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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)**

## **2015 INTERIM RESULTS**

### **FINANCIAL HIGHLIGHTS**

For the six months ended 30th June 2015

- Revenue increased by 12.4% to HK\$136.6 million.
- Profit for the period increased by 57.9% to HK\$336.5 million.
- Underlying profit rose by 61.2% to HK\$41.1 million.

The board of directors of Tai Sang Land Development Limited (the “Company”) is pleased to announce the unaudited Condensed Consolidated Interim Financial Information of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June 2015 as follows:

**1. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE SIX MONTHS ENDED 30TH JUNE 2015 – UNAUDITED**

		<b>For the six months ended 30th June</b>	
	<i>Note</i>	<b>2015</b>	2014
		<b>HK\$'000</b>	<i>HK\$'000</i>
Revenues	(2)	<b>136,647</b>	121,535
Cost of sales	(3)	<b>(37,557)</b>	(35,321)
Gross profit		<b>99,090</b>	86,214
Fair value gains on investment properties		<b>307,203</b>	211,975
Other gains, net	(4)	<b>8,736</b>	1,075
Administrative expenses	(3)	<b>(47,237)</b>	(43,295)
Other operating expenses	(3)	<b>(4,794)</b>	(6,690)
Operating profit		<b>362,998</b>	249,279
Finance income	(5)	<b>13</b>	31
Finance costs	(5)	<b>(6,591)</b>	(6,104)
Finance costs, net		<b>(6,578)</b>	(6,073)
Profit before income tax		<b>356,420</b>	243,206
Income tax expense	(6)	<b>(19,956)</b>	(30,151)
Profit for the period		<b>336,464</b>	213,055
Profit attributable to:			
Owners of the Company		<b>316,431</b>	210,465
Non-controlling interests		<b>20,033</b>	2,590
		<b>336,464</b>	213,055
Earnings per share (basic and diluted)	(7)	<b>HK\$1.10</b>	HK\$0.73
Dividend	(8)	<b>28,767</b>	23,014
Interim dividend per share	(8)	<b>HK10 cents</b>	HK8 cents

**2. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30TH JUNE 2015 – UNAUDITED**

	<b>For the six months ended 30th June</b>	
	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	<b>336,464</b>	213,055
Other comprehensive income		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Net change on available-for-sale financial assets	<b>(5,611)</b>	2,685
Other comprehensive income for the period	<b>(5,611)</b>	2,685
Total comprehensive income for the period	<b>330,853</b>	215,740
Total comprehensive income attributable to:		
Owners of the Company	<b>312,248</b>	212,390
Non-controlling interests	<b>18,605</b>	3,350
	<b>330,853</b>	215,740

**3. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2015 – UNAUDITED**

	<i>Note</i>	As at <b>30th June</b> <b>2015</b> <i>HK\$'000</i>	As at 31st December 2014 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		785,277	757,442
Investment properties		6,287,773	5,927,858
Available-for-sale financial assets		58,656	56,489
Prepayments		7,906	6,479
		<u>7,139,612</u>	<u>6,748,268</u>
<b>Current assets</b>			
Properties for sale		101,713	100,789
Inventory		53	39
Debtors and prepayments	(9)	21,101	22,113
Current income tax recoverable		14	568
Cash and cash equivalents		43,983	40,637
		<u>166,864</u>	<u>164,146</u>
<b>Current liabilities</b>			
Rental and other deposits		59,882	59,585
Creditors and accruals	(10)	33,160	46,939
Current income tax liabilities		30,853	27,680
Short term bank loans – secured		387,920	462,800
Bank overdrafts – secured		666	527
Current portion of long term bank loans – secured		11,689	7,084
		<u>524,170</u>	<u>604,615</u>
Net current liabilities		<u>(357,306)</u>	<u>(440,469)</u>
Total assets less current liabilities		<u>6,782,306</u>	<u>6,307,799</u>

	<i>Note</i>	As at <b>30th June</b> <b>2015</b> <i>HK\$'000</i>	As at 31st December 2014 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Long term bank loans – secured		<b>410,591</b>	265,889
Deferred income tax liabilities		<b>258,653</b>	243,221
		<u><b>669,244</b></u>	<u>509,110</u>
<b>Net assets</b>		<u><b>6,113,062</b></u>	<u>5,798,689</u>
<b>Equity</b>			
Equity attributable to the Company's owners			
Share capital		<b>417,321</b>	417,321
Reserves		<b>5,469,561</b>	5,186,080
2014 final dividend proposed		–	14,383
2015 interim dividend declared		<b>28,767</b>	–
		<u><b>5,915,649</b></u>	<u>5,617,784</u>
<b>Non-controlling interests</b>		<u><b>197,413</b></u>	<u>180,905</u>
<b>Total equity</b>		<u><b>6,113,062</b></u>	<u>5,798,689</u>

Notes:

**(1) Basis of preparation and accounting policies**

This unaudited condensed consolidated interim financial information of the Group for the six months ended 30th June 2015 (the “Condensed Consolidated Interim Financial Information”) has been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets at fair value, and in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Group had net current liabilities of HK\$357,306,000 as at 30th June 2015. The current liability mainly included short term bank loans of HK\$387,920,000. 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 Condensed Consolidated Interim Financial Information on a going concern basis.

Except as described below, the accounting policies and methods of computation used in the preparation of the Condensed Consolidated Interim Financial Information are consistent with those used in the annual report for the year ended 31st December 2014 (the “2014 Annual Report”). The Condensed Consolidated Interim Financial Information should be read in conjunction with the 2014 Annual Report, which has been prepared in accordance with the Hong Kong Financial Reporting Standards.

The following amendments to standards are mandatory for accounting periods beginning on or after 1st January 2015. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

HKAS 19 (Amendment)	Defined Benefit Plans
HKFRSs (Amendment)	Annual Improvements 2012, 2013

**(2) 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 Condensed Consolidated Interim Financial Information.

There are no sales between the operating segments.

## Operating segments

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the six months ended 30th June 2015</b>			
Segment revenues			
Property rental	96,411	27,505	123,916
Property related services	4,335	–	4,335
Hotel operations	7,654	–	7,654
Restaurant operations	742	–	742
	<u>109,142</u>	<u>27,505</u>	<u>136,647</u>
Total segment revenues			
Segment results – underlying profit			
– Property rental and related services	33,807	7,744	41,551
– Hotel operations	840	–	840
– Restaurant operations	(1,328)	–	(1,328)
Fair value gains on investment properties	288,839	18,364	307,203
Deferred income tax, net	–	(11,802)	(11,802)
	<u>322,158</u>	<u>14,306</u>	<u>336,464</u>
Profit for the period			
Included in segment results:			
Finance income	4	9	13
Finance costs	(5,218)	(1,373)	(6,591)
Income tax expense ( <i>note</i> )	(8,141)	(13)	(8,154)
Depreciation	(5,525)	(808)	(6,333)
	<u>86,594</u>	<u>551</u>	<u>87,145</u>
Capital expenditure			
	<u>86,594</u>	<u>551</u>	<u>87,145</u>
<b>At 30th June 2015</b>			
Property, plant and equipment	770,492	14,785	785,277
Investment properties	5,562,950	724,823	6,287,773
Non-current prepayments	7,906	–	7,906
	<u>6,341,348</u>	<u>739,608</u>	<u>7,080,956</u>
Non-current assets (excluding available-for-sale financial assets)			
Non-current available-for-sale financial assets	58,656	–	58,656
Current assets	136,963	29,901	166,864
	<u>6,536,967</u>	<u>769,509</u>	<u>7,306,476</u>
Segment assets			
Current liabilities	512,574	11,596	524,170
Non-current liabilities	366,804	302,440	669,244
	<u>879,378</u>	<u>314,036</u>	<u>1,193,414</u>
Segment liabilities			

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30th June 2014			
Segment revenues			
Property rental	86,712	22,800	109,512
Property related services	4,170	–	4,170
Hotel operations	7,853	–	7,853
	<u>98,735</u>	<u>22,800</u>	<u>121,535</u>
Total segment revenues	<u>98,735</u>	<u>22,800</u>	<u>121,535</u>
Segment results – underlying profit			
– Property rental and related services	20,468	4,340	24,808
– Hotel operations	635	–	635
Fair value gains on investment properties	162,176	49,799	211,975
Deferred income tax, net	–	(24,363)	(24,363)
	<u>183,279</u>	<u>29,776</u>	<u>213,055</u>
Profit for the period	<u>183,279</u>	<u>29,776</u>	<u>213,055</u>
Included in segment results:			
Finance income	2	29	31
Finance costs	(4,558)	(1,546)	(6,104)
Income tax expense ( <i>note</i> )	(5,775)	(13)	(5,788)
Depreciation	(8,239)	(505)	(8,744)
	<u>2</u>	<u>29</u>	<u>31</u>
Capital expenditure	<u>42,742</u>	<u>8,123</u>	<u>50,865</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)	5,970,279	721,500	6,691,779
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>

*Note:* The amount excludes deferred income tax expense on fair value changes on investment properties.



**(3) Cost and expenses**

	<b>For the six months ended 30th June</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Depreciation	6,333	8,744
Outgoings in respect of		
– investment properties	19,825	19,476
– properties for sale	3,643	3,700
– property related services	5,315	4,843
– property, plant and equipment	528	670
– hotel operations	5,109	4,238
– restaurant operations	2,035	–
Operating lease rental for office premises to a related company	2,184	1,336
Staff costs	29,399	25,835
Others	15,217	16,464
	<u>89,588</u>	<u>85,306</u>

**(4) Other gains, net**

	<b>For the six months ended 30th June</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Dividend income from listed available-for-sale financial assets	855	1,599
Gain on disposal of available-for-sale financial assets	7,778	–
Gain/(loss) on disposal of plant and equipment, net	103	(524)
	<u>8,736</u>	<u>1,075</u>

**(5) Finance income and costs**

	<b>For the six months ended 30th June</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Finance income		
Interest income from banks	13	31
	-----	-----
Finance costs		
Interest expense		
– bank loans and overdrafts wholly repayable within five years	(9,361)	(7,411)
– bank loan wholly repayable after five years	(1,373)	(1,547)
	<u>(10,734)</u>	<u>(8,958)</u>
Less: Amount capitalised in property under development	4,143	2,854
	<u>(6,591)</u>	<u>(6,104)</u>
	-----	-----
Finance costs, net	<u>(6,578)</u>	<u>(6,073)</u>

**(6) Income tax expense**

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the period. Except for the minimum United States state tax which has been paid during the period, no overseas taxation (2014: HK\$Nil) has been provided as there is no estimated taxable profit for the overseas subsidiaries for the period.

The amount of income tax charged to the condensed consolidated statement of profit or loss represents:

	<b>For the six months ended 30th June</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current income tax		
– Hong Kong profits tax	<b>4,511</b>	3,666
– overseas taxation	<b>13</b>	13
	<hr/>	<hr/>
	<b>4,524</b>	3,679
Deferred income tax	<b>15,432</b>	26,472
	<hr/>	<hr/>
	<b>19,956</b>	30,151
	<hr/> <hr/>	<hr/> <hr/>

**(7) Earnings per share**

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$316,431,000 (2014: HK\$210,465,000) and on 287,670,000 (2014: 287,670,000) ordinary shares in issue during the period.

As there are no dilutive potential ordinary shares for the six months ended 30th June 2015 and 2014, the diluted earnings per share is equal to the basic earnings per share.

**(8) Dividend**

	<b>For the six months ended 30th June</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim, declared, of HK10 cents (2014: HK8 cents) per ordinary share	<b>28,767</b>	23,014
	<hr/> <hr/>	<hr/> <hr/>

At a meeting held on 21st August 2015, the directors declared an interim dividend of HK10 cents per ordinary share for the year ending 31st December 2015. This declared dividend is not reflected as a dividend payable in this Condensed Consolidated Interim Financial Information, but will be reflected as an appropriation of retained profits for the year ending 31st December 2015.

**(9) Debtors and prepayments**

Included in debtors and prepayments are trade debtors of HK\$369,000 (at 31st December 2014: HK\$631,000) and their ageing analysis is as follows:

	<b>As at 30th June 2015 HK\$'000</b>	<b>As at 31st December 2014 HK\$'000</b>
0-30 days	311	546
31-60 days	58	34
61-90 days	–	25
Over 90 days	–	26
	<u>369</u>	<u>631</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 fees receivables.

**(10) Creditors and accruals**

Included in creditors and accruals are trade creditors of HK\$5,410,000 (at 31st December 2014: HK\$9,481,000) and their ageing analysis is as follows:

	<b>As at 30th June 2015 HK\$'000</b>	<b>As at 31st December 2014 HK\$'000</b>
0-30 days	5,135	8,943
31-60 days	82	526
61-90 days	10	2
Over 90 days	183	10
	<u>5,410</u>	<u>9,481</u>

## CHAIRMAN'S STATEMENT

### Result

I am pleased to report that the Group's consolidated profit for the first half of 2015 was HK\$336.5 million, an increase of 57.9% as compared to consolidated profit for the same period last year of HK\$213.1 million. Earnings per share were HK\$1.10 (2014: HK\$0.73) an increase of 50.7% over the same period last year. The consolidated profit for the first half of 2015 included fair value gains on investment properties (net of deferred tax) of HK\$295.4 million, as compared to fair value gains on investment properties (net of deferred tax) of HK\$187.6 million for the same period last year.

The Group's underlying profit for the first half of 2015, excluding the effect of fair value gains on investment properties (net of deferred tax), was approximately HK\$41.1 million, increased by HK\$15.6 million or 61.2% as compared to the corresponding figure of HK\$25.5 million for the same period of 2014. The increase in the underlying profit was mainly attributable to the increase in the rental income from Hong Kong and the USA properties.

The revenues of the Group for the first half of 2015 was HK\$136.6 million, representing an increase of HK\$15.1 million or 12.4% as compared with HK\$121.5 million for the same period last year.

At 30th June 2015, the valuation of investment properties of the Group was HK\$6,287.8 million (31st December 2014: HK\$5,927.9 million). Total equity amounted to HK\$6,113.1 million (31st December 2014: HK\$5,798.7 million).

### Dividend

The directors have declared an interim dividend of HK10 cents (2014: HK8 cents) per ordinary share.

### Outlook

The changes in political environment may have impact on the business environment in Hong Kong. Any rise in interest rate in the near future may also affect the business environment in Hong Kong.

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

**William Ma Ching Wai**

*Chairman*

Hong Kong, 21st August 2015

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review and prospects

In Hong Kong, the gross rental income for the first half of 2015 was HK\$96.4 million, increased HK\$9.7 million or 11.2% as compared to the same period last year. There was a significant growth in the rental contribution from Gateway ts by HK\$8.0 million or 17.9% as compared to the same period last year. The rental income from commercial and residential sectors remained stable. Gateway ts will undergo further phases for property upgrading in coming years and hopefully the client mix will extend further.

The hotel room charge income of Hotel LBP for the first half of 2015 was HK\$7.65 million, a drop of HK\$0.2 million or 2.5% as compared to the same period last year. The occupancy rate for the first half of 2015 was stable at about 93% in average. The profit generated from the hotel operation for the first half of 2015 was HK\$0.84 million, an increase of HK\$0.2 million or 31.3% as compared to the same period last year. The restaurant operations in the same building of Hotel LBP, started at the latter half of 2014 purposely to offer support to Hotel LBP, was in a loss situation for the first half of 2015.

In the USA, the gross rental income from Montgomery Plaza was HK\$27.5 million for the first half of 2015, increased by HK\$4.7 million or 20.6%, as compared to the same period last year. The office spaces occupancy rate of Montgomery Plaza rose to 100%.

### The Group's liquidity and financial resources

During the relevant period, the Group's total bank borrowings and overdraft increased by HK\$74.6 million to HK\$810.9 million (as at 31st December 2014: HK\$736.3 million). The total equity increased by HK\$314.4 million to HK\$6,113.1 million (as at 31st December 2014: HK\$5,798.7 million) and the long term bank loans outstanding was HK\$422.3 million (as at 31st December 2014 HK\$272.9 million). The debt to equity ratio was 13.3% (as at 31st December 2014: 12.7%).

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 has not changed materially from the last annual report. The Group's 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 loan is as follows:

	<b>As at 30th June 2015 HK\$'000</b>	<b>As at 31st December 2014 HK\$'000</b>
– within one year	<b>11,689</b>	7,084
– in the second year	<b>141,752</b>	137,181
– in the third to fifth years	<b>145,879</b>	6,502
– after the fifth year	<b>122,960</b>	122,206
	<hr/> <b>422,280</b> <hr/>	<hr/> <b>272,973</b> <hr/>

The Group's total bank borrowings of HK\$810.9 million (at 31st December 2014: HK\$736.3 million) are secured by certain properties with an aggregate carrying amount of HK\$4,657.2 million (at 31st December 2014: HK\$4,365.7 million) and the rental income thereon.

## Details of number and remuneration of employees

As at 30th June 2015, the Group employed a total of 181 full-time employees, including the directors. In addition to salary payment, other benefits include discretionary bonus, insurance, medical schemes and mandatory provident fund schemes.

## INTERIM DIVIDEND AND RECORD DATE

The board of directors has resolved to declare an interim dividend of HK10 cents (2014: HK8 cents) per ordinary share, payable on 24th September 2015 to shareholders whose names standing on the register of members at the close of business on 10th September 2015 (the "Record Date"). In order to qualify for the interim 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, 10th September 2015.

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

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

## **CORPORATE GOVERNANCE**

The Company has 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 period.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Codes for Securities Transactions by Directors of Listed Issuers (the "Model Codes") contained in Appendix 10 of the Listing Rules.

On specific enquires made, all directors have confirmed that, in respect of the accounting period covered by the interim report, they have complied with the required standard set out in the Model Codes and the Company's code of conduct regarding directors' securities transactions.

## **INDEPENDENT REVIEW**

The interim results have been reviewed by the Audit Committee of the Company. The interim results for the six months ended 30th June 2015 are unaudited, but have also been reviewed by PricewaterhouseCoopers, the Company's independent auditor, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A Report on Review of Interim Financial Information is included in the interim report to be sent to shareholders.

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

Hong Kong, 21st August 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. Yiu Kei Chung are independent non-executive directors.*