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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 2020 ANNUAL RESULTS**

**FINANCIAL HIGHLIGHTS**

For the year ended 31st December 2020

- Revenue decreased by 5.0% to HK\$351.7 million.
- Loss for the year of HK\$153.0 million (2019: profit of HK\$446.4 million) mainly caused by loss arising from non-cash fair value change of investment properties in the amount of HK\$243.0 million (2019: gain of HK\$387.3 million).
- Excluding the property revaluation loss and all related effects, underlying profit amounted to HK\$80.9 million (2019: 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 2020 are as follows:

**1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

	<i>Note</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenues	(3)(a)	<b>351,654</b>	370,329
Cost of sales	(4)	<b>(86,800)</b>	(90,953)
Gross profit		<b>264,854</b>	279,376
Fair value (losses)/gains on investment properties		<b>(243,045)</b>	387,317
Other gains, net	(5)	<b>965</b>	429
Administrative expenses	(4)	<b>(124,840)</b>	(124,795)
Other operating expenses, net	(4)	<b>(7,805)</b>	(1,010)
Operating (loss)/profit		<b>(109,871)</b>	541,317
Finance income	(6)	<b>969</b>	952
Finance costs	(6)	<b>(38,270)</b>	(45,116)
Finance costs, net		<b>(37,301)</b>	(44,164)
(Loss)/profit before income tax		<b>(147,172)</b>	497,153
Income tax expense	(7)	<b>(5,809)</b>	(50,773)
(Loss)/profit for the year		<b>(152,981)</b>	446,380
(Loss)/profit attributable to:			
Owners of the Company		<b>(155,943)</b>	436,300
Non-controlling interests		<b>2,962</b>	10,080
		<b>(152,981)</b>	446,380
(Loss)/earnings per share (basic and diluted)	(8)	<b>(HK\$0.54)</b>	HK\$1.52

**2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(Loss)/profit for the year	<u><b>(152,981)</b></u>	<u>446,380</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	<b>(9,393)</b>	(4,415)
Revaluation surplus upon transfer from property, plant and equipment to investment properties	<u><b>158,557</b></u>	<u>-</u>
Other comprehensive income for the year	<u><b>149,164</b></u>	<u>(4,415)</u>
Total comprehensive income for the year	<u><b>(3,817)</b></u>	<u>441,965</u>
Total comprehensive income attributable to:		
Owners of the Company	<b>(4,396)</b>	431,611
Non-controlling interests	<u><b>579</b></u>	<u>10,354</u>
	<u><b>(3,817)</b></u>	<u>441,965</u>

**3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31ST DECEMBER 2020**

	<i>Note</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>2,136,502</b>	1,922,917
Investment properties		<b>8,656,258</b>	8,627,547
Financial assets at fair value through other comprehensive income		<b>15,775</b>	25,168
Prepayments for non-current assets		<b>8,948</b>	4,254
		<u><b>10,817,483</b></u>	<u>10,579,886</u>
<b>Current assets</b>			
Properties for sale		<b>109,072</b>	109,596
Debtors and prepayments	<i>(10)</i>	<b>39,217</b>	37,955
Current income tax recoverable		<b>104</b>	90
Cash and cash equivalents		<b>141,371</b>	111,644
		<u><b>289,764</b></u>	<u>259,285</u>
<b>Total assets</b>		<u><b>11,107,247</b></u>	<u>10,839,171</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>7,485,932</b>	7,553,615
		<b>7,903,253</b>	7,970,936
<b>Non-controlling interests</b>		<u><b>230,142</b></u>	<u>232,462</u>
<b>Total equity</b>		<u><b>8,133,395</b></u>	<u>8,203,398</u>

	<i>Note</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Long term bank loans – secured		<b>1,987,982</b>	1,326,100
Deferred income tax liabilities		<b>341,817</b>	345,698
Lease liabilities		<b>524</b>	579
		<u><b>2,330,323</b></u>	<u>1,672,377</u>
<b>Current liabilities</b>			
Rental and other deposits		<b>90,017</b>	90,265
Creditors and accruals	<i>(11)</i>	<b>103,674</b>	66,337
Current income tax liabilities		<b>4,200</b>	4,297
Short term bank loans		<b>406,987</b>	287,854
Current portion of long term bank loans – secured		<b>38,428</b>	514,464
Lease liabilities		<b>223</b>	179
		<u><b>643,529</b></u>	<u>963,396</u>
<b>Total equity and liabilities</b>		<u><b>11,107,247</b></u>	<u>10,839,171</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\$353,765,000 as at 31st December 2020. The current liabilities mainly included short term bank loans of HK\$406,987,000 and current portion of long term bank loans of HK\$38,428,000. Based on the Group’s history of generating cash from operations, 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

#### (i) Amended standards and revised conceptual framework adopted by the Group

The following amended standards and revised conceptual framework are relevant and mandatory to the Group for the first time for the financial year beginning on or after 1st January 2020:

HKFRS 1 and HKAS 8 (Amendment)	Definition of Material
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The adoption of these amended standards and revised conceptual framework did not result in a substantial impact to the results and financial position of the Group.

#### (ii) Annual improvements and amended standards not yet adopted

The following annual improvements and amended standards are relevant and mandatory to the Group for the accounting period beginning on or after 1st January 2021 and have not been early adopted by the Group:

		Effective for accounting year beginning on or after
Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020	1st January 2022
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope Amendments	1st January 2022
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1st January 2023

The Group has already commenced an assessment of the impact of adopting the above annual improvements and amended standards. The Group has not identified any standards which may have a significant impact on the financial statements. The Group will adopt the above annual improvements 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 2020 and 2019 included in this preliminary announcement of annual results for the year ended 31st December 2020 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 2019 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 2020 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>2020</b>	2019
	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>
Revenues from external customers		
Property rental		
— investment properties	<b>300,779</b>	308,254
— properties for sale	<b>26,587</b>	26,157
Property related services ( <i>note</i> )	<b>22,521</b>	23,078
Hotel operations ( <i>note</i> )	<b>1,767</b>	12,840
	<b><u>351,654</u></b>	<u>370,329</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 HK\$'000	North America HK\$'000	Total HK\$'000
<b>For the year ended 31st December 2020</b>			
Segment revenues			
Property rental	249,729	77,637	327,366
Property related services	22,521	-	22,521
Hotel operations	1,767	-	1,767
	<u>274,017</u>	<u>77,637</u>	<u>351,654</u>
Total segment revenues	<u>274,017</u>	<u>77,637</u>	<u>351,654</u>
Segment results – underlying profit			
– Property rental and related services	52,721	30,013	82,734
– Hotel operations	(1,858)	-	(1,858)
Fair value losses on investment properties	(182,493)	(60,552)	(243,045)
Deferred income tax, net	-	9,188	9,188
	<u>(131,630)</u>	<u>(21,351)</u>	<u>(152,981)</u>
Loss for the year	<u>(131,630)</u>	<u>(21,351)</u>	<u>(152,981)</u>
Included in segment results:			
Finance income	650	319	969
Finance costs	(34,715)	(3,555)	(38,270)
Income tax expense ( <i>note</i> )	(14,984)	(13)	(14,997)
Depreciation	(20,929)	(3,167)	(24,096)
	<u>346,018</u>	<u>7,984</u>	<u>354,002</u>
Capital expenditure	<u>346,018</u>	<u>7,984</u>	<u>354,002</u>
<b>At 31st December 2020</b>			
Property, plant and equipment	2,124,278	12,224	2,136,502
Investment properties	7,690,080	966,178	8,656,258
Prepayments for non-current assets	8,948	-	8,948
	<u>9,823,306</u>	<u>978,402</u>	<u>10,801,708</u>
Non-current assets (excluding financial assets at fair value through other comprehensive income)	9,823,306	978,402	10,801,708
Non-current financial assets at fair value through other comprehensive income	15,775	-	15,775
Current assets	232,009	57,755	289,764
	<u>10,071,090</u>	<u>1,036,157</u>	<u>11,107,247</u>
Segment assets	<u>10,071,090</u>	<u>1,036,157</u>	<u>11,107,247</u>
Current liabilities	625,614	17,915	643,529
Non-current liabilities	2,025,010	305,313	2,330,323
	<u>2,650,624</u>	<u>323,228</u>	<u>2,973,852</u>
Segment liabilities	<u>2,650,624</u>	<u>323,228</u>	<u>2,973,852</u>



	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31st December 2019			
Segment revenues			
Property rental	261,313	73,098	334,411
Property related services	23,078	-	23,078
Hotel operations	12,840	-	12,840
Total segment revenues	<u>297,231</u>	<u>73,098</u>	<u>370,329</u>
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)
Profit for the year	<u>367,604</u>	<u>78,776</u>	<u>446,380</u>
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	<u>(14,551)</u>	<u>(3,569)</u>	<u>(18,120)</u>
Capital expenditure	<u>304,114</u>	<u>11,477</u>	<u>315,591</u>
At 31st December 2019			
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
Non-current assets (excluding financial assets at fair value through other comprehensive income)	9,519,430	1,035,288	10,554,718
Non-current financial assets at fair value through other comprehensive income	25,168	-	25,168
Current assets	210,984	48,301	259,285
Segment assets	<u>9,755,582</u>	<u>1,083,589</u>	<u>10,839,171</u>
Current liabilities	822,767	140,629	963,396
Non-current liabilities	1,463,696	208,681	1,672,377
Segment liabilities	<u>2,286,463</u>	<u>349,310</u>	<u>2,635,773</u>

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

**(4) Cost and expenses, net**

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Auditors' remuneration		
– audit services	<b>2,351</b>	2,532
– non-audit services	<b>1,022</b>	1,006
Bad debts	<b>232</b>	362
Provision for impairment of trade debtors	<b>527</b>	-
Depreciation	<b>24,096</b>	18,120
Amortisation of capitalised letting fees	<b>4,074</b>	3,223
Donations	<b>2,317</b>	3,635
Outgoings, in respect of		
– investment properties	<b>50,086</b>	50,807
– properties for sale	<b>11,801</b>	9,457
– property related services	<b>16,763</b>	16,781
– property, plant and equipment	<b>4,268</b>	2,257
– hotel operations	<b>1,975</b>	9,389
Operating lease rental for office premises to a related company	<b>1,262</b>	4,068
Other employee benefit expense	<b>74,275</b>	77,145
Government grants	<b>(3,797)</b>	-
Others	<b>28,193</b>	17,976
	<hr/>	<hr/>
Total cost of sales, administrative expenses and other operating expenses, net	<b>219,445</b>	216,758
	<hr/> <hr/>	<hr/> <hr/>

**(5) Other gains, net**

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividend income from financial assets at fair value through other comprehensive income	<b>957</b>	945
Gain/(loss) on disposal of property, plant and equipment, net	<b>8</b>	(516)
	<hr/>	<hr/>
	<b>965</b>	429
	<hr/> <hr/>	<hr/> <hr/>

**(6) Finance income and costs**

	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		
Interest income from banks	<u>969</u>	<u>952</u>
Finance costs		
Interest expense on bank loans and overdrafts wholly repayable within five years	(59,656)	(83,526)
Less: Amount capitalised in property under development	<u>21,386</u>	<u>38,410</u>
	<u>(38,270)</u>	<u>(45,116)</u>
Finance costs, net	<u>(37,301)</u>	<u>(44,164)</u>

**(7) Income tax expense**

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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 (2019: 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>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	10,028	4,265
– United States taxation	13	13
– Over provisions in prior year	<u>(351)</u>	<u>(313)</u>
	<u>9,690</u>	<u>3,965</u>
Deferred income tax (credit)/expense		
–Hong Kong	5,307	14,856
–United States	<u>(9,188)</u>	<u>31,952</u>
	<u>(3,881)</u>	<u>46,808</u>
	<u>5,809</u>	<u>50,773</u>

## (8) (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on loss attributable to owners of the Company of HK\$155,943,000 (2019: profit of HK\$436,300,000) and on 287,670,000 (2019: 287,670,000) ordinary shares in issue during the year.

As there are no dilutive potential ordinary shares as at 31st December 2020 and 2019, the diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share.

## (9) Dividends

The interim dividend paid in 2020 and 2019 were HK\$28,767,000 (HK10 cents per share) and HK\$28,767,000 (HK10 cents per share) respectively. At a meeting held on 22nd March 2021, 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 2021 upon the approval by the Company's shareholders.

	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim, paid, of HK10 cents		
(2019: HK10 cents) per ordinary share	<b>28,767</b>	28,767
Final, proposed, of HK12 cents		
(2019: HK12 cents) per ordinary share	<u><b>34,520</b></u>	<u>34,520</u>
	<u><b>63,287</b></u>	<u>63,287</u>

## (10) Debtors and prepayments

Included in debtors and prepayments are trade debtors of HK\$1,321,000 (at 31st December 2019: HK\$1,813,000) and the ageing analysis of the trade debtors based on invoice date was as follows:

	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	<b>772</b>	1,771
31-60 days	<b>257</b>	42
61-90 days	<b>206</b>	-
Over 90 days	<u><b>86</b></u>	<u>-</u>
	<u><b>1,321</b></u>	<u>1,813</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.

## (11) Creditors and accruals

Included in creditors and accruals are trade creditors of HK\$7,173,000 (at 31st December 2019 : HK\$10,308,000) and the ageing analysis of the trade creditors was as follows:

	<b>2020</b>	2019
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0-30 days	<b>6,684</b>	10,069
31-60 days	<b>257</b>	114
61-90 days	<b>178</b>	82
Over 90 days	<b>54</b>	43
	<b><u>7,173</u></b>	<u>10,308</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 2020 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 (2019: HK10 cents) per share was paid to shareholders on 24th September 2020. 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 (2019: HK12 cents) per share to the shareholders whose names appear on the register of members of the Company at the close of business on 27th May 2021 ("Record Date"). The total distribution for the financial year ended 31st December 2020 will be HK22 cents (2019: HK22 cents) per share. The proposed final dividend will be paid on 16th June 2021 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, 27th May 2021.

### **ANNUAL GENERAL MEETING**

It is proposed that the annual general meeting of the shareholders of the Company will be held on 24th May 2021 (the "2021 AGM"). Notice of the 2021 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 Tuesday, 18th May 2021 to Monday, 24th May 2021 (both dates inclusive), during the period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2021 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 Monday, 17th May 2021.

## **CHAIRMAN'S STATEMENT**

### **Result**

The Group's core property leasing business remained stable with a 2.1% year to year drop; whereas a more significant decrease in the hotel room tariff was recorded due to the closure of the hotel at Sheung Wan for renovation. The revenue of the Group for Year 2020 decreased 5.0% to HK\$351.7 million (2019: HK\$370.3 million).

The Group recorded a consolidated loss of HK\$153.0 million (2019: profit of HK\$446.4 million) for Year 2020, due to property revaluation loss, particularly for the shops and commercial properties. Loss per share for the year was HK\$0.54 (2019: earnings per share HK\$1.52).

When excluding the effect of the property revaluation loss (net of the deferred tax in the United States) in the amount of HK\$233.9 million (2019 corresponding figure: gain of HK\$355.4 million), the underlying profit for 2020 was approximately HK\$80.9 million, decreased by HK\$10.1 million or 11.1% as compared to the corresponding figure of HK\$91.0 million for 2019.

As at 31st December 2020, the investment properties of the Group were revalued at HK\$8,656.3 million (2019: HK\$8,627.5 million). Total equity amounted to HK\$ 8,133.4 million (2019: HK\$8,203.4 million).

### **Dividend**

The directors have resolved to recommend a final dividend of HK12 cents (2019: HK12 cents) per ordinary share.

### **Prospects**

The COVID-19 pandemic affected the economy of the world including Hong Kong throughout Year 2020, together with the social unrest in the second half of Year 2019, the economy of Hong Kong has been deeply hit for almost two years. Inevitably, all sectors of business have been affected. The Group's situation however is relatively stable and satisfactory and demonstrated resilience as compared with other sectors of economy.

Following the wide applications of vaccines for COVID-19 across the world, it is expected the pandemic will gradually be under control this year. In addition to this, as interest rate may not rise in the near future, a bottom out of economies will likely be seen. We are therefore cautiously optimistic that more businesses will be picking up all over the world and in Hong Kong. Alongside, the occupancy of the Group's investment property will be improved from the second half of 2021 whilst the new hotel of the Group will be put into operation.

The Group will continue to be cautious and will pay attention to the development of the current situations. However, if the Hong Kong property market situation does not improve in 2021, the revaluation loss in our investment property portfolio may continue to adversely affect our 2021 result. Barring any unforeseen circumstances, the Group will continue to pursue a prudent policy.

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, 22nd March 2021

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

In Hong Kong, the gross rental income for 2020 was HK\$249.7 million, decreased by HK\$11.6 million or 4.4% as compared to 2019. The decrease was partly attributable to the rental concession and lowered rental upon tenancy renewals for tenants of shops and commercial units; and partly due to slower take up of vacant units in general.

The hotel at Sheung Wan has been revamped into a newly designed and newly branded boutique hotel, “the Figo”, which was reopened in mid-October 2020. The hotel was closed for about 6 months for the renovation and so the hotel room tariff for 2020 dropped by 86% as compared to 2019, to about HK\$1.8 million.

The hotel-office mixed-use development at 43 Heung Yip Road has been completed in Year 2020. With two office floors occupied by the Group as head office, three office floors are for lease. Following the issuance of hotel licence, our hotel, “the Arca”, will be put into operation in the second half of 2021.

In the USA, the gross rental income from Montgomery Plaza was HK\$77.6 million for 2020, increased by HK\$4.5 million or 6.2%, as compared to 2019. The office space occupancy rate of Montgomery Plaza was 89% as at the year end of 2020.

### Liquidity and financial resources

During the year, the Group’s total bank borrowings increased by HK\$305.0 million to HK\$2,433.4 million (2019: HK\$2,128.4 million), including outstanding long-term bank loans of HK\$2,026.4 million (2019: HK\$1,840.6 million) as at 31st December 2020. The total equity decreased by HK\$70.0 million to HK\$8,133.4 million (2019: HK\$8,203.4 million). The debt to equity ratio was 29.9% (2019: 25.9%).

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 requirements. The Group’s financial position remains healthy.

There is 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 and US dollars. The Group therefore has no significant exposure to foreign exchange fluctuation.

Bank borrowings amount to about HK\$2,398.4 million (2019: HK\$2,003.4 million) of the Group are secured by certain properties with an aggregate carrying amount of HK\$7,568.5 million (2019: HK\$7,176.6 million) and the rental income therefrom. Except for the overdraft facilities, interests on the Group's bank borrowings are based on the floating interest rates, ie spread plus HIBOR or LIBOR, whereas the interests on overdraft facilities are 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 2020 is summarised as follows:

	<b>2020</b>	2019
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
– within one year	<b>38,428</b>	514,464
– in the second year	<b>142,540</b>	22,000
– in the third to fifth year	<b>1,845,442</b>	1,304,100
	<b><u>2,026,410</u></b>	<u>1,840,564</u>

## Details of number and remuneration of employees

As at 31st December 2020, the Group employed a total of 161 full-time employees which included the directors of the Company. In addition to salary payment, other benefits included 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 2020, 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 2020.

## **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 2020.

## **ANNUAL REPORT**

The 2020 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, 22nd March 2021

## **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.*