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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 2011 RESULTS

The Board of Directors of Tai Sang Land Development Limited (the “Company”) announced the consolidated results of the Company and its subsidiary companies (collectively the “Group”) for the year ended 31st December 2011 are as follows:

1. CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2011

	<i>Note</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> (Restated)
Revenues	2	188,803	164,203
Cost of sales	3	(63,754)	(49,636)
Gross profit		125,049	114,567
Fair value gains on investment properties		603,487	663,769
Other income and gains, net	4	4,032	6,836
Administrative expenses	3	(78,351)	(73,961)
Other operating expenses	3	(15,564)	(13,868)
Operating profit		638,653	697,343
Finance income	5	85	32
Finance costs	5	(8,019)	(6,203)
Finance costs, net		(7,934)	(6,171)
Profit before income tax		630,719	691,172
Income tax expense	6	(29,921)	(9,647)
Profit for the year		600,798	681,525
Attributable to:			
Owners of the Company		584,285	655,914
Non-controlling interests		16,513	25,611
		600,798	681,525
Dividends	7	28,767	28,767
Dividends per share	7		
Interim – paid		HK 3 cents	HK 3 cents
Final – proposed		HK 7 cents	HK 7 cents
Total		HK 10 cents	HK 10 cents
Earnings per share (basic and diluted)	8	HK\$2.03	HK\$2.28

**2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2011**

	<i>Note</i>	2011 HK\$'000	2010 HK\$'000 (Restated)
Profit for the year		600,798	681,525
Other comprehensive income			
Net fair value gain on available-for-sale financial assets		3,058	14,750
Impairment loss on available-for-sale financial assets transferred to income statement		2,471	1,144
Exchange translation differences		13	34
Other comprehensive income for the year		5,542	15,928
Total comprehensive income for the year		606,340	697,453
Total comprehensive income attributable to:			
Owners of the Company		589,096	670,443
Non-controlling interests		17,244	27,010
		606,340	697,453

**3. CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2011**

	<i>Note</i>	As at 31st December 2011 HK\$'000	2010 HK\$'000 (Restated)	As at 1st January 2010 HK\$'000 (Restated)
Non-current assets				
Property, plant and equipment		198,694	165,363	174,288
Investment properties		4,481,358	3,808,829	3,104,423
Available-for-sale financial assets		74,552	71,451	56,702
		<u>4,754,604</u>	<u>4,045,643</u>	<u>3,335,413</u>
Current assets				
Properties for sale		101,331	111,337	96,428
Available-for-sale financial assets		–	3,332	11,960
Debtors and prepayments	9	34,196	25,199	20,948
Current income tax recoverable		2,395	1,324	124
Cash and cash equivalents		49,607	24,047	56,516
		<u>187,529</u>	<u>165,239</u>	<u>185,976</u>
Current liabilities				
Rental and other deposits		37,286	31,631	26,569
Creditors and accruals	10	42,671	32,444	27,495
Current income tax liabilities		27,219	27,656	27,864
Short term bank loans – secured		353,000	241,000	200,000
Bank overdrafts – secured		2,789	2	–
Current portion of long term bank loans – secured		1,859	1,859	1,859
		<u>464,824</u>	<u>334,592</u>	<u>283,787</u>
Net current liabilities		<u>(277,295)</u>	<u>(169,353)</u>	<u>(97,811)</u>
Total assets less current liabilities		<u>4,477,309</u>	<u>3,876,290</u>	<u>3,237,602</u>
Non-current liabilities				
Long term bank loans – secured		(131,637)	(133,323)	(135,009)
Deferred income tax liabilities		(73,079)	(46,193)	(43,216)
		<u>(204,716)</u>	<u>(179,516)</u>	<u>(178,225)</u>
Net assets		<u>4,272,593</u>	<u>3,696,774</u>	<u>3,059,377</u>
Equity				
Equity attributable to the Company's owners				
Share capital		287,670	287,670	287,670
Reserves		3,823,830	3,263,500	2,621,824
Proposed dividends		20,137	20,137	48,904
		<u>4,131,637</u>	<u>3,571,307</u>	<u>2,958,398</u>
Non-controlling interests		140,956	125,467	100,979
Total equity		<u>4,272,593</u>	<u>3,696,774</u>	<u>3,059,377</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\$277,295,000 as at 31st December 2011. The net current liabilities mainly included short term bank loans of HK\$353,000,000, of which a loan of HK\$150,000,000 was drawn in September 2011 and was expected to repay in September 2013 and another loan of HK\$200,000,000 was renewed in December 2011 and was subject to future annual renewal. 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 2011, the Group adopted the following new and revised standards, interpretations, and amendments of Hong Kong Financial Reporting Standards (“HKFRSs”), or improvements to existing standards (collectively the “new HKFRSs”) issued by the HKICPA, which are effective for the financial year ended 31st December 2011 and are relevant to the Group’s operation:

New standards and amendments

HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issue
HKFRS 9	Financial Instruments
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

Improvements to existing standards

HKAS 1 (Revised) (Amendment)	Presentation of Financial Statements
HKAS 27 (Revised) (Amendment)	Consolidated and Separate Financial Statements
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 3 (Revised) (Amendment)	Business Combinations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures

In addition, the Group has early adopted HKAS 12 (Amendment) “Deferred Tax: Recovery of Underlying Assets” which is effective for the financial year beginning on 1st January 2012.

Except for the adoption of HKAS 12 (Amendment) has resulted in a change in accounting policies as described below which has been applied retrospectively, the adoption of the other 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 except for certain revised presentation and disclosures in the consolidated financial statements.

HKAS 12 (Amendment) introduces a presumption that an investment property measured at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Prior to the amendment, deferred taxation on investment properties at fair value is measured to reflect the tax consequences of recovering the carrying amounts of investment properties through use.

The Group has reassessed the measurement of deferred taxation by applying the rebuttable presumption that the carrying amount of investment property will be recovered through sale.

The effects of the change in the accounting policy following the adoption of HKAS 12 (Amendment) on the consolidated balance sheet are as follows:

	As at 31st December 2011 HK\$'000	As at 31st December 2010 HK\$'000
Decrease in deferred income tax liabilities and increase in total equity	482,190	419,436
Attributable to:		
Owners of the Company	461,677	401,169
Non-controlling interests	20,513	18,267
	482,190	419,436

The effects of the change in the accounting policy following the adoption of HKAS 12 (Amendment) on the consolidated income statement are as follows:

	2011 HK\$'000	2010 HK\$'000
Decrease in income tax expense and increase in profit for the year	62,754	100,902
Attributable to:		
Owners of the Company	61,191	97,160
Non-controlling interests	1,563	3,742
	62,754	100,902

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 2011. The Group has not early adopted these standards in the consolidated financial statements.

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
HKAS 19 (Amendment)	Employee Benefits
HKAS 27 (Amendment)	Separate Financial Statements
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
HKFRSs Amendments	Improvements to HKFRSs 2011

The Group is not yet in a position to state whether any substantial changes to the Group's accounting policies and presentation of financial information will be resulted upon adoption of these standards and amendments. The Group will apply the above new HKFRSs when they become effective.

2. Revenues and segment information

The chief operating decision-maker has been identified as the Board of 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 <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
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
	<hr/>	<hr/>	<hr/>
Total segment revenues	150,915	37,888	188,803
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
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 expense on fair value gains on investment properties	–	(21,251)	(21,251)
	<hr/>	<hr/>	<hr/>
Profit for the year	553,469	47,329	600,798
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
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)
	<hr/>	<hr/>	<hr/>
Capital expenditure	89,964	6,581	96,545
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Hong Kong <i>HK\$'000</i>	North <i>America</i> <i>HK\$'000</i>	Total <i>HK\$'000</i>
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>
	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31st December 2010 (Restated)			
Segment revenues			
Property rental	123,947	32,794	156,741
Property related services	7,462	–	7,462
Total segment revenues	<u>131,409</u>	<u>32,794</u>	<u>164,203</u>
Segment results – underlying profit/(loss)			
– Property rental and related services	26,265	(5,630)	20,635
Fair value gains on investment properties	636,176	27,593	663,769
Deferred income tax expense on fair value gains on investment properties	–	(2,879)	(2,879)
Profit for the year	<u>662,441</u>	<u>19,084</u>	<u>681,525</u>
Included in segment results:			
Impairment loss on available-for-sale financial assets	(1,144)	–	(1,144)
Finance income	4	28	32
Finance costs	(3,352)	(2,851)	(6,203)
Income tax expense (note)	(6,756)	(12)	(6,768)
Depreciation	<u>(11,158)</u>	<u>(1,504)</u>	<u>(12,662)</u>
Capital expenditure	<u>46,617</u>	<u>6,891</u>	<u>53,508</u>

	Hong Kong HK\$'000	North America HK\$'000	Total HK\$'000
At 31st December 2010 (Restated)			
Property, plant and equipment	149,955	15,408	165,363
Investment properties	3,470,250	338,579	3,808,829
Non-current assets (excluding available-for-sale financial assets)	3,620,205	353,987	3,974,192
Non-current available-for-sale financial assets	71,451	–	71,451
Current assets	148,868	16,371	165,239
Segment assets	<u>3,840,524</u>	<u>370,358</u>	<u>4,210,882</u>
Current liabilities	322,603	11,989	334,592
Non-current liabilities	36,116	143,400	179,516
Segment liabilities	<u>358,719</u>	<u>155,389</u>	<u>514,108</u>

Note:

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

3. Cost and expenses

	2011 HK\$'000	2010 HK\$'000
Auditors' remuneration	2,264	2,080
Depreciation	12,627	12,662
Outgoings in respect of		
– investment properties	41,032	34,954
– properties for sale	9,947	7,183
– property related services	7,484	6,833
– property, plant and equipment	754	665
– hotel operations	2,971	–
Operating lease rental for office premises to a related company	2,389	2,765
Staff costs	58,547	51,688
Others	19,654	18,635
Total cost of sales, administrative and other operating expenses	<u>157,669</u>	<u>137,465</u>

4. Other income and gains, net

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Dividend income from available-for-sale financial assets		
– listed	915	1,078
– unlisted	5,160	4,320
Gain on disposal of an investment property	963	1,602
(Loss)/gain on disposal of property, plant and equipment, net	(535)	58
Impairment loss on available-for-sale financial assets	(2,471)	(1,144)
Forfeiture of unclaimed dividends payable	–	922
	<u>4,032</u>	<u>6,836</u>

5. Finance income and costs

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Finance income		
Interest income from banks	85	32
Finance costs		
Interest expenses on bank loans and overdrafts wholly repayable within five years	(8,019)	(6,203)
Finance costs, net	<u>(7,934)</u>	<u>(6,171)</u>

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the year. No overseas taxation (2010: HK\$Nil) has been provided as there is no estimated taxable profit of the overseas subsidiaries for the year, except for minimum United States state tax.

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> (Restated)
Current income tax		
– Hong Kong profits tax	(3,715)	(6,629)
– overseas taxation	(13)	(12)
– over/(under) provision in prior years	694	(29)
	<u>(3,034)</u>	<u>(6,670)</u>
Deferred income tax		
– origination and reversal of temporary differences	(26,887)	(3,139)
– reversal upon disposal of investment properties	–	162
	<u>(26,887)</u>	<u>(2,977)</u>
	<u>(29,921)</u>	<u>(9,647)</u>

7. Dividends

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interim, paid, of HK3 cents (2010: HK3 cents) per ordinary share	8,630	8,630
Final, proposed, of HK7 cents (2010: HK7 cents) per ordinary share	20,137	20,137
	28,767	28,767

At a meeting held on 23rd March 2012, the directors proposed a final dividend of HK7 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 2012 upon the approval by the shareholders.

8. Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$584,285,000 (2010 Restated: HK\$655,914,000) and on 287,669,676 (2010: 287,669,676) ordinary shares in issue during the year.

As there are no dilutive potential ordinary shares as at 31st December 2011 and 2010, the diluted earnings per share is equal to the basic earnings per share.

9. Debtors and prepayments

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Trade debtors	747	1,325
Prepayments, deposits and other debtors	33,449	23,874
	34,196	25,199

The trade debtors represent rental and management fee receivables. Sales are made on open account terms and the Group normally does not grant credit period to rental receivables, and grants 30 days credit period to management fee receivables.

At 31st December 2011, the ageing analysis of the Group's trade debtors was as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Current	549	434
31-60 days	184	275
61-90 days	3	218
Over 90 days	11	398
	<u>747</u>	<u>1,325</u>

10. Creditors and accruals

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Trade creditors	6,655	11,328
Other creditors	10,460	11,209
Accruals	25,556	9,907
	<u>42,671</u>	<u>32,444</u>

At 31st December 2011, the ageing analysis of the Group's trade creditors was as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Current	5,998	10,637
31-60 days	124	183
61-90 days	18	31
Over 90 days	515	477
	<u>6,655</u>	<u>11,328</u>

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2011 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 HK3 cents (2010: HK3 cents) per share was paid to shareholders on 28th September 2011. The directors of the Company have resolved to recommend to shareholders at the Annual General Meeting the payment of a final dividend of HK7 cents (2010: HK7 cents) per share to the shareholders whose names appear on the register of members of the Company at the close of business on 25th May 2012 (“Record Date”). The total distribution for the financial year ended 31st December 2011 will be HK10 cents (2010: HK10 cents) per share. The proposed final dividend will be paid on 6th June 2012 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 Friday, 25th May 2012.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Shareholders of the Company will be held on 21st May 2012 (the “2012 AGM”). Notice of the 2012 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, 14th May 2012 to Monday, 21st May 2012 (both dates inclusive), during the period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2012 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, 11th May 2012.

CHAIRMAN'S STATEMENT

Result

I am pleased to report that the Group's consolidated profit for 2011 was HK\$600.8 million, compared to HK\$681.5 million (restated) for 2010. Earnings per share were HK\$2.03 (2010: HK\$2.28 (restated)), a drop of 10.9% over last year. The consolidated profit for 2011 included fair value gains (net of deferred tax) on investment properties of HK\$582.2 million, as compared to fair value gains (net of deferred tax) on investment properties of HK\$660.9 million (restated) for 2010.

The Group's underlying profit for 2011, excluding the effect of fair value changes on investment properties, was approximately HK\$18.6 million, decreased by HK\$2.0 million or 9.7% as compared to the corresponding figure of HK\$20.6 million (restated) for 2010. The decrease in the underlying profit was mainly attributable to the increase in the expenditures for renovation and improvements of residential properties in 2011.

The revenues of the Group for 2011, was HK\$188.8 million, representing an increase of HK\$24.6 million or 15.0% as compared with HK\$164.2 million for 2010.

As at 31st December 2011, the investment properties of the Group were revalued at HK\$4,481.4 million (31st December 2010: HK\$3,808.8 million). Total equity amounted to HK\$4,272.6 million (31st December 2010: HK\$3,696.8 million (restated)).

Dividend

The directors have resolved to recommend a final dividend of HK7 cents (2010: HK7 cents) per ordinary share.

Business review

In Hong Kong, the gross rental income for the year ended 31st December 2011 was HK\$138.3 million, an increase of 11.6% or HK\$14.4 million as compared to the corresponding period last year. The growth was mainly attributable to the robust rental demand for Tai Sang Container and Godown Centre, the rental contribution therefrom increased by HK\$7.8 million. The demand of luxury residential properties and shops are strong and also contributed to the growth in the rental income from these sectors. In view of the market demand on upgraded and newly renovated units, the Group will continue allocate resources in upgrading the existing property portfolio in the coming year.

Hotel LBP, located at 2nd to 4th Floors and 18th to 21st Floors of Hollywood Centre, 77-91 Queen's Road West, Sheung Wan, Hong Kong, was put into full operation in October 2011. The hotel room charge income contributed HK\$3.4 million to the Group's revenue for the year 2011. As yet, there was a net operating loss of HK\$1.6 million for the year 2011 due to the absorption of the expenditure in the preliminary preparation stage. The Group is confident that there will be a positive cash flow from

the hotel operation in the coming year. The hotel operation at Hotel LBP provided a good platform for the Group to gain practical experience in hotel owning and operating businesses, which will be further expanded through the redevelopment at Heung Yip Road, Wong Chuk Hang.

In the USA, the gross rental income from Montgomery Plaza for the year ended 31st December 2011 was HK\$37.9 million, an increase of 15.5% or HK\$5.1 million as compared to the corresponding period last year. The office spaces occupancy rate of Montgomery Plaza increased to 91.5% by the year end of 2011 and the weighted average office rent per square feet per annum slightly risen to US\$34.8. During 2011, San Francisco's office market generally recovered with lower vacancy rates and increased rental rates and net absorption. Rental rates are expected to maintain at the current level in 2012.

Financial Resources

During the year, the Group's total bank borrowings increased by HK\$113.1 million to HK\$489.3 million (2010: HK\$376.2 million). The total equity increased by HK\$575.8 million to HK\$4,272.6 million (2010: HK\$3,696.8 million (restated)) and long term bank loans outstanding as at 31st December 2011 amounted to HK\$133.5 million (2010: HK\$135.2 million). The debt to equity ratio was 11.5% (2010: 10.2% (restated)).

There were 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.

Prospects

The global economy remains dim in the light of the broad-based economic slowdown in Europe and the fiscal fragility in the USA. The degree of uncertainty in the external environment would likely stay elevated.

Hong Kong however will continue to be benefited from the economic growth of China. By deepening the integration with Mainland China, the robust business and domestic visitors will support the modest growth in Hong Kong economy.

Barring any unforeseen circumstances, the Group will continue to pursue its prudent policy and closely monitor the international economic changes in the year 2012. The Group's wide variety in properties portfolio will however provide stable incomes in the challenging market situation 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, 23rd March 2012

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:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
– within one year	1,859	1,859
– in the second year	131,637	1,859
– in the third to fifth years inclusive	–	131,464
	<u>133,496</u>	<u>135,182</u>

The Group's bank borrowings of HK\$489.3 million (2010: HK\$376.2 million) are secured by certain properties with an aggregate carrying amount of HK\$2,888.9 million (2010: HK\$1,921.7 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 of HK\$53.55 million as at 31st December 2011 as compared to HK\$58.45 million as at 31st December 2010. During the year, the Group subscribed for certain listed investment in the amount of HK\$0.08 million. The change in fair value of certain listed investment in the net amount of HK\$2.51 million was recognized as a net fair value loss in the investment revaluation reserve whereas impairment loss on certain listed investment in the amount of HK\$2.47 million was reflected in the Group's consolidated income statement.

The Group held 12% equity interest in The Yangtze Ventures Limited and The Yangtze Ventures II Limited (collectively "Yangtze"). During the year, the Group received dividends from Yangtze Ventures II Limited in an aggregate of HK\$5.2 million. The fair value of the Group's equity interest in Yangtze as at 31st December 2011 was HK\$21.0 million as compared to the fair value of HK\$16.3 million as at 31st December 2010. Upon the full repayment of loan from Yangtze Ventures II Limited during the year, the cost of investment in Yangtze was reduced to HK\$12.0 million.

(c) Details of number and remuneration of employees

Including the Directors of the Group as at 31st December 2011, the Group employed a total of 164 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

During the year ended 31st December 2011, the Company complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 2011, 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 2011.

ANNUAL REPORT

The 2011 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, 23rd March 2012

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 eleven directors, of which Mr. Ma Ching Wai, William, Mr. Ma Ching Hang, Patrick, Mr. Ma Ching Kuen, Alfred, Ms. Ma Ching Sau, Amy, Ms. Ma Ching Man, Katy, Ms. Ma Ching Keung, Ruth 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.