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**大生地產發展有限公司**  
**TAI SANG LAND DEVELOPMENT LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock code : 89)**

**ANNOUNCEMENT OF 2019 ANNUAL RESULTS**

**FINANCIAL HIGHLIGHTS**

For the year ended 31st December 2019

- Revenue increased by 5.1% to HK\$370.3 million.
- Profit for the year decreased by 12.8% to HK\$446.4 million.
- Underlying profit increased by 10.2% to HK\$91.0 million.
- Final dividend proposed of HK12 cents per ordinary share.

The board of directors of Tai Sang Land Development Limited (the “Company”) announced the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st December 2019 are as follows:

**1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31ST DECEMBER 2019**

|   | <i>Note</i> | <b>2019</b><br><b>HK\$'000</b> | 2018<br><i>HK\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| Revenues                                  | (3)(a)      | <b>370,329</b>                 | 352,362                 |
| Cost of sales                             | (4)         | <b>(90,953)</b>                | (89,704)                |
| Gross profit                              |             | <b>279,376</b>                 | 262,658                 |
| Fair value gains on investment properties |             | <b>387,317</b>                 | 466,253                 |
| Other gains, net                          | (5)         | <b>429</b>                     | 3,248                   |
| Administrative expenses                   | (4)         | <b>(124,795)</b>               | (115,463)               |
| Other operating expenses                  | (4)         | <b>(1,010)</b>                 | (12,191)                |
| Operating profit                          |             | <b>541,317</b>                 | 604,505                 |
| Finance income                            | (6)         | <b>952</b>                     | 311                     |
| Finance costs                             | (6)         | <b>(45,116)</b>                | (38,484)                |
| Finance costs, net                        |             | <b>(44,164)</b>                | (38,173)                |
| Profit before income tax                  |             | <b>497,153</b>                 | 566,332                 |
| Income tax expense                        | (7)         | <b>(50,773)</b>                | (54,639)                |
| Profit for the year                       |             | <b>446,380</b>                 | 511,693                 |
| Attributable to:                          |             |                                |                         |
| Owners of the Company                     |             | <b>436,300</b>                 | 492,803                 |
| Non-controlling interests                 |             | <b>10,080</b>                  | 18,890                  |
|   |             | <b>446,380</b>                 | 511,693                 |
| Earnings per share (basic and diluted)    | (8)         | <b>HK\$1.52</b>                | HK\$1.71                |

**2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2019**

|  | <b>2019</b><br><i>HK\$'000</i> | 2018<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Profit for the year  | <u>446,380</u>                 | <u>511,693</u>          |
| Other comprehensive income   |                                |                         |
| <u>Items that will not be reclassified to profit or loss</u>                                   |                                |                         |
| Changes in the fair value of financial assets at fair value through other comprehensive income | <u>(4,415)</u>                 | <u>(5,165)</u>          |
| Other comprehensive income for the year  | <u>(4,415)</u>                 | <u>(5,165)</u>          |
| Total comprehensive income for the year  | <u>441,965</u>                 | <u>506,528</u>          |
| Total comprehensive income attributable to:  |                                |                         |
| Owners of the Company  | <u>431,611</u>                 | 489,519                 |
| Non-controlling interests  | <u>10,354</u>                  | <u>17,009</u>           |
|  | <u>441,965</u>                 | <u>506,528</u>          |

**3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31ST DECEMBER 2019**

|   | <i>Note</i> | <b>2019</b><br><i>HK\$'000</i> | 2018<br><i>HK\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| <b>Non-current assets</b>   |             |                                |                         |
| Property, plant and equipment                                     |             | <b>1,922,917</b>               | 1,693,970               |
| Investment properties   |             | <b>8,627,547</b>               | 8,158,136               |
| Financial assets at fair value through other comprehensive income |             | <b>25,168</b>                  | 29,583                  |
| Prepayments for non-current assets                                |             | <b>4,254</b>                   | -                       |
|   |             | <b><u>10,579,886</u></b>       | <u>9,881,689</u>        |
| <b>Current assets</b>   |             |                                |                         |
| Properties for sale   |             | <b>109,596</b>                 | 109,596                 |
| Debtors and prepayments   | <i>(10)</i> | <b>37,955</b>                  | 45,327                  |
| Current income tax recoverable                                    |             | <b>90</b>                      | 94                      |
| Cash and cash equivalent  |             | <b>111,644</b>                 | 61,936                  |
|   |             | <b><u>259,285</u></b>          | <u>216,953</u>          |
| <b>Total assets</b>   |             | <b><u>10,839,171</u></b>       | <u>10,098,642</u>       |
| <b>Equity and liabilities</b>                                     |             |                                |                         |
| <b>Equity attributable to owners of the Company</b>               |             |                                |                         |
| Share capital   |             | <b>417,321</b>                 | 417,321                 |
| Reserves  |             | <b>7,553,615</b>               | 7,185,291               |
|   |             | <b>7,970,936</b>               | 7,602,612               |
| <b>Non-controlling interests</b>                                  |             | <b>232,462</b>                 | 225,209                 |
| <b>Total equity</b>   |             | <b><u>8,203,398</u></b>        | <u>7,827,821</u>        |

|   | <i>Note</i> | <b>2019</b><br><i>HK\$'000</i> | 2018<br><i>HK\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| <b>Non-current liabilities</b>                    |             |                                |                         |
| Long term bank loans – secured                    |             | <b>1,326,100</b>               | 492,007                 |
| Deferred income tax liabilities                   |             | <b>345,698</b>                 | 298,890                 |
| Lease liabilities                                 |             | <b>579</b>                     | -                       |
|   |             | <u><b>1,672,377</b></u>        | <u>790,897</u>          |
| <b>Current liabilities</b>                        |             |                                |                         |
| Rental and other deposits                         |             | <b>90,265</b>                  | 85,902                  |
| Creditors and accruals                            | <i>(11)</i> | <b>66,337</b>                  | 35,744                  |
| Current income tax liabilities                    |             | <b>4,297</b>                   | 1,251                   |
| Short term bank loans                             |             | <b>287,854</b>                 | 381,991                 |
| Current portion of long term bank loans – secured |             | <b>514,464</b>                 | 967,348                 |
| Lease liabilities                                 |             | <b>179</b>                     | -                       |
| Bank overdrafts                                   |             | <b>-</b>                       | 7,688                   |
|   |             | <u><b>963,396</b></u>          | <u>1,479,924</u>        |
| <b>Total equity and liabilities</b>               |             | <u><b>10,839,171</b></u>       | <u>10,098,642</u>       |

Notes:

## (1) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through other comprehensive income (“FVOCI”) which are measured at fair value.

The Group had net current liabilities of HK\$704,111,000 as at 31st December 2019. The current liabilities mainly included short term bank loans of HK\$287,854,000 and current portion of long term bank loans of HK\$514,464,000. 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.

Changes in accounting policy and disclosures

### (a) New standards, interpretations and annual improvements adopted by the Group

The following new standards, interpretations and annual improvements are relevant and mandatory to the Group for the first time for the financial year beginning on or after 1st January 2019:

|                             |  |
|-----------------------------|--|
| Annual Improvements Project | Annual Improvements 2015-2017 Cycle    |
| HKFRS 16                    | Leases                                 |
| HK(IFRIC) – Int 23          | Uncertainty over Income Tax Treatments |

The adoption of these new standards, interpretation and annual improvements did not result in a substantial impact to the results and financial position of the Group.

### (b) Adoption of HKFRS 16 “Leases”

The Group has adopted HKFRS 16 “Leases” retrospectively from 1st January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1st January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1st January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1st January 2019 was 3.72%.

Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1st January 2019,
- accounting for operating leases with a remaining lease term of less than 12 months as at 1st January 2019 as short-term leases, and
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Measurement of lease liabilities

|  | 2019<br><i>HK\$ '000</i> |
|--|--------------------------|
| Operating lease commitments disclosed as at 31st December 2018 | 825                      |
| (Less): short-term leases not recognised as a liability        | (825)                    |
| Add: others  | 932                      |
|  | 932                      |
| <b>Lease liability recognised as at 1st January 2019</b>       | <b>932</b>               |
| Of which are:  |                          |
| Current lease liabilities                                      | 173                      |
| Non-current lease liabilities                                  | 759                      |
|  | 932                      |

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31st December 2018.

Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

The effect of the adoption of HKFRS 16 is related to presentation of right-of-use assets within the “Property, plant and equipment” recognised in the consolidated statement of financial position as at 1st January 2019 to be consistent with the terminology used under HKFRS 16:

- Right-of-use assets recognised for land-use rights and equipment were presented within “Property, plant and equipment”.

(c) Amended standards and revised conceptual framework not yet adopted

The following amended standards and revised conceptual framework are relevant and mandatory to the Group for the accounting period beginning on or after 1st January 2020 and have not been early adopted by the Group:

|  |   | Effective for<br>accounting<br>year beginning<br>on or after |
|--|---|--|
| HKFRS 1 and HKAS 8<br>(Amendments)                   | Definition of Material                                  | 1st January 2020   |
| Conceptual Framework for<br>Financial Reporting 2018 | Revised Conceptual Framework for<br>Financial Reporting | 1st January 2020   |

The Group has already commenced an assessment of the impact of adopting the above amended standard and revised conceptual framework. The Group has not identified any standards which may have a significant impact on the financial statements. The Group will adopt the above new and amended standards when they become effective.

(2) **Requirement in connection with publication of “non-statutory accounts” under Section 436 of the Hong Kong Companies Ordinance Cap. 622**

The financial information relating to the years ended 31st December 2019 and 2018 included in this preliminary announcement of annual results for the year ended 31st December 2019 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31st December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31st December 2019 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

(3) **Revenues and segment information**

(a) Revenues recognised during the year are as follows:

|   | <b>2019</b>            | 2018            |
|---|------------------------|-----------------|
|   | <b><i>HK\$’000</i></b> | <i>HK\$’000</i> |
| Revenues from external customers          |                        |                 |
| Property rental                           |                        |                 |
| — investment properties                   | <b>308,254</b>         | 288,664         |
| — properties for sale                     | <b>26,157</b>          | 26,174          |
| Property related services ( <i>note</i> ) | <b>23,078</b>          | 21,527          |
| Hotel operations ( <i>note</i> )          | <b>12,840</b>          | 15,997          |
|   | <b><u>370,329</u></b>  | <u>352,362</u>  |

*Note:*

The Group’s revenue from property related services and hotel operations are recognised over-time as the services are preformed.

(b) The chief operating decision-maker (“CODM”) has been identified as the executive directors of the Company. The CODM 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 CODM considers the business from a geographic perspective and has identified the operating segments of the Group in Hong Kong and North America.

The CODM 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 (net of deferred income tax in the United States), 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.



## (c) Operating segments

|  | Hong Kong<br>HK\$'000 | North<br>America<br>HK\$'000 | Total<br>HK\$'000 |
|--|-----------------------|------------------------------|-------------------|
| <b>For the year ended 31st December 2019</b>   |                       |                              |                   |
| Segment revenues   |                       |                              |                   |
| Property rental  | 261,313               | 73,098                       | 334,411           |
| Property related services  | 23,078                | -                            | 23,078            |
| Hotel operations   | 12,840                | -                            | 12,840            |
|  | <u>297,231</u>        | <u>73,098</u>                | <u>370,329</u>    |
| Total segment revenues   |                       |                              |                   |
| Segment results – underlying profit  |                       |                              |                   |
| – Property rental and related services   | 68,804                | 22,561                       | 91,365            |
| – Hotel operations   | (350)                 | -                            | (350)             |
| Fair value gains on investment properties  | 299,150               | 88,167                       | 387,317           |
| Deferred income tax, net   | -                     | (31,952)                     | (31,952)          |
|  | <u>367,604</u>        | <u>78,776</u>                | <u>446,380</u>    |
| Profit for the year  |                       |                              |                   |
| Included in segment results:   |                       |                              |                   |
| Finance income   | 489                   | 463                          | 952               |
| Finance costs  | (39,954)              | (5,162)                      | (45,116)          |
| Income tax expense ( <i>note</i> )   | (18,808)              | (13)                         | (18,821)          |
| Depreciation   | (14,551)              | (3,569)                      | (18,120)          |
|  | <u>304,114</u>        | <u>11,477</u>                | <u>315,591</u>    |
| Capital expenditure  |                       |                              |                   |
|  | <u>304,114</u>        | <u>11,477</u>                | <u>315,591</u>    |
| <b>At 31st December 2019</b>   |                       |                              |                   |
| Property, plant and equipment  | 1,907,525             | 15,392                       | 1,922,917         |
| Investment properties  | 7,607,651             | 1,019,896                    | 8,627,547         |
| Prepayments for non-current assets   | 4,254                 | -                            | 4,254             |
|  | <u>9,519,430</u>      | <u>1,035,288</u>             | <u>10,554,718</u> |
| Non-current assets (excluding financial assets at fair value through other comprehensive income) |                       |                              |                   |
| Non-current financial assets at fair value through other comprehensive income                    | 25,168                | -                            | 25,168            |
| Current assets   | 210,984               | 48,301                       | 259,285           |
|  | <u>9,755,582</u>      | <u>1,083,589</u>             | <u>10,839,171</u> |
| Segment assets   |                       |                              |                   |
| Current liabilities  | 822,767               | 140,629                      | 963,396           |
| Non-current liabilities  | 1,463,696             | 208,681                      | 1,672,377         |
|  | <u>2,286,463</u>      | <u>349,310</u>               | <u>2,635,773</u>  |
| Segment liabilities  |                       |                              |                   |

|  | Hong Kong<br><i>HK\$'000</i> | North<br>America<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--|------------------------------|-------------------------------------|--------------------------|
| For the year ended 31st December 2018  |                              |                                     |                          |
| Segment revenues   |                              |                                     |                          |
| Property rental  | 245,910                      | 68,928                              | 314,838                  |
| Property related services  | 21,527                       | -                                   | 21,527                   |
| Hotel operations   | 15,997                       | -                                   | 15,997                   |
| Total segment revenues   | <u>283,434</u>               | <u>68,928</u>                       | <u>352,362</u>           |
| Segment results – underlying profit  |                              |                                     |                          |
| – Property rental and related services   | 58,312                       | 21,804                              | 80,116                   |
| – Hotel operations   | 2,442                        | -                                   | 2,442                    |
| Fair value gains on investment properties  | 357,969                      | 108,284                             | 466,253                  |
| Deferred income tax, net   | -                            | (37,118)                            | (37,118)                 |
| Profit for the year  | <u>418,723</u>               | <u>92,970</u>                       | <u>511,693</u>           |
| Included in segment results:   |                              |                                     |                          |
| Finance income   | 76                           | 235                                 | 311                      |
| Finance costs  | (33,575)                     | (4,909)                             | (38,484)                 |
| Income tax expense ( <i>note</i> )   | (17,508)                     | (13)                                | (17,521)                 |
| Depreciation   | <u>(14,855)</u>              | <u>(3,165)</u>                      | <u>(18,020)</u>          |
| Capital expenditure  | <u>402,785</u>               | <u>11,855</u>                       | <u>414,640</u>           |
| At 31st December 2018  |                              |                                     |                          |
| Property, plant and equipment  | 1,677,935                    | 16,035                              | 1,693,970                |
| Investment properties  | <u>7,242,650</u>             | <u>915,486</u>                      | <u>8,158,136</u>         |
| Non-current assets (excluding financial assets at fair value through other comprehensive income) | 8,920,585                    | 931,521                             | 9,852,106                |
| Non-current financial assets at fair value through other comprehensive income                    | 29,583                       | -                                   | 29,583                   |
| Current assets   | <u>174,666</u>               | <u>42,287</u>                       | <u>216,953</u>           |
| Segment assets   | <u>9,124,834</u>             | <u>973,808</u>                      | <u>10,098,642</u>        |
| Current liabilities  | 1,462,604                    | 17,320                              | 1,479,924                |
| Non-current liabilities  | <u>489,879</u>               | <u>301,018</u>                      | <u>790,897</u>           |
| Segment liabilities  | <u>1,952,483</u>             | <u>318,338</u>                      | <u>2,270,821</u>         |

*Note:* The amount excludes net deferred income tax of North America segment.

**(4) Cost and expenses**

|   | <b>2019</b>            | 2018            |
|---|------------------------|-----------------|
|   | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| Auditors' remuneration  |                        |                 |
| – audit services  | <b>2,867</b>           | 2,758           |
| – non-audit services  | <b>671</b>             | 654             |
| Bad debts   | <b>362</b>             | 151             |
| Depreciation  | <b>18,120</b>          | 18,020          |
| Amortisation of capitalised letting fees                                  | <b>3,223</b>           | -               |
| Donations   | <b>3,635</b>           | 2,767           |
| Outgoings, in respect of  |                        |                 |
| – investment properties   | <b>50,807</b>          | 47,337          |
| – properties for sale   | <b>9,457</b>           | 8,584           |
| – property related services   | <b>16,781</b>          | 18,867          |
| – property, plant and equipment   | <b>2,257</b>           | 2,526           |
| – hotel operations  | <b>9,389</b>           | 10,120          |
| Operating lease rental for office premises to a related company           | <b>4,068</b>           | 4,488           |
| Other employee benefit expense  | <b>77,145</b>          | 68,867          |
| Others  | <b>17,976</b>          | 32,219          |
|   | <hr/>                  | <hr/>           |
| Total cost of sales, administrative expenses and other operating expenses | <b>216,758</b>         | 217,358         |
|   | <hr/> <hr/>            | <hr/> <hr/>     |

**(5) Other gains, net**

|  | <b>2019</b>            | 2018            |
|--|------------------------|-----------------|
|  | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| Dividend income from financial assets at fair value through other comprehensive income | <b>945</b>             | 3,433           |
| Loss on disposal of property, plant and equipment, net                                 | <b>(516)</b>           | (185)           |
|  | <hr/>                  | <hr/>           |
|  | <b>429</b>             | 3,248           |
|  | <hr/> <hr/>            | <hr/> <hr/>     |

**(6) Finance income and costs**

|  | <b>2019</b>            | 2018            |
|--|------------------------|-----------------|
|  | <b>HK\$'000</b>        | HK\$'000        |
| Finance income   |                        |                 |
| Interest income from banks   | <u>952</u>             | <u>311</u>      |
| Finance costs  |                        |                 |
| Interest expense on bank loans and overdrafts wholly repayable within five years | <b>(83,526)</b>        | (63,378)        |
| Less: Amount capitalised in property under development                           | <u>38,410</u>          | <u>24,894</u>   |
|  | <u><b>(45,116)</b></u> | <u>(38,484)</u> |
| Finance costs, net   | <u><b>(44,164)</b></u> | <u>(38,173)</u> |

**(7) Income tax expense**

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the year. Except for the minimum United States state tax which has been paid during the year, no overseas taxation (2018: 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 statement of profit or loss represents:

|                                 | <b>2019</b>          | 2018          |
|---------------------------------|----------------------|---------------|
|                                 | <b>HK\$'000</b>      | HK\$'000      |
| Current income tax              |                      |               |
| – Hong Kong profit tax          | <b>4,265</b>         | 4,107         |
| – Overseas taxation             | <b>13</b>            | 13            |
| – Over provisions in prior year | <u><b>(313)</b></u>  | <u>(464)</u>  |
|                                 | <b>3,965</b>         | 3,656         |
| Deferred income tax expense     | <u><b>46,808</b></u> | <u>50,983</u> |
|                                 | <u><b>50,773</b></u> | <u>54,639</u> |

**(8) Earnings per share**

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$436,300,000 (2018: HK\$492,803,000) and on 287,670,000 (2018: 287,670,000) ordinary shares in issue during the year.

As there are no dilutive potential ordinary shares as at 31st December 2019 and 2018, the diluted earnings per share is equal to the basic earnings per share.

## (9) Dividends

The interim dividend paid in 2019 and 2018 were HK\$28,767,000 (HK10 cents per share) and HK\$28,767,000 (HK10 cents per share) respectively. At a meeting held on 23rd March 2020, the directors proposed a final dividend of HK12 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 2020 upon the approval by the Company's shareholders.

|                                       | <b>2019</b>                 | 2018                 |
|---------------------------------------|-----------------------------|----------------------|
|                                       | <b><i>HK\$'000</i></b>      | <i>HK\$'000</i>      |
| Interim, paid, of HK10 cents          |                             |                      |
| (2018: HK10 cents) per ordinary share | <b>28,767</b>               | 28,767               |
| Final, proposed, of HK12 cents        |                             |                      |
| (2018: HK12 cents) per ordinary share | <b><u>34,520</u></b>        | <u>34,520</u>        |
|                                       | <b><u><u>63,287</u></u></b> | <u><u>63,287</u></u> |

## (10) Debtors and prepayments

|                            | <b>2019</b>                 | 2018                 |
|----------------------------|-----------------------------|----------------------|
|                            | <b><i>HK\$'000</i></b>      | <i>HK\$'000</i>      |
| Trade debtors              | <b>1,813</b>                | 499                  |
| Effective rent receivables | <b>24,421</b>               | 25,078               |
| Prepayments                | <b>5,035</b>                | 12,774               |
| Utility and other deposits | <b><u>6,686</u></b>         | <u>6,976</u>         |
|                            | <b><u><u>37,955</u></u></b> | <u><u>45,327</u></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 2019, the ageing analysis of the trade debtors based on invoice date were as follows:

|            | <b>2019</b>                | 2018              |
|------------|----------------------------|-------------------|
|            | <b><i>HK\$'000</i></b>     | <i>HK\$'000</i>   |
| 0-30 days  | <b>1,771</b>               | 426               |
| 31-60 days | <b><u>42</u></b>           | <u>73</u>         |
|            | <b><u><u>1,813</u></u></b> | <u><u>499</u></u> |

**(11) Creditors and accruals**

|                 | <b>2019</b>            | 2018            |
|-----------------|------------------------|-----------------|
|                 | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| Trade creditors | <b>10,308</b>          | 6,317           |
| Other creditors | <b>9,593</b>           | 9,939           |
| Accruals        | <b>46,436</b>          | 19,488          |
|                 | <b><u>66,337</u></b>   | <u>35,744</u>   |

At 31st December 2019, the ageing analysis of the trade creditors was as follows:

|              | <b>2019</b>            | 2018            |
|--------------|------------------------|-----------------|
|              | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| 0-30 days    | <b>10,069</b>          | 6,049           |
| 31-60 days   | <b>114</b>             | 258             |
| 61-90 days   | <b>82</b>              | -               |
| Over 90 days | <b>43</b>              | 10              |
|              | <b><u>10,308</u></b>   | <u>6,317</u>    |

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 31st December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, 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 HK10 cents (2018: HK10 cents) per share was paid to shareholders on 26th September 2019. The directors of the Company have resolved to recommend to shareholders at the annual general meeting the payment of a final dividend of HK12 cents (2018: HK12 cents) per share to the shareholders whose names appear on the register of members of the Company at the close of business on 28th May 2020 ("Record Date"). The total distribution for the financial year ended 31st December 2019 will be HK22 cents (2018: HK22 cents) per share. The proposed final dividend will be paid on 17th June 2020 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 Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 28th May 2020.

## **ANNUAL GENERAL MEETING**

It is proposed that the annual general meeting of the shareholders of the Company will be held on 25th May 2020 (the "2020 AGM"). Notice of the 2020 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, 18th May 2020 to Monday, 25th May 2020 (both dates inclusive), during the period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2020 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 15th May 2020.

## CHAIRMAN'S STATEMENT

### Result

I am pleased to report that the Group's consolidated profit for 2019 was HK\$446.4 million. There was a decrease of HK\$65.3 million or 12.8% as compared to HK\$511.7 million for 2018. Earnings per share were HK\$1.52 (2018: HK\$1.71), a drop of 11.1% over last year. The consolidated profit for 2019 included fair value gains on investment properties (net of the relevant deferred tax in the United States) of HK\$355.4 million (2018: HK\$429.1 million).

The Group's underlying profit for 2019, being the consolidated profit excluding the effect of the fair value gains on investment properties (net of the relevant deferred tax in the United States), was approximately HK\$91.0 million, increased by HK\$8.4 million or 10.2% as compared to the corresponding figure of HK\$82.6 million for 2018. The increase in the underlying profit was mainly attributable to the growth in rental income from Hong Kong and the USA properties.

The revenue of the Group for 2019 was HK\$370.3 million, increased by HK\$17.9 million or 5.1% as compared to HK\$352.4 million for 2018.

As at 31st December 2019, the investment properties of the Group were revalued at HK\$8,627.5 million (2018: HK\$8,158.1 million). Total equity amounted to HK\$8,203.4 million (2018: HK\$7,827.8 million).

### Dividend

The directors have resolved to recommend a final dividend of HK12 cents (2018: HK12 cents) per ordinary share.



## **Prospects**

China and the USA reached the phase one trade agreement earlier this year had alleviated the impact on the global economy including Hong Kong. However, the social unrest in 2019 took a heavy toll on the Hong Kong economic growth that for 2019 as a whole, the real GDP contracted by 1.2%, the first annual decline since 2009. The outbreak of COVID-19 at the beginning of 2020 further adversely affected the Hong Kong economy.

The recent economic environment especially consumption- and tourism-related activities in Hong Kong is difficult and challenging, the impact on the rental income from the shops and commercial properties are obvious. Nevertheless, the impact on the Group's core business will not be significant as the gross rental income from shops and commercial properties in Hong Kong accounts for less than 10% of the Group's total gross rental income.

Hopefully, there will be a fresh start in the next half of this year with China regaining momentum on economic growth, which will have positive influences on the economy of Hong Kong and worldwide.

The Group still has confidence in Hong Kong as a whole. The Group remains cautious and will pay attention to the development of the current situations and will make appropriate adjustments if the circumstance merits.

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, 23rd March 2020

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

In Hong Kong, the gross rental income for the year ended 31st December 2019 was HK\$261.3 million, an increase of HK\$15.4 million or 6.3% as compared to last year. The increment was mainly attributable to the increase in rental income from Gateway ts.

The income from hotel room tariff of Hotel LBP for the year ended 31st December 2019 dropped significantly by HK\$3.2 million or 20% to HK\$12.8 million with occupancy rate at about 91% on average. There was a loss from the hotel operation for the year ended 31st December 2019 of HK\$0.4 million, as compared to the operating profit of HK\$2.4 million for last year. The significant drop in operating profit was due to the drop in the occupancy rate since mid-June 2019 and the drop in average room rate resulting from social unrest. A major renovation of Hotel LBP will be carried out in the second quarter of 2020, and the hotel operation will be suspended for approximately six months.

Occupation Permit for the hotel and office development at 43 Heung Yip Road, Aberdeen was issued in November 2019 and renovation work will complete by phases and is expected to finish later this year.

In the USA, the gross rental income from Montgomery Plaza for the year ended 31st December 2019 was HK\$73.1 million, an increase of HK\$4.2 million or 6.1% as compared to last year. The office space occupancy rate of Montgomery Plaza was 94% by the year end of 2019.

### Liquidity and financial resources

During the year, the Group's total bank borrowings increased by HK\$279.4 million to HK\$2,128.4 million (2018: HK\$1,849.0 million), including outstanding long term bank loans of HK\$1,840.6 million (2018: HK\$1,459.4 million) as at 31st December 2019. The total equity increased by HK\$375.6 million to HK\$8,203.4 million (2018: HK\$7,827.8 million). The debt to equity ratio was 25.9% (2018: 23.6%).

The cash flow position and funding needs are closely reviewed and monitored to ensure that the Group has a good degree of financial flexibility and liquidity while optimizing net financial costs. There are sufficient committed banking facilities available for the Group's current funding needs and future business requirement. The Group's financial position remains healthy.

There are no exposure to foreign exchange risk as the bank borrowings are in either Hong Kong or US dollars and the repayment of principal and interest will be made by the respective lending currency.

## Capital structure of the Group

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

Bank borrowings amount to about HK\$2,003.4 million (2018: HK\$1,744.0 million) of the Group are secured by certain properties with an aggregate carrying amount of HK\$7,176.6 million (2018: HK\$6,490.8 million) and the rental income therefrom. Except for the overdraft facilities, interest on the Group's bank borrowings is based on the floating interest rate, ie spread plus HIBOR or LIBOR, whereas the interest on overdraft facilities is based on the Hong Kong bank's best lending rate and now is 5.0%.

The maturity of the Group's long term bank loans as at 31st December 2019 is summarised as follows:

|                              | <b>2019</b><br><i>HK\$'000</i> | 2018<br><i>HK\$'000</i> |
|------------------------------|--------------------------------|-------------------------|
| – within one year            | <b>514,464</b>                 | 967,348                 |
| – in the second year         | <b>22,000</b>                  | 492,007                 |
| – in the third to fifth year | <b>1,304,100</b>               | -                       |
|                              | <b><u>1,840,564</u></b>        | <u>1,459,355</u>        |

## Details of number and remuneration of employees

As at 31st December 2019, the Group employed a total of 158 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 subsidiaries has purchased or sold any of the Company's shares during the year.

## **CORPORATE GOVERNANCE**

The Company complied with the code provisions of Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31st December 2019, except the following:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. William Ma Ching Wai, the Chairman of the Board of Directors (the “Chairman”) was appointed the Chief Executive of the Company on 15th June 2017, since then Mr. William Ma holds both positions as the Chairman and Chief Executive of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive in the same person will enable the Company to have a stable and consistent leadership and also facilitate the planning and execution of the Company’s strategy and is hence for the interest of the Company and its shareholders. The Board is of the view that the balance of power and authority is adequately ensured as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as top management, and there are one non-executive director and three independent non-executive directors on the Board offering their experience, expertise, independent advice and views from different perspectives.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the Company’s code of conduct regarding directors’ securities transactions. On specific enquiries made, all directors have confirmed that they have complied with the Model Code during the year ended 31st December 2019.

## **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 2019.

## **ANNUAL REPORT**

The 2019 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, 23rd March 2020

## **Registrar and Transfer office**

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 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. Philip Ma Ching Yeung, Mr. Alfred Ma Ching Kuen and Ms. Amy Ma Ching Sau are executive directors; Mr. Edward Cheung Wing Yui is non-executive director; and Mr. Kevin Chau Kwok Fun, Mr. Tan Soo Kiu and Mr. Yiu Kei Chung are independent non-executive directors.*