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## TAI SANG LAND DEVELOPMENT LIMITED

### 大生地產發展有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 89)

#### ANNOUNCEMENT OF 2012 RESULTS

The Board of Directors of Tai Sang Land Development Limited (the “Company”) announced the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st December 2012 are as follows:

#### 1. CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2012

	<i>Note</i>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Revenues	(2)	<b>216,127</b>	188,803
Cost of sales	(3)	<b>(61,886)</b>	(63,754)
Gross profit		<b>154,241</b>	125,049
Fair value gains on investment properties		<b>629,597</b>	603,487
Other income and gains, net	(4)	<b>511</b>	4,032
Administrative expenses	(3)	<b>(79,062)</b>	(78,351)
Other operating expenses	(3)	<b>(18,048)</b>	(15,564)
Operating profit		<b>687,239</b>	638,653
Finance income	(5)	<b>93</b>	85
Finance costs	(5)	<b>(14,782)</b>	(8,019)
Finance costs, net		<b>(14,689)</b>	(7,934)
Profit before income tax		<b>672,550</b>	630,719
Income tax expense	(6)	<b>(71,814)</b>	(29,921)
Profit for the year		<b>600,736</b>	600,798
Attributable to:			
Owners of the Company		<b>580,181</b>	584,285
Non-controlling interests		<b>20,555</b>	16,513
		<b>600,736</b>	600,798
Earnings per share (basic and diluted)	(7)	<b>HK\$2.02</b>	HK\$2.03
Dividends	(8)	<b>37,397</b>	28,767
Dividends per share	(8)		
Interim – paid		<b>HK5 cents</b>	HK3 cents
Final – proposed		<b>HK8 cents</b>	HK7 cents
Total		<b>HK13 cents</b>	HK10 cents

**2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2012**

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Profit for the year	<b>600,736</b>	600,798
Other comprehensive income		
Net fair value (loss)/gain on available-for-sale financial assets	<b>(12,064)</b>	3,058
Impairment loss on available-for-sale financial assets transferred to income statement	<b>1,360</b>	2,471
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	<b>(340)</b>	–
Exchange translation differences	<b>33</b>	13
Other comprehensive income for the year	<b>(11,011)</b>	5,542
Total comprehensive income for the year	<b>589,725</b>	606,340
Total comprehensive income attributable to:		
Owners of the Company	<b>567,753</b>	589,096
Non-controlling interests	<b>21,972</b>	17,244
	<b>589,725</b>	606,340

**3. CONSOLIDATED BALANCE SHEET  
AS AT 31ST DECEMBER 2012**

	<i>Note</i>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		<b>609,084</b>	198,694
Investment properties		<b>4,751,076</b>	4,481,358
Available-for-sale financial assets		<b>61,417</b>	74,552
Prepayments		<b>13,314</b>	–
		<u><b>5,434,891</b></u>	<u>4,754,604</u>
Current assets			
Properties for sale		<b>101,331</b>	101,331
Debtors and prepayments	(9)	<b>22,177</b>	34,196
Current income tax recoverable		<b>299</b>	2,395
Cash and cash equivalents		<b>41,826</b>	49,607
		<u><b>165,633</b></u>	<u>187,529</u>
Current liabilities			
Rental and other deposits		<b>43,655</b>	37,286
Creditors and accruals	(10)	<b>49,639</b>	42,671
Current income tax liabilities		<b>29,556</b>	27,219
Short term bank loans – secured		<b>374,000</b>	353,000
Bank overdrafts – secured		<b>7,601</b>	2,789
Current portion of long term bank loans – secured		<b>131,809</b>	1,859
		<u><b>636,260</b></u>	<u>464,824</u>
Net current liabilities		<u><b>(470,627)</b></u>	<u>(277,295)</u>
Total assets less current liabilities		<u><b>4,964,264</b></u>	<u>4,477,309</u>
Non-current liabilities			
Long term bank loans – secured		–	131,637
Deferred income tax liabilities		<b>139,187</b>	73,079
		<u><b>139,187</b></u>	<u>204,716</u>
Net assets		<u><b>4,825,077</b></u>	<u>4,272,593</u>
Equity			
Equity attributable to the Company's owners			
Share capital		<b>287,670</b>	287,670
Reserves		<b>4,354,186</b>	3,823,830
Proposed dividends		<b>23,014</b>	20,137
		<u><b>4,664,870</b></u>	<u>4,131,637</u>
Non-controlling interests		<u><b>160,207</b></u>	<u>140,956</u>
Total equity		<u><b>4,825,077</b></u>	<u>4,272,593</u>

Notes:

**(1) Basis of preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets at fair value.

The Group had net current liabilities of HK\$470,627,000 as at 31st December 2012. The current liabilities mainly included short term bank loans of HK\$374,000,000 and the current portion of a long term bank loan of HK\$131,809,000. Based on the Group’s history of refinancing, its available banking facilities and its assets backing, the directors consider that the Group will be able to obtain sufficient financial resources so as to enable it to operate and meet its liabilities as and when they fall due.

In 2012, the Group adopted the following amendments to existing standards (collectively the “new HKFRSs”) issued by the HKICPA, which are effective for the financial year ended 31st December 2012:

HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters
HKFRS 7 (Amendment)	Disclosure – transfers of financial assets

The adoption of the above new HKFRSs in the current year did not have any significant effect on the consolidated financial statements or result in any substantial changes in the Group’s significant accounting policies.

The HKICPA has issued certain new HKFRSs which are relevant to the Group’s operations but are not yet effective for the year ended 31st December 2012. The Group has not early adopted these standards in the consolidated financial statements.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	“Financial Statements Presentation” Regarding Other Comprehensive Income	1st January 2013
HKAS 19 (Amendment)	Employee Benefits	1st January 2013
HKAS 27 (Amendment)	Separate Financial Statements	1st January 2013
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities	1st January 2015
HKFRS 9	Financial Instruments	1st January 2015
HKFRS 10	Consolidated Financial Statements	1st January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1st January 2013
HKFRS 10, 11 and 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1st January 2013
HKFRS 13	Fair Value Measurement	1st January 2013
HKFRSs (Amendment)	Annual Improvements 2010	1st January 2013

The Group will apply the above new HKFRSs when they become effective. The Group has already commenced an assessment of the related impact to the Group and it is not yet in a position to state whether any substantial financial impact will be resulted.

## (2) Revenues and segment information

The chief operating decision-maker has been identified as the executive directors of the Company. The board of directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The board of directors considers the business from a geographic perspective and has identified the operating segments of the Group in Hong Kong and North America.

The board of directors assesses the performance of the operating segments based on their underlying profit, which is measured by profit after income tax excluding fair value changes on investment properties and deferred income tax on fair value changes on investment properties, and their segment assets and segment liabilities which is measured in a manner consistent with that in the financial statements.

There are no sales between the operating segments.

	<b>Hong Kong</b>	<b>North</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>For the year ended 31st December 2012</b>			
Segment revenues			
Property rental	149,684	43,514	193,198
Property related services	9,185	–	9,185
Hotel operations	13,744	–	13,744
	<hr/>	<hr/>	<hr/>
Total segment revenues	<u>172,613</u>	<u>43,514</u>	<u>216,127</u>
Segment results – underlying profit			
– Property rental and related services	30,451	3,787	34,238
– Hotel operations	1,950	–	1,950
Fair value gains on investment properties	550,474	79,123	629,597
Deferred income tax, net	(27,900)	(37,149)	(65,049)
	<hr/>	<hr/>	<hr/>
Profit for the year	<u>554,975</u>	<u>45,761</u>	<u>600,736</u>
Included in segment results:			
Impairment loss on available-for-sale financial assets	(1,360)	–	(1,360)
Finance income	77	16	93
Finance costs	(12,064)	(2,718)	(14,782)
Income tax expense (note)	(6,752)	(13)	(6,765)
Depreciation	(13,578)	(997)	(14,575)
	<hr/>	<hr/>	<hr/>
Capital expenditure	<u>60,258</u>	<u>5,999</u>	<u>66,257</u>

	<b>Hong Kong</b> <i>HK\$'000</i>	<b>North</b> <i>America</i> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>At 31st December 2012</b>			
Property, plant and equipment	596,088	12,996	609,084
Investment properties	4,249,450	501,626	4,751,076
Non-current prepayments	13,314	–	13,314
Non-current assets (excluding available-for-sale financial assets)	4,858,852	514,622	5,373,474
Non-current available-for-sale financial assets	61,417	–	61,417
Current assets	140,825	24,808	165,633
Segment assets	<u>5,061,094</u>	<u>539,430</u>	<u>5,600,524</u>
Current liabilities	494,733	141,527	636,260
Non-current liabilities	70,711	68,476	139,187
Segment liabilities	<u>565,444</u>	<u>210,003</u>	<u>775,447</u>
For the year ended 31st December 2011			
Segment revenues			
Property rental	138,305	37,888	176,193
Property related services	9,242	–	9,242
Hotel operations	3,368	–	3,368
Total segment revenues	<u>150,915</u>	<u>37,888</u>	<u>188,803</u>
Segment results – underlying profit/(loss)			
– Property rental and related services	22,948	(2,830)	20,118
– Hotel operations	(1,556)	–	(1,556)
Fair value gains on investment properties	532,077	71,410	603,487
Deferred income tax, net	–	(21,251)	(21,251)
Profit for the year	<u>553,469</u>	<u>47,329</u>	<u>600,798</u>
Included in segment results:			
Impairment loss on available-for-sale financial assets	(2,471)	–	(2,471)
Finance income	75	10	85
Finance costs	(5,271)	(2,748)	(8,019)
Income tax expense (note)	(8,657)	(13)	(8,670)
Depreciation	(11,146)	(1,481)	(12,627)
Capital expenditure	<u>89,964</u>	<u>6,581</u>	<u>96,545</u>

	Hong Kong HK\$'000	North America HK\$'000	Total HK\$'000
At 31st December 2011			
Property, plant and equipment	184,706	13,988	198,694
Investment properties	4,064,850	416,508	4,481,358
Non-current assets (excluding available-for-sale financial assets)	4,249,556	430,496	4,680,052
Non-current available-for-sale financial assets	74,552	–	74,552
Current assets	166,880	20,649	187,529
Segment assets	<u>4,490,988</u>	<u>451,145</u>	<u>4,942,133</u>
Current liabilities	451,358	13,466	464,824
Non-current liabilities	41,752	162,964	204,716
Segment liabilities	<u>493,110</u>	<u>176,430</u>	<u>669,540</u>

*Note:*

The amount excludes deferred income tax on fair value changes on investment properties.

**(3) Cost and expenses**

	2012 HK\$'000	2011 HK\$'000
Auditors' remuneration	2,313	2,264
Depreciation	14,575	12,627
Outgoings in respect of		
– investment properties	36,556	41,032
– properties for sale	5,554	9,947
– property related services	7,784	7,484
– property, plant and equipment	806	754
– hotel operations	6,457	2,971
Operating lease rental for office premises to a related company	3,300	2,389
Staff costs	61,718	58,547
Others	19,933	19,654
Total cost of sales, administrative and other operating expenses	<u>158,996</u>	<u>157,669</u>

**(4) Other income and gains, net**

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Dividend income from available-for-sale financial assets		
– listed	1,539	915
– unlisted	–	5,160
Gain on disposal of available-for-sale financial assets	340	–
Gain on disposal of an investment property	–	963
Loss on disposal of property, plant and equipment, net	(8)	(535)
Impairment loss on available-for-sale financial assets	(1,360)	(2,471)
	<u>511</u>	<u>4,032</u>

**(5) Finance income and costs**

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Finance income		
Interest income from banks	93	85
Finance costs		
Interest expenses on bank loans and overdrafts wholly repayable within five years	(14,782)	(8,019)
Finance costs, net	<u>(14,689)</u>	<u>(7,934)</u>

**(6) Income tax expense**

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the year. Except for the minimum United States state tax which has been paid during the year, no overseas taxation (2011: HK\$Nil) has been provided as there is no estimated taxable profit of the overseas subsidiaries for the year.

The amount of income tax charged to the consolidated income statement represents:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	(5,869)	(3,715)
– overseas taxation	(13)	(13)
– over provision in prior years	176	694
	<u>(5,706)</u>	<u>(3,034)</u>
Deferred income tax		
– origination and reversal of temporary differences	(66,108)	(26,887)
	<u>(71,814)</u>	<u>(29,921)</u>



**(7) Earnings per share**

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$580,181,000 (2011: HK\$584,285,000) and on 287,669,676 (2011: 287,669,676) ordinary shares in issue during the year.

As there are no dilutive potential ordinary shares as at 31st December 2012 and 2011, the diluted earnings per share is equal to the basic earnings per share.

**(8) Dividends**

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interim, paid, of HK5 cents (2011: HK3 cents) per ordinary share	<b>14,383</b>	8,630
Final, proposed, of HK8 cents (2011: HK7 cents) per ordinary share	<b>23,014</b>	20,137
	<u><b>37,397</b></u>	<u>28,767</u>

At a meeting held on 20th March 2013, the directors proposed a final dividend of HK8 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements, but will be reflected as an appropriation of retained profits for the year ending 31st December 2013 upon the approval by the shareholders.

**(9) Debtors and prepayments**

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade debtors	<b>731</b>	747
Prepayments, deposits and other debtors	<b>21,446</b>	33,449
	<u><b>22,177</b></u>	<u>34,196</u>

The trade debtors represent rental and management fee receivables. The Group normally does not grant credit period to rental receivables, and grants 30 days credit period to management fee receivables.

At 31st December 2012, the ageing analysis of the Group's trade debtors was as follows:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Current	<b>688</b>	549
31-60 days	<b>23</b>	184
61-90 days	–	3
Over 90 days	<b>20</b>	11
	<u><b>731</b></u>	<u>747</u>

**(10) Creditors and accruals**

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade creditors	<b>15,047</b>	6,655
Other creditors	<b>12,341</b>	10,460
Accruals	<b>22,251</b>	25,556
	<hr/> <b>49,639</b> <hr/>	<hr/> 42,671 <hr/>

At 31st December 2012, the ageing analysis of the Group's trade creditors was as follows:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Current	<b>6,193</b>	5,998
31-60 days	<b>298</b>	124
61-90 days	<b>463</b>	18
Over 90 days	<b>8,093</b>	515
	<hr/> <b>15,047</b> <hr/>	<hr/> 6,655 <hr/>

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2012 have been agreed by PricewaterhouseCoopers ("PwC") to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on the preliminary announcement.

## **PROPOSED FINAL DIVIDEND AND RECORD DATE**

An interim dividend of HK5 cents (2011: HK3 cents) per share was paid to shareholders on 26th September 2012. The directors of the Company have resolved to recommend to shareholders at the Annual General Meeting the payment of a final dividend of HK8 cents (2011: HK7 cents) per share to the shareholders whose names appear on the register of members of the Company at the close of business on 27th May 2013 (“Record Date”). The total distribution for the financial year ended 31st December 2012 will be HK13 cents (2011: HK10 cents) per share. The proposed final dividend will be paid on 7th June 2013 following approval at the Annual General Meeting. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:00 p.m. on Monday, 27th May 2013.

## **ANNUAL GENERAL MEETING**

It is proposed that the Annual General Meeting of the Shareholders of the Company will be held on 22nd May 2013 (the “2013 AGM”). Notice of the 2013 AGM will be published and dispatched to the shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 15th May 2013 to Wednesday, 22nd May 2013 (both dates inclusive), during the period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2013 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 14th May 2013.

## **CHAIRMAN’S STATEMENT**

### **Result**

I am pleased to report that the Group’s consolidated profit for 2012 was HK\$600.7 million, compared to HK\$600.8 million for 2011. Earnings per share were HK\$2.02 (2011: HK\$2.03), a drop of less than 1% over last year. The consolidated profit for 2012 included fair value gains (net of deferred tax) on investment properties of HK\$564.5 million, as compared to fair value gains (net of deferred tax) on investment properties of HK\$582.2 million for 2011.

The Group’s underlying profit for 2012, excluding the effect of the aforesaid fair value gains (net of deferred tax) on investment properties, was approximately HK\$36.2 million, increased by HK\$17.6 million or 95% as compared to the corresponding figure of HK\$18.6 million for 2011.

The increase in the underlying profit was mainly attributable to the increase in the rental income from both Hong Kong and USA properties as well as profit contribution from hotel operation. The drop in the repair and maintenance expenses was however set off by the increase in the finance cost.

The revenues of the Group for 2012, was HK\$216.1 million, representing an increase of HK\$27.3 million or 14.5% as compared with HK\$188.8 million for 2011.

As at 31st December 2012, the investment properties of the Group were revalued at HK\$4,751.1 million (31st December 2011: HK\$4,481.4 million). Total equity amounted to HK\$4,825.1 million (31st December 2011: HK\$4,272.6 million).

### **Dividend**

The directors have resolved to recommend a final dividend of HK8 cents (2011: HK7 cents) per ordinary share.

### **Business review**

In Hong Kong, the gross rental income for the year ended 31st December 2012 was HK\$149.7 million, an increase of 8.2% or HK\$11.4 million as compared to the corresponding period last year. There was a significant increase in rental contribution from Gateway ts (previously known as Tai Sang Container and Godown Centre) by HK\$8.4 million. The rental demand for the luxury residential units and shops stabilized in 2012 whereas the rental demand for industrial units was robust. Express Industrial Building at Wong Chuk Hang was vacated for hotel development by the end of December 2012 and the rental income from the industrial sectors will therefore diminish in the coming years. Nevertheless, the growth in other sector will remain steady.

The operation of Hotel LBP contributed HK\$1.9 million to the Group's consolidated profit for 2012. The hotel room charge income contributed HK\$13.7 million to the Group's revenue for 2012. The occupancy for 2012 was 86.6% in average. In view of the full operation capacity of Hotel LBP, the profit contribution from the hotel operation will remain steady in the coming year.

The hotel development at Heung Yip Road, Wong Chuk Hang, started in December 2012 and the funding will be arranged by internal generated fund and bank financing. Capital expenditures for the Group are increasing in recent years, including the properties upgrading and the coming hotel development. The finance costs are expected to increase in the coming years.

In the USA, the gross rental income from Montgomery Plaza for the year ended 31st December 2012 was HK\$43.5 million, an increase of 14.9% or HK\$5.6 million as compared to the corresponding period last year. The office spaces occupancy rate of Montgomery Plaza rose slightly to 94% by the year end of 2012 and the weighted average office rent per square feet per annum rose to US\$37.8. During 2012, San Francisco's office market continued to outperform other major metropolitan office market throughout USA with decreased vacancy rates and increased rental rates and net absorption. Rental rates are expected to maintain at the current level in 2013.

## **Financial Resources**

During the year, the Group's total bank borrowings and overdrafts increased by HK\$24.1 million to HK\$513.4 million (2011: HK\$489.3 million). The total equity increased by HK\$552.5 million to HK\$4,825.1 million (2011: HK\$4,272.6 million) and long term bank loans outstanding as at 31st December 2012 was HK\$131.8 million (2011: HK\$133.5 million). The debt to equity ratio was 10.6% (2011: 11.5%).

There are sufficient committed banking facilities available for the Group's current funding needs and future business requirements. The Group's financial position remains healthy. Exposure to foreign exchange risk is kept to a minimum as the bank borrowings are in either Hong Kong or US dollars.

The Group has adopted and maintained the policy of reliance on short-term finances which is more economical because of lower interest rate. In light of the low debt ratio and long term harmonious relationship with our bankers, the Group considers that this policy will continue to be used to lower the operating cost and the current policy will not impose any liquidity risks.

## **Prospects**

Economic prospect of Europe is uncertain. The US economy is unclear due to the government debt and fiscal issues. The Mainland China economy growth momentum picks up and remains the world's growth engine. It is expected that the Mainland economy is able to grow by 7% to 8% in the coming year and thereby benefiting Hong Kong and the Asian region.

While inflation pressures will likely remain contained, the early sign of heating up in inflation is noted. The global liquidity glut may add to inflationary pressure and eventually a correction in Hong Kong. The prospect for Hong Kong economy remains positive and the continuing inflow of foreign investments to Hong Kong also renders the economy development sustainable.

Barring any unforeseen circumstances, the Group will continue to pursue its prudent policy in the coming year.

In closing, I wish to thank my fellow directors for their valuable guidance and to all staff members for their dedication and hard work.

**William Ma Ching Wai**

*Chairman*

Hong Kong, 20th March 2013

## MANAGEMENT DISCUSSION AND ANALYSIS

### (a) Capital structure of the Group

The capital structure of the Group had not changed materially from the last annual report. The Group borrowings are primarily denominated in Hong Kong and United States dollars. The Group therefore has no significant exposure to foreign exchange fluctuation.

The maturity of the Group's long term bank loans is as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
– within one year	131,809	1,859
– in the second year	-	131,637
	<u>131,809</u>	<u>133,496</u>

The Group's bank borrowings of HK\$513.4 million (2011: HK\$489.3 million) are secured by certain properties with an aggregate carrying amount of HK\$3,331.4 million (2011: HK\$2,888.9 million) and the rental income thereon.

### (b) Significant investment held and their performance and future prospects

The Group held certain listed investments with fair value as at 31st December 2012 of HK\$40.42 million (at 31st December 2011: HK\$53.55 million). The drop in the fair value of listed investment was attributed to the disposal of certain listed investments during the year 2012 and the drop in fair value of Yangtze China Investment Limited (“YCIL”) upon its delisting on 31st December 2012. There was an impairment loss of HK\$1.36 million recognized in consolidated income statement upon the delisting of YCIL.

The Group held 12% equity interest in The Yangtze Ventures Limited and The Yangtze Ventures II Limited (collectively “Yangtze”). The fair value of the Group's equity interest in Yangtze as at 31st December 2012 was HK\$13.0 million (at 31st December 2011: HK\$21.0 million).

### (c) Details of number and remuneration of employees

Including the Directors of the Group as at 31st December 2012, the Group employed a total of 165 full-time employees. In addition to salary payment, other benefits include discretionary bonus, insurance, medical schemes and mandatory provident fund schemes.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's issued shares during the year.

## **CORPORATE GOVERNANCE**

The Company complied with the code provisions of the Code on Corporate Governance Practices and the code provision of Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the period from 1st January 2012 to 31st March 2012 and the period from 1st April 2012 to 31st December 2012, respectively.

The Board of the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules and all Directors have confirmed that throughout 2012, they have complied with the provision of such Model Code.

## **AUDIT COMMITTEE'S REVIEW**

The Audit Committee has reviewed, in the presence of the external auditor, PwC, the Group's principal accounting policies and the consolidated financial statements for the year ended 31st December 2012.

## **ANNUAL REPORT**

The 2012 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 at [www.tsld.com](http://www.tsld.com).

By Order of the Board  
**William Ma Ching Wai**  
*Chairman*

Hong Kong, 20th March 2013

### **Registrar and Transfer office**

Computershare Hong Kong Investor Services Limited  
17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong

*As at the date of this announcement, the Board comprised of nine directors, of which Mr. Ma Ching Wai, William, Mr. Ma Ching Hang, Patrick, Mr. Ma Ching Kuen, Alfred, Ms. Ma Ching Sau, Amy and Mr. Ma Ching Yeung, Philip are executive directors, Mr. Cheung Wing Yui, Edward is a non-executive director, and Mr. Chau Kwok Fun, Kevin, Mr. Tan Soo Kiu and Mr. Wong Hing Kwok, William are independent non-executive directors.*