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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 2014 RESULTS

FINANCIAL HIGHLIGHTS

For the year ended 31st December 2014

- Revenue increased by 9.7% to HK\$251.0 million.
- Profit for the year increased by 48.0% to HK\$632.1 million.
- Underlying profit increased by 41.8% to HK\$43.4 million.

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 2014 are as follows:

**1. CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2014**

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenues	(2)	251,007	228,841
Cost of sales	(3)	(78,683)	(73,006)
Gross profit		172,324	155,835
Fair value gains on investment properties		644,699	432,210
Other income/(loss), net	(4)	1,586	(869)
Administrative expenses	(3)	(94,209)	(86,429)
Other operating expenses	(3)	(11,801)	(19,017)
Operating profit		712,599	481,730
Finance income	(5)	43	49
Finance costs	(5)	(12,894)	(10,425)
Finance costs, net		(12,851)	(10,376)
Profit before income tax		699,748	471,354
Income tax expense	(6)	(67,653)	(44,391)
Profit for the year		632,095	426,963
Attributable to:			
Owners of the Company		620,250	414,961
Non-controlling interests		11,845	12,002
		632,095	426,963
Earnings per share (basic and diluted)	(7)	HK\$2.16	HK\$1.44
Dividends	(8)	37,397	31,644
Dividends per share	(8)		
Interim – paid		HK 8 cents	HK 7 cents
Final – proposed		HK 5 cents	HK 4 cents
Total		HK 13 cents	HK 11 cents

**2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2014**

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year	632,095	426,963
Other comprehensive income		
<u>Items that may be subsequently reclassified to profit or loss</u>		
Net fair value gain/(loss) on available-for-sale financial assets	4,468	(7,820)
Exchange translation differences	3	4
Other comprehensive income for the year	4,471	(7,816)
Total comprehensive income for the year	636,566	419,147
Total comprehensive income attributable to:		
Owners of the Company	623,390	407,195
Non-controlling interests	13,176	11,952
	636,566	419,147

**3. CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2014**

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		757,442	617,204
Investment properties		5,927,858	5,254,672
Available-for-sale financial assets		56,489	51,597
Prepayments		6,479	7,494
		<u>6,748,268</u>	<u>5,930,967</u>
Current assets			
Properties for sale		100,789	101,331
Inventory		39	–
Debtors and prepayments	(9)	22,113	19,690
Current income tax recoverable		568	766
Cash and cash equivalents		40,637	59,846
		<u>164,146</u>	<u>181,633</u>
Current liabilities			
Rental and other deposits		59,585	50,849
Creditors and accruals	(10)	46,939	50,581
Current income tax liabilities		27,680	27,099
Short term bank loans – secured		462,800	300,792
Bank overdrafts – secured		527	4,181
Current portion of long term bank loans – secured		7,084	6,000
		<u>604,615</u>	<u>439,502</u>
Net current liabilities		<u>(440,469)</u>	<u>(257,869)</u>
Total assets less current liabilities		<u>6,307,799</u>	<u>5,673,098</u>
Non-current liabilities			
Long term bank loans – secured		265,889	294,549
Deferred income tax liabilities		243,221	179,629
		<u>509,110</u>	<u>474,178</u>
Net assets		<u>5,798,689</u>	<u>5,198,920</u>
Equity			
Equity attributable to the Company's owners			
Share capital		417,321	287,670
Reserves		5,186,080	4,729,737
Proposed dividends		14,383	11,507
		<u>5,617,784</u>	<u>5,028,914</u>
Non-controlling interests		180,905	170,006
Total equity		<u>5,798,689</u>	<u>5,198,920</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.

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit” as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The Group had net current liabilities of HK\$440,469,000 as at 31st December 2014. The current liabilities mainly included short term bank loans of HK\$462,800,000. 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. The directors believe that the Group will continue as a going concern and consequently prepared the consolidated financial statements on a going concern basis.

Adoption of new HKFRSs

In 2014, the Group adopted the following new standards, interpretations, and amendments to existing standards (collectively the “new HKFRSs”) issued by the HKICPA, which are effective for the financial year ended 31st December 2014 and are relevant to the Group’s operation:

HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Disclosures – Recoverable Amount of Impaired Assets
HKFRS 10, 12 and HKAS 27 (Amendment)	Consolidation for Investment Entities
HKFRSs (Amendment)	Annual Improvements 2012

The above HKFRSs amendments to standards are mandatory for accounting periods beginning on or after 1st January 2014. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company’s first financial year commencing on or after 3rd March 2014 in accordance with section 358 of that Ordinance, i.e. for the year ending 31st December 2015. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

Standards, amendments and improvements to existing standards that are not yet effective for the year ended 31st December 2014 and have not been early adopted by the Group

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 2014. The Group has not early adopted these standards in the consolidated financial statements.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Disclosure Initiative	1st January 2016
HKAS 16 and 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
HKAS 19 (Amendment)	Defined Benefit Plans	1st July 2014
HKAS 27 (Amendment)	Separate Financial Statements Regarding the Equity Method	1st January 2016
HKFRS 10 and HKAS 28 (Amendment)	The Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1st January 2016
HKFRS 10, 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception	1st January 2016
HKFRS 9	Financial Instruments	1st January 2018
HKFRS 15	Revenue from Contracts with Customers	1st January 2017
HKFRSs (Amendment)	Annual Improvements 2013	1st July 2014
HKFRSs (Amendment)	Annual Improvements 2014	1st July 2016

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.

	Hong Kong HK\$'000	North America HK\$'000	Total HK\$'000
For the year ended 31st December 2014			
Segment revenues			
Property rental	175,852	48,666	224,518
Property related services	9,478	–	9,478
Hotel operations	16,163	–	16,163
Restaurant operations	848	–	848
	<u>202,341</u>	<u>48,666</u>	<u>251,007</u>
Total segment revenues	<u>202,341</u>	<u>48,666</u>	<u>251,007</u>
Segment results – underlying profit			
– Property rental and related services	34,222	9,845	44,067
– Hotel operations	1,814	–	1,814
– Restaurant operations	(2,480)	–	(2,480)
Fair value gains on investment properties	533,775	110,924	644,699
Deferred income tax, net	–	(56,005)	(56,005)
	<u>567,331</u>	<u>64,764</u>	<u>632,095</u>
Profit for the year	<u>567,331</u>	<u>64,764</u>	<u>632,095</u>
Included in segment results:			
Finance income	6	37	43
Finance costs	(9,963)	(2,931)	(12,894)
Income tax expense (note)	(11,635)	(13)	(11,648)
Depreciation	(16,099)	(1,215)	(17,314)
	<u>175,709</u>	<u>12,012</u>	<u>187,721</u>
Capital expenditure	<u>175,709</u>	<u>12,012</u>	<u>187,721</u>
At 31st December 2014			
Property, plant and equipment	741,850	15,592	757,442
Investment properties	5,221,950	705,908	5,927,858
Non-current prepayments	6,479	–	6,479
	<u>5,970,279</u>	<u>721,500</u>	<u>6,691,779</u>
Non-current assets (excluding available-for-sale financial assets)	<u>5,970,279</u>	<u>721,500</u>	<u>6,691,779</u>
Non-current available-for-sale financial assets	56,489	–	56,489
Current assets	138,019	26,127	164,146
	<u>6,164,787</u>	<u>747,627</u>	<u>6,912,414</u>
Segment assets	<u>6,164,787</u>	<u>747,627</u>	<u>6,912,414</u>
Current liabilities	592,570	12,045	604,615
Non-current liabilities	217,926	291,184	509,110
	<u>810,496</u>	<u>303,229</u>	<u>1,113,725</u>
Segment liabilities	<u>810,496</u>	<u>303,229</u>	<u>1,113,725</u>

	Hong Kong <i>HK\$ '000</i>	North America <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
For the year ended 31st December 2013			
Segment revenues			
Property rental	158,791	46,506	205,297
Property related services	8,050	–	8,050
Hotel operations	15,494	–	15,494
	<u>182,335</u>	<u>46,506</u>	<u>228,841</u>
Total segment revenues			
Segment results – underlying profit			
– Property rental and related services	25,261	3,279	28,540
– Hotel operations	2,042	–	2,042
Fair value gains on investment properties	351,012	81,198	432,210
Deferred income tax, net	–	(35,829)	(35,829)
	<u>378,315</u>	<u>48,648</u>	<u>426,963</u>
Profit for the year			
Included in segment results:			
Impairment loss on available-for-sale financial assets	(2,000)	–	(2,000)
Finance income	7	42	49
Finance costs	(7,505)	(2,920)	(10,425)
Income tax expense (note)	(8,549)	(13)	(8,562)
Depreciation	(13,612)	(781)	(14,393)
	<u>89,833</u>	<u>4,741</u>	<u>94,574</u>
Capital expenditure			
At 31st December 2013			
Property, plant and equipment	604,545	12,659	617,204
Investment properties	4,667,550	587,122	5,254,672
Non-current prepayments	7,494	–	7,494
	<u>5,279,589</u>	<u>599,781</u>	<u>5,879,370</u>
Non-current assets (excluding available-for-sale financial assets)			
Non-current available-for-sale financial assets	51,597	–	51,597
Current assets	134,758	46,875	181,633
	<u>5,465,944</u>	<u>646,656</u>	<u>6,112,600</u>
Segment assets			
Current liabilities	431,332	8,170	439,502
Non-current liabilities	214,547	259,631	474,178
	<u>645,879</u>	<u>267,801</u>	<u>913,680</u>
Segment liabilities			

Note:

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

(3) Cost and expenses

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Auditors' remuneration		
– audit services	2,460	2,356
– non-audit services	521	509
Bad debts written off	–	439
Depreciation	17,314	14,393
Outgoings in respect of		
– investment properties	43,312	45,322
– properties for sale	7,834	6,945
– property related services	10,103	7,076
– property, plant and equipment	1,212	730
– hotel operations	9,179	8,179
– restaurant operations	3,102	–
Operating lease rental for office premises to a related company	3,508	3,321
Staff costs	72,458	67,678
Others	13,690	21,504
	<u>184,693</u>	<u>178,452</u>
Total cost of sales, administrative and other operating expenses	<u><u>184,693</u></u>	<u><u>178,452</u></u>

(4) Other income/(loss), net

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Dividend income from listed available-for-sale financial assets	2,151	1,300
Loss on disposal of property, plant and equipment, net	(565)	(169)
Impairment loss on available-for-sale financial assets	–	(2,000)
	<u>1,586</u>	<u>(869)</u>

(5) Finance income and costs

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Finance income		
Interest income from banks	43	49
Finance costs		
Interest expenses		
– bank loans and overdrafts wholly repayable within five years	(15,717)	(14,201)
– bank loan wholly repayable after five years	(2,931)	(1,973)
	<u>(18,648)</u>	<u>(16,174)</u>
Less: Amount capitalised in property under development	5,754	5,749
	<u>(12,894)</u>	<u>(10,425)</u>
Finance costs, net	<u><u>(12,851)</u></u>	<u><u>(10,376)</u></u>

(6) Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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 (2013: HK\$Nil) has been provided as there is no estimated taxable profit for the overseas subsidiaries for the year.

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	(4,228)	(4,088)
– overseas taxation	(13)	(14)
– over provision in prior years	180	152
	(4,061)	(3,950)
Deferred income tax	(63,592)	(40,441)
	(67,653)	(44,391)

(7) Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$620,250,000 (2013: HK\$414,961,000) and on 287,669,676 (2013: 287,669,676) ordinary shares in issue during the year.

As there are no dilutive potential ordinary shares as at 31st December 2014 and 2013, the diluted earnings per share is equal to the basic earnings per share.

(8) Dividends

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interim, paid, of HK8 cents (2013: HK7 cents) per ordinary share	23,014	20,137
Final, proposed, of HK5 cents (2013: HK4 cents) per ordinary share	14,383	11,507
	37,397	31,644

At a meeting held on 20th March 2015, the directors proposed a final dividend of HK5 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 2015 upon the approval by the shareholders.

(9) Debtors and prepayments

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade debtors	631	528
Prepayments, deposits and other debtors	21,482	19,162
	<u>22,113</u>	<u>19,690</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 2014, the ageing analysis of the Group's trade debtors was as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current	546	490
31-60 days	34	38
61-90 days	25	–
Over 90 days	26	–
	<u>631</u>	<u>528</u>

(10) Creditors and accruals

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade creditors	9,481	22,341
Other creditors	11,156	10,315
Accruals	26,302	17,925
	<u>46,939</u>	<u>50,581</u>

At 31st December 2014, the ageing analysis of the Group's trade creditors was as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current	8,943	17,529
31-60 days	526	218
61-90 days	2	49
Over 90 days	10	4,545
	<u>9,481</u>	<u>22,341</u>

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2014 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 HKICPA and consequently no assurance has been expressed by PwC on the preliminary announcement.

PROPOSED FINAL DIVIDEND AND RECORD DATE

An interim dividend of HK8 cents (2013: HK7 cents) per share was paid to shareholders on 24th September 2014. The directors of the Company have resolved to recommend to shareholders at the Annual General Meeting the payment of a final dividend of HK5 cents (2013: HK4 cents) per share to the shareholders whose names appear on the register of members of the Company at the close of business on 21st May 2015 ("Record Date"). The total distribution for the financial year ended 31st December 2014 will be HK13 cents (2013: HK11 cents) per share. The proposed final dividend will be paid on 9th June 2015 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 Thursday, 21st May 2015.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Shareholders of the Company will be held on 18th May 2015 (the "2015 AGM"). Notice of the 2015 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 Monday, 11th May 2015 to Monday, 18th May 2015 (both dates inclusive), during the period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2015 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 Friday, 8th May 2015.

CHAIRMAN'S STATEMENT

Result

I am pleased to report that the Group's consolidated profit for 2014 was HK\$632.1 million, an increase of 48.0% as compared to HK\$427.0 million for 2013. Earnings per share were HK\$2.16 (2013: HK\$1.44), a rise of 50.0% over last year. The consolidated profit for 2014 included fair value gains on investment properties (net of deferred tax) of HK\$588.7 million (2013: HK\$396.4 million).

The Group's underlying profit for 2014, excluding the effect of the aforesaid fair value gains on investment properties (net of deferred tax), was approximately HK\$43.4 million, increased by HK\$12.8 million or 41.8% as compared to the corresponding figure of HK\$30.6 million for 2013. The increase in the underlying profit was mainly attributable to the growth in the rental income from Hong Kong and the USA properties.

The revenues of the Group for 2014, was HK\$251.0 million, increased HK\$22.2 million or 9.7% as compared to HK\$228.8 million for 2013.

As at 31st December 2014, the investment properties of the Group were revalued at HK\$5,927.9 million (31st December 2013: HK\$5,254.7 million). Total equity amounted to HK\$5,798.7 million (31st December 2013: HK\$5,198.9 million).

Dividend

The directors have resolved to recommend a final dividend of HK5 cents (2013: HK4 cents) per ordinary share.

Prospects

The global economic growth is likely to remain moderate with the US economy picking up. Global currency devaluations and probable interest rate raise later in the year together will invariably affect the exports of China and in turn impose negative impact on the economy of Hong Kong.

The current local restrictive labour import policy has been a severe driving force in building cost hike and eventually imposes pressure onto labour cost in Hong Kong as a whole. The situation will worsen unless the government could introduce corrective measures in this respect soon.

Barring any unforeseen circumstances, the Group will continue to pursue its prudent policy in the coming year and we remain cautiously optimistic in our operation.

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 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

In Hong Kong, the gross rental income for the year ended 31st December 2014 was HK\$175.8 million, an increase of 10.7% or HK\$17.0 million as compared to last year. There was significant growth in the rental contribution from the shops and commercial sector of HK\$4.9 million or 19.3% as compared to 2013, as certain commercial units and shop spaces were rented out after renovation during the year. Moreover, the rental contribution from Gateway ts further increased HK\$8.9 million or 10.7% as compared to 2013 and the rental contribution from the residential and other industrial units also increased 6% as compared to 2013. The positioning of Gateway ts as a modernized logistic center is fruitful. However, the upgrading and improvement work of Gateway ts will still continue. The Group will endeavour to maintain the leasing conditions of Gateway ts while undergoing the renovation and modification works.

The hotel room charge income of Hotel LBP for the year ended 31st December 2014 was HK\$16.16 million, an increase of 4.3% or HK\$0.67 million as compared to last year. The occupancy rate for 2014 was stable at about 95% in average. The profit generated from the hotel operation for the year ended 31st December 2014 was HK\$1.81 million, a decrease of 11.2% or HK\$0.23 million as compared to last year due to the increase in operation cost. The contribution from hotel operation will stabilize for the coming year. To offer support to Hotel LBP, we have started a restaurant, Gees, in the same building of the hotel at the latter half of the year. Net loss in the region of \$2.5 million had been incurred in this startup stage of the restaurant. The situation will however be alleviated in 2015 as the customer bases increase with time.

In the USA, the gross rental income from Montgomery Plaza for the year ended 31st December 2014 was HK\$48.7 million, an increase of 4.7% or HK\$2.2 million as compared to last year. The office spaces occupancy rate of Montgomery Plaza rose to 97% by the year end of 2014 and the weighted average office rent per square feet per annum rose to US\$49.5. During 2014, San Francisco's office market accelerated with positive net absorption even though a significant amount of new space was added to the market. Rental rates are expected to increase in the coming year.

Financial Resources

During the year, the Group's total bank borrowings and overdraft increased by HK\$130.8 million to HK\$736.3 million (2013: HK\$605.5 million). The total equity increased by HK\$599.8 million to HK\$5,798.7 million (2013: HK\$5,198.9 million) and the long term bank loans outstanding as at 31st December 2014 was HK\$272.9 million (2013: HK\$300.5 million). The debt to equity ratio was 12.7% (2013: 11.6%).

Other than the bank financing for hotel development at Heung Yip Road, Wong Chuk Hang which will be arranged during 2015, 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 operation cost and the current policy will not impose any liquidity risks.

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 US 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:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
– within one year	7,084	6,000
– in the second year	137,181	7,083
– in the third to fifth years	6,502	139,725
– after the fifth year	122,206	147,741
	<hr/> 272,973 <hr/>	<hr/> 300,549 <hr/>

The Group's bank borrowings of HK\$736.3 million (2013: HK\$605.5 million) are secured by certain properties with an aggregate carrying amount of HK\$4,365.7 million (2013: HK\$3,717.8 million) and the rental income thereon.

Significant investment held and their performance and future prospects

The Group held certain listed investments with fair value as at 31st December 2014 of HK\$44.5 million (at 31st December 2013: HK\$39.6 million).

The Group held certain unlisted investments with fair value as at 31st December 2014 of HK\$12 million (at 31st December 2013: HK\$12 million). It included 12% equity interest each in The Yangtze Ventures Limited, The Yangtze Ventures II Limited and Yangtze China Investment Limited.

Details of number and remuneration of employees

As at 31st December 2014, the Group employed a total of 182 full-time employees which included the directors of the Company. 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 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 year ended 31st December 2014.

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 2014, 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 2014.

ANNUAL REPORT

The 2014 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.

By Order of the Board
William Ma Ching Wai
Chairman

Hong Kong, 20th March 2015

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. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau and Mr. Philip Ma Ching Yeung are executive directors, Mr. Edward Cheung Wing Yui is non-executive director, and Mr. Kevin Chau Kwok Fun, Mr. Tan Soo Kiu and Mr. William Wong Hing Kwok are independent non-executive directors.