,029,973</u>
	<u>75,072,260</u>	<u>86,854,984</u>

Notes:

- (a) In March 2021, the Group issued 4.80% and 5.30% commercial mortgage-backed securities. The securities will mature in 2039 and are repayable at their nominal value of RMB1,410,000,000 according to pre-determined schedule from 2021 to 2039. The Group has the right to redeem all of the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. The investor has an option to sell back the securities every 3 years from the date of issue. The securities were early redeemed by the Group in October 2024 in full amount.

In July 2021, the Group issued 4.35% commercial mortgage-backed securities. The securities will mature in 2039 and are repayable at their nominal value of RMB8,000,000,000 according to pre-determined schedule from 2021 to 2039. The Group has the right to redeem all of the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. The investor has an option to sell back the securities every 3 years from the date of issue. The securities were early redeemed by the Group in July 2024 in full amount.

In November 2023, the Group issued 6.00% commercial mortgage-backed securities. The securities will mature in 2041 and are repayable at their nominal value of RMB635,000,000 according to pre-determined schedule from 2023 to 2041. The Group has the right to redeem all of the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. The investor has an option to sell back the securities every 3 years from the date of issue. As at 31 December 2024, the carrying value of the securities (including arrangement fees) amounted to HK\$637,770,000 (31 December 2023: HK\$662,091,000), and the securities are secured by an investment property of approximately HK\$1,181,374,000 (31 December 2023: HK\$1,305,423,000) and the rental income and receivables deriving from the investment property.

- (b) In May 2021, the Group issued 7.00% senior notes. The notes were unsecured and repayable at their nominal value of US\$300,000,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular. The Group repaid the notes in full upon maturity in May 2024.
- (c) As at 31 December 2024, the Group had not repaid an aggregate amount of principal and interest of HK\$941,661,000 for certain borrowings according to their scheduled repayment dates, triggering events of default which further triggered cross-defaults of certain bank and financial institution borrowings with an aggregate amount of HK\$9,269,709,000.

(13) ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES

Ageing analysis of accounts payable (including amounts due to related companies of trading in nature) is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 3 months	812,344	2,423,590
3 to 6 months	837,684	1,986,104
6 to 9 months	1,446,203	2,883,475
9 to 12 months	1,308,762	1,707,578
Over 12 months	10,259,837	5,666,087
	<u>14,664,830</u>	<u>14,666,834</u>

Accounts payable are denominated in Renminbi. The carrying value of accounts payable approximates their fair values.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

Opinion

We have audited the consolidated financial statements of Hopson Development Holdings Limited (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 to the consolidated financial statements, which indicates that as at 31 December 2024, the Group had short-term bank and other borrowings (including margin loan) of HK\$25,037,220,000, while its cash and cash equivalents amounted to HK\$8,449,113,000. The Group had not repaid an aggregate amount of principal and interest of HK\$941,661,000 for certain borrowings according to their scheduled repayment dates, triggering events of default which further triggered cross-defaults of certain bank and financial institution borrowings with an aggregate amount of HK\$9,269,709,000. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

DIVIDEND

The Group remains cautiously optimistic about the prospects of the real estate and property development markets in the PRC. The Board considers that it would be prudent to preserve cash and strengthen liquidity position for the Group’s upcoming business development and plans under the current market conditions. After careful and thorough consideration, the Board does not recommend the payment of a final dividend for the year ended 31 December 2024. No interim dividend was declared for the half year ended 30 June 2024.

FINANCIAL REVIEW

Turnover

(i) *Recognised Sales*

In 2024, the Group recorded a turnover of RMB34,661 million (HK\$37,834 million), representing an increase of 12% (denominated in RMB) and an increase of 10% (denominated in HK\$) when compared with RMB30,854 million (HK\$34,292 million) in 2023.

In respect of property development business, the major projects delivered in 2024 include Dongsan Jinmao Palace (東叁金茂府), Hopson YUNĒ (合生縵雲) and Hopson MIYĀ (合生me悦) in Northern China, The Town of Hangzhou Bay (合生杭州灣國際新城) in Eastern China, and YUNĒ in Guangzhou (縵雲廣州) in Southern China.

(ii) *Contracted Sales*

The Group recorded total contracted sales of approximately RMB16,629 million in 2024, representing a decrease of 49% when compared with approximately RMB32,583 million in 2023.

In 2024, Guangzhou and Huizhou had in total twenty-one projects on sale and the contracted sales amounted to RMB3,236 million, representing 20% of the total contracted sales of the Group in 2024. The major projects were YUNĒ in Guangzhou (縵雲廣州), Hopson Hushan Guoji Villa (合生湖山國際), Hopson Yunshan Regal (合生雲山帝景) and Hopson Shidai City (合生時代城).

There were sixteen property projects on sale in Shanghai. Contracted sales of Shanghai amounted to RMB9,168 million, representing 55% of the total contracted sales of the Group in 2024, which mainly comprises YUNĒ in Shanghai (縵雲上海), Hopson Dongjiao Villa (合生東郊別墅), The Town of Hangzhou Bay (合生杭州灣國際新城) and Hopson Sheshan Dongziyuan (合生佘山東紫園).

Nineteen projects in total were on sale in Beijing and Tianjin, and the combined contracted sales of Beijing and Tianjin were RMB4,225 million, representing 25% of the total contracted sales of the Group. The major projects were MAHÁ Beijing (縵合北京), Hopson Regal Park (Caofeidian) (合生觀唐帝景 (曹妃甸)) and Hopson YUNĒ (合生縵雲).

Gross Profit

Gross profit in 2024 amounted to HK\$9,558 million (2023: HK\$9,496 million) with a gross profit margin of 25% (2023: 28%). The decrease in gross profit margin was mainly due to higher cost of projects delivered in the property development segment in 2024.

Fair Value Gain on Investment Properties

Fair value gain on investment properties as at 31 December 2024 amounted to HK\$3 million (2023: HK\$2,496 million). As at 31 December 2024, the Group owned 20 (2023: 20) investment properties.

Other Losses/Gains, Net

Other losses as at 31 December 2024 amounted to HK\$377 million (2023: gain of HK\$31 million), comprising (1) loss on disposal of an associate of HK\$486 million; (2) net exchange losses of HK\$1 million; and (3) other net gains of HK\$110 million.

Operating Costs

The operating costs relating to expenses for selling, marketing, general and administration amounted to HK\$2,882 million in 2024, which was decreased HK\$1,314 million or 31% when compared with HK\$4,196 million in 2023.

Finance Costs

Gross interest expenses before capitalisation in 2024 decreased by HK\$478 million or 8% to HK\$5,234 million (2023: HK\$5,712 million). The decrease was primarily attributable to the decrease in commercial mortgage-backed securities and senior notes in 2024 as compared to the previous year. The effective interest rate of the Group's borrowings was approximately 6.0% per annum (2023: 6.2%).

Taxation

The effective tax rate was 61% in 2024, increased by 15 percentage points as compared with last year, which was mainly due to the fact that deferred tax assets have not been recognised in respect of tax losses of certain subsidiaries as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders was HK\$120 million in 2024 (2023: HK\$2,922 million). Basic and diluted earnings per share was HK\$0.03. During the year, adding back the net loss from the valuation of investment properties, net of tax of HK\$489 million, donations, net of tax of HK\$27 million, withholding tax on distribution of profits from subsidiaries of HK\$11 million, the net loss from disposal of an associate, net of tax of HK\$365 million and provision for impairment of properties under development for sale and completed properties for sale as well as financial assets of HK\$2,111 million, the underlying profit amounted to HK\$3,123 million, representing an increase of HK\$809 million or 35%, as compared to last year.

Segment Information

Property development continued to be the Group's core business activity (80%). In 2024, the Group continued to develop its business in the three core economic regions, namely the Huanbohai Area, Pearl River Delta and Yangtze River Delta. Southern China (including Guangzhou, Huizhou, Zhongshan and Yangshuo), Eastern China (including Shanghai, Hangzhou, Kunshan, Ningbo, Cixi and Taicang) and Northern China (including Beijing, Tianjin, Langfang, Dalian, Taiyuan and Qinhuangdao) accounted for 14%, 12% and 74% of the total revenues of the Group, respectively.

Liquidity and Financial Position

As at 31 December 2024, total assets of the Group amounted to HK\$256,882 million and total liabilities came to HK\$157,967 million, representing a decrease of 11% and 16% respectively as compared to 31 December 2023. The decrease in total assets was mainly attributable to the decrease in properties under development for sale. The decrease in total liabilities was mainly attributable to the decrease in borrowings.

The Group's current ratio as at 31 December 2024 was 1.61 (31 December 2023: 1.43). Equity as at 31 December 2024 decreased by 2% to HK\$98,915 million from 31 December 2023. The net asset value ("NAV") per share as at 31 December 2024 was HK\$26.08.

As at 31 December 2024, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding non-controlling interests) was 62% (31 December 2023: 65%).

As at 31 December 2024, the Group had cash and bank deposits amounting to HK\$11,398 million (31 December 2023: HK\$15,368 million), of which approximately HK\$1 million (31 December 2023: HK\$1 million) was charged by certain banks in respect of the processing of mortgage facilities granted by the banks to the buyers of the Group's properties. 98.55% of the cash and bank deposits were denominated in Renminbi, 0.99% in Hong Kong dollars, 0.45% in United States dollars and 0.01% in other currencies.

Total borrowings from banks and financial institutions amounted to HK\$74,434 million as at 31 December 2024, representing an increase of 1% or HK\$235 million as compared to those as at 31 December 2023. Gearing ratio, measured by net bank and financial institution borrowings and commercial mortgage-backed securities (i.e. total bank and financial institution borrowings, senior notes and commercial mortgage-backed securities less cash and bank deposits) as a percentage of shareholders' equity, was 64% as at 31 December 2024 (decreased by 7 percentage points as compared with 71% as at 31 December 2023).

All of the bank and financial institution borrowings were either secured or guaranteed and substantially denominated in Renminbi with fixed interest rates.

All of the commercial mortgage-backed securities were guaranteed and denominated in Renminbi.

All of the senior notes were unsecured and denominated in United States dollars.

All of the other borrowings were unsecured and substantially denominated in Renminbi.

The Group's borrowings repayment profile as at 31 December 2024 was as follows:

<i>(HK\$ million)</i>	As at 31 December 2024					As at 31 December 2023					
	Bank and financial institution borrowings	Commercial mortgage-backed securities	Other borrowings	Total	Percentage	Bank and financial institution borrowings	Commercial mortgage-backed securities	Senior notes	Other borrowings	Total	Percentage
Within one year	24,594	12	4,435	29,041	37%	25,026	9,667	2,337	2,433	39,463	44%
One to two years	9,536	626	—	10,162	13%	11,083	13	—	—	11,096	13%
Two to five years	24,951	—	—	24,951	31%	19,835	639	—	—	20,474	23%
After five years	15,353	—	—	15,353	19%	18,255	—	—	—	18,255	20%
Total	74,434	638	4,435	79,507		74,199	10,319	2,337	2,433	89,288	
Less: Total bank deposits and cash				(11,398)						(15,368)	
Net borrowings				68,109						73,920	

As at 31 December 2024, the Group had banking facilities of approximately HK\$193,785 million (31 December 2023: HK\$206,322 million) for short-term and long-term bank loans, of which HK\$118,713 million (31 December 2023: HK\$119,467 million) were unutilised.

Charge on Assets

As at 31 December 2024, certain assets of the Group with an aggregate carrying value of HK\$85,643 million (31 December 2023: HK\$84,775 million) and the Group's equity interests in subsidiaries of HK\$10,872 million (31 December 2023: HK\$8,619 million) were pledged with banks and financial institutions for loan facilities used by subsidiaries.

Financial Guarantees

As at 31 December 2024, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$13,841 million (31 December 2023: HK\$18,300 million).

Commitments

The Group's commitments as at 31 December 2024 were as follows:

	As at 31 December 2024 <i>HK\$ million</i>	As at 31 December 2023 <i>HK\$ million</i>
Capital commitments		
Contracted but not provided for		
— Property construction costs	1,623	1,853
— Capital contribution to associates	295	301
— Capital contribution to joint ventures	117	101
— Acquisition of equity investments	—	2,345
	<u>2,035</u>	<u>4,600</u>

Property development commitments

Contracted but not provided for		
— Property construction costs	32,029	28,667
	<u>32,029</u>	<u>28,667</u>

The Group has operating lease commitments in respect of leased premises under various non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating lease are as follows:

	As at 31 December 2024 <i>HK\$ million</i>	As at 31 December 2023 <i>HK\$ million</i>
Amounts payable		
— Within one year	1	1
	<u>1</u>	<u>1</u>

FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange fluctuation arising from the exposure of Renminbi against Hong Kong dollar and US dollar. However, the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollar, US dollar and Renminbi in the foreseeable future.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

EMPLOYEES

As at 31 December 2024, the Group, excluding its associates and joint ventures, employed a total of 8,506 (2023: 9,654) staff, the majority of which were employed in Chinese Mainland. Employees' costs (including Directors' emoluments) amounted to HK\$1,628 million for the year ended 31 December 2024 (2023: HK\$2,022 million).

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code set out in Appendix C1 to the Listing Rules that is applicable to the corporate governance report for the year ended 31 December 2024 (the "CG Code"), except for the code provisions C.2.7 and F.2.2 of Part 2 as described below.

Code provision C.2.7 of Part 2 of the CG Code stipulates that the chairman of the board should at least annually hold meetings with the independent non-executive directors without the presence of other directors. Due to the tight schedules of the Chairman of the Board (the "Chairman") for other important work arrangements during the year ended 31 December 2024, a formal meeting could not be arranged between the Chairman and the independent non-executive Directors without the presence of other Directors during the year. Although such meeting was not held during the year, the Chairman has endeavored to gather any concerns or questions that the independent non-executive Directors might have and report to her for setting up follow-up meetings, whenever necessary.

Code provision F.2.2 of Part 2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. The Chairman did not attend the annual general meeting for the year 2024 (the "2024 AGM") due to her other business commitment. Mr. Luo Taibin, an executive Director who was appointed on 27 March 2024 and chaired the 2024 AGM, together with other Directors who attended the 2024 AGM were available to answer questions at the meeting to ensure effective communication with the shareholders. Despite her absence at the 2024 AGM, the Chairman had reviewed all relevant documents of the 2024 AGM before the meeting, and all records and minutes of the 2024 AGM were circulated to her after the meeting for her information.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year under review the amount of public float as required under the Listing Rules.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2024.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Company's audit committee currently comprises all the three independent non-executive Directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the risk management and internal controls and financial reporting matters including a review of the annual results for the year ended 31 December 2024.

SCOPE OF WORK OF THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on this preliminary announcement.

REMUNERATION COMMITTEE

The Company has established a remuneration committee comprising the three independent non-executive Directors in accordance with the requirements of the CG Code.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 10 June 2025 to Friday, 13 June 2025 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the annual general meeting to be held on Friday, 13 June 2025, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 9 June 2025.

ANNUAL REPORT

The 2024 annual report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website <http://www.irasia.com/listco/hk/hopson> in due course.

DIRECTORS

As at the date of this announcement, the Board comprises eight Directors. The executive Directors are Ms. Chu Kut Yung (Chairman), Mr. Zhang Fan (Co-president), Mr. Au Wai Kin, Mr. Bao Wenge and Mr. Luo Taibin; and the independent non-executive Directors are Mr. Tan Leng Cheng, Aaron, Mr. Ching Yu Lung and Mr. Ip Wai Lun, William.

By order of the Board
Hopson Development Holdings Limited
Chu Kut Yung
Chairman

Hong Kong, 28 March 2025

* *For identification purpose only*

** *For ease of reference, the names of PRC established companies or entities (if any) and PRC laws, regulations and organisations (if any) have generally been included in this announcement in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail*