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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 2022 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

For the six months ended 30th June 2022

- Revenues increased by 11.3% to HK\$213.4 million (2021: HK\$191.8 million).
- Profit for the period of HK\$261.4 million (2021: HK\$174.3 million) included the fair value gains on investment properties (net of the deferred tax in the United States) of HK\$220.0 million (2021: HK\$137.9 million).
- Excluding the property revaluation gains and all related effects, underlying profit increased by 13.7% to HK\$41.4 million (2021: HK\$36.4 million).
- Interim dividend declared of HK14 cents per ordinary share.

The board of directors of Tai Sang Land Development Limited (the “Company”) announced the unaudited Condensed Consolidated Interim Financial Information of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June 2022 as follows:

**1. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30TH JUNE 2022 – UNAUDITED**

	<i>Note</i>	For the six months ended 30th June	
		2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenues	(2)(a)	213,429	191,817
Cost of sales	(3)	<u>(80,453)</u>	<u>(60,243)</u>
Gross profit		132,976	131,574
Fair value gains on investment properties		187,181	138,130
Other gains, net	(4)	564	613
Administrative expenses	(3)	(62,254)	(64,454)
Other operating expenses, net	(3)	<u>(1,422)</u>	<u>(6,521)</u>
Operating profit		<u>257,045</u>	<u>199,342</u>
Finance income	(5)	131	214
Finance costs	(5)	<u>(21,758)</u>	<u>(15,539)</u>
Finance costs, net		<u>(21,627)</u>	<u>(15,325)</u>
Profit before income tax		235,418	184,017
Income tax credit/(expense)	(6)	<u>26,000</u>	<u>(9,747)</u>
Profit for the period		<u>261,418</u>	<u>174,270</u>
Profit attributable to:			
Owners of the Company		236,439	171,740
Non-controlling interests		<u>24,979</u>	<u>2,530</u>
		<u>261,418</u>	<u>174,270</u>
Earnings per share (basic and diluted)	(7)	<u>HK\$0.82</u>	<u>HK\$0.60</u>

**2. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30TH JUNE 2022 – UNAUDITED**

	For the six months ended 30th June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	261,418	174,270
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	481	2,213
Revaluation surplus upon transfer from property, plant and equipment to investment properties	-	52,157
Exchange translation difference	(60)	-
Other comprehensive income for the period	421	54,370
Total comprehensive income for the period	261,839	228,640
Total comprehensive income attributable to:		
Owners of the Company	236,651	225,113
Non-controlling interests	25,188	3,527
	261,839	228,640

**3. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2022 - UNAUDITED**

	<i>Note</i>	As at 30th June 2022 <i>HK\$'000</i>	As at 31st December 2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,977,148	1,998,645
Investment properties		9,748,823	9,554,052
Financial assets at fair value through other comprehensive income		18,206	17,725
Prepayments for non-current assets		2,139	2,573
		<u>11,746,316</u>	<u>11,572,995</u>
Current assets			
Properties for sale		109,072	109,072
Other inventories		310	332
Debtors and prepayments	(9)	38,915	37,985
Current income tax recoverable		141	356
Cash and cash equivalents		197,180	112,184
		<u>345,618</u>	<u>259,929</u>
Total assets		<u>12,091,934</u>	<u>11,832,924</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital		417,321	417,321
Reserves		8,344,460	8,142,329
		8,761,781	8,559,650
Non-controlling interests		<u>273,195</u>	<u>249,922</u>
Total equity		<u>9,034,976</u>	<u>8,809,572</u>

	<i>Note</i>	As at 30th June 2022 HK\$'000	As at 31st December 2021 HK\$'000
Non-current liabilities			
Long term bank loans – secured		2,277,517	1,945,255
Deferred income tax liabilities		329,244	359,683
Lease liabilities		<u>360</u>	<u>399</u>
		<u><u>2,607,121</u></u>	<u><u>2,305,337</u></u>
Current liabilities			
Rental and other deposits		100,542	94,715
Creditors and accruals	(10)	27,043	54,787
Current income tax liabilities		6,698	2,687
Short term bank loans		240,000	480,000
Current portion of long term bank loans – secured		75,260	85,561
Lease liabilities		<u>294</u>	<u>265</u>
		<u><u>449,837</u></u>	<u><u>718,015</u></u>
Total equity and liabilities		<u><u>12,091,934</u></u>	<u><u>11,832,924</u></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 2022 (the “Condensed Consolidated Interim Financial Information”) has been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through other comprehensive income 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 financial information relating to the year ended 31st December 2021 that is included in the Condensed Consolidated Interim Financial Information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year 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 2021 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).

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

The Group had net current liabilities of HK\$104,219,000 as at 30th June 2022 (at 31st December 2021: HK\$458,086,000). The current liabilities mainly included short term bank loans of HK\$240,000,000 (at 31st December 2021: HK\$480,000,000) and current portion of long term bank loans of HK\$75,260,000 (at 31st December 2021: HK\$85,561,000). 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 Condensed Consolidated Interim Financial Information on a going concern basis.

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 2021 (the “2021 Annual Report”). The Condensed Consolidated Interim Financial Information should be read in conjunction with the 2021 Annual Report, which has been prepared in accordance with the Hong Kong Financial Reporting Standards.

(2) Revenues and Segment information

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

	For the six months ended 30th June	
	2022	2021
	HK\$'000	HK\$'000
Revenues from external customers		
Property rental		
– investment properties	157,021	158,414
– properties for sale	14,066	13,232
Property related services (note (a))	13,511	12,581
Hotel operations (note (a))	23,785	7,590
Catering operations (note (b))	5,046	-
	<u>213,429</u>	<u>191,817</u>

Note:

- (a) The Group's revenues from property related services and hotel operations are recognised over-time as the services are performed.
- (b) The Group's revenue from catering operations are recognised at a point in time.
- (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 Condensed Consolidated Interim Financial Information.

There are no sales between the operating segments.

(c) Operating segments

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30th June 2022			
Segment revenues			
Property rental	134,464	36,623	171,087
Property related services	13,511	-	13,511
Hotel operations	23,785	-	23,785
Catering operations	5,046	-	5,046
Total segment revenues	<u>176,806</u>	<u>36,623</u>	<u>213,429</u>
Segment results – underlying profit			
– Property rental and related services	39,370	13,647	53,017
– Hotel and catering operations	(11,610)	-	(11,610)
Fair value gains/(losses) on investment properties	318,492	(131,311)	187,181
Deferred income tax, net	-	32,830	32,830
Profit/(loss) for the period	<u>346,252</u>	<u>(84,834)</u>	<u>261,418</u>
Included in segment results:			
Finance income	67	64	131
Finance costs	(20,624)	(1,134)	(21,758)
Income tax expense (note)	(6,817)	(13)	(6,830)
Depreciation	(26,000)	(1,108)	(27,108)
Capital expenditure	<u>10,540</u>	<u>2,915</u>	<u>13,455</u>
At 30th June 2022			
Property, plant and equipment	1,968,289	8,859	1,977,148
Investment properties	8,887,056	861,767	9,748,823
Prepayment for non-current assets	2,139	-	2,139
Non-current assets (excluding financial assets at fair value through other comprehensive income)	<u>10,857,484</u>	<u>870,626</u>	<u>11,728,110</u>
Non-current financial assets at fair value through other comprehensive income	18,206	-	18,206
Current assets	<u>293,526</u>	<u>52,092</u>	<u>345,618</u>
Segment assets	<u>11,169,216</u>	<u>922,718</u>	<u>12,091,934</u>
Current liabilities	434,788	15,049	449,837
Non-current liabilities	<u>2,335,680</u>	<u>271,441</u>	<u>2,607,121</u>
Segment liabilities	<u>2,770,468</u>	<u>286,490</u>	<u>3,056,958</u>

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30th June 2021			
Segment revenues			
Property rental	131,603	40,043	171,646
Property related services	12,581	-	12,581
Hotel operations	7,590	-	7,590
Total segment revenues	<u>151,774</u>	<u>40,043</u>	<u>191,817</u>
Segment results – underlying profit			
– Property rental and related services	34,178	16,442	50,620
– Hotel operations	(14,242)	-	(14,242)
Fair value gains/(losses) on investment properties	154,087	(15,957)	138,130
Deferred income tax, net	-	(238)	(238)
Profit for the period	<u>174,023</u>	<u>247</u>	<u>174,270</u>
Included in segment results:			
Finance income	114	100	214
Finance costs	(13,942)	(1,597)	(15,539)
Income tax expense (note)	(9,496)	(13)	(9,509)
Depreciation	(16,707)	(1,490)	(18,197)
Capital expenditure	<u>86,523</u>	<u>2,443</u>	<u>88,966</u>
At 31st December 2021			
Property, plant and equipment	1,989,400	9,245	1,998,645
Investment properties	8,562,906	991,146	9,554,052
Prepayments for non-current assets	2,573	-	2,573
Non-current assets (excluding financial assets at fair value through other comprehensive income)	<u>10,554,879</u>	<u>1,000,391</u>	<u>11,555,270</u>
Non-current financial assets at fair value through other comprehensive income	17,725	-	17,725
Current assets	<u>185,038</u>	<u>74,891</u>	<u>259,929</u>
Segment assets	<u>10,757,642</u>	<u>1,075,282</u>	<u>11,832,924</u>
Current liabilities	699,874	18,141	718,015
Non-current liabilities	<u>2,000,093</u>	<u>305,244</u>	<u>2,305,337</u>
Segment liabilities	<u>2,699,967</u>	<u>323,385</u>	<u>3,023,352</u>

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

(3) Cost and expenses, net

For the six months ended 30th June

	2022	2021
	HK\$'000	HK\$'000
Depreciation	27,108	18,197
Amortisation of capitalised letting fees	2,642	2,551
Provision for impairment of trade debtors	1,445	1,271
Donations	1,887	1,006
Outgoings, in respect of (note (a))		
– investment properties	28,974	30,158
– properties for sale	3,830	2,893
– property related services	7,951	8,360
– property, plant and equipment	1,462	3,909
– hotel and catering operations	22,036	7,509
Other employee benefit expense, net (note (b))	36,578	37,901
Government grants (note (b))	(1,900)	-
Others	12,116	17,463
Total cost of sales, administrative expenses and other operating expenses, net	<u>144,129</u>	<u>131,218</u>

Note:

- (a) Outgoings mainly included building management fee, government rent and rate, repair and maintenance and employee benefit.
- (b) Government subsidies related to hotel and food sectors in Hong Kong was HK\$1,900,000 (2021: Nil). Subsidies under Employment Support Scheme of HK\$1,512,000 (2021: Nil) were net off with other employee benefit expense for the period ended 30th June 2022. There are no unfulfilled conditions or other contingencies attaching to these subsidies.

(4) Other gains, net

For the six months ended 30th June

	2022	2021
	HK\$'000	HK\$'000
Dividend income from financial assets at fair value through other comprehensive income	679	662
Loss on disposal of property, plant and equipment, net	(115)	(49)
	<u>564</u>	<u>613</u>

(5) Finance income and costs**For the six months ended 30th June**

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		
Interest income from banks	131	214
	-----	-----
Finance costs		
Interest expenses on bank loans and overdrafts	(21,758)	(20,732)
Less: Amount capitalised in property, plant and equipment	-	5,193
	-----	-----
	<u>(21,758)</u>	<u>(15,539)</u>
Finance costs, net	<u>(21,627)</u>	<u>(15,325)</u>

(6) Income tax credit/(expense)

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the period. Except for the minimum United States state tax which has been paid during the period, no overseas taxation (2021: Nil) has been provided as there is no estimated taxable profit for the overseas subsidiaries for the period.

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

For the six months ended 30th June

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	(4,479)	(7,446)
– United States taxation	(13)	(13)
– Over provisions in prior year	53	-
	-----	-----
	<u>(4,439)</u>	<u>(7,459)</u>
Deferred income tax credit/(expense)		
– Hong Kong	(2,391)	(2,050)
– United States	32,830	(238)
	-----	-----
	<u>30,439</u>	<u>(2,288)</u>
	<u>26,000</u>	<u>(9,747)</u>

(7) Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$236,439,000 (2021: HK\$171,740,000) and on 287,670,000 (2021: 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 2022 and 2021, the diluted earnings per share is equal to the basic earnings per share.

(8) Dividend

For the six months ended 30th June

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim, declared, of HK14 cents (2021: HK10 cents) per ordinary share	<u>40,274</u>	<u>28,767</u>

At a meeting held on 22nd August 2022, the directors declared an interim dividend of HK14 cents per ordinary share for the year ending 31st December 2022. 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 2022.

(9) Debtors and prepayments

Included in debtors and prepayments are trade debtors, net, of HK\$2,628,000 (at 31st December 2021: HK\$1,805,000) and the ageing analysis of the trade debtors based on invoice date was as follows:

	As at 30th June 2022 <i>HK\$'000</i>	As at 31st December 2021 <i>HK\$'000</i>
0-30 days	1,470	1,446
31-60 days	533	137
61-90 days	478	131
Over 90 days	<u>147</u>	<u>91</u>
	<u>2,628</u>	<u>1,805</u>

The trade debtors represent rental and management fee receivables. The Group normally does not grant credit to tenants for lease receivables, and grants 30 days credit for management fee receivables.

(10) Creditors and accruals

Included in creditors and accruals are trade creditors of HK\$8,932,000 (at 31st December 2021: HK\$9,680,000) and the ageing analysis of trade creditors was as follows:

	As at 30th June 2022 <i>HK\$'000</i>	As at 31st December 2021 <i>HK\$'000</i>
0-30 days	8,201	9,159
31-60 days	211	182
61-90 days	62	7
Over 90 days	458	332
	<hr/> 8,932 <hr/>	<hr/> 9,680 <hr/>

CHAIRMAN'S STATEMENT

Result

I am pleased to report that the Group's consolidated profit for the first half of 2022 was HK\$261.4 million, an increase of HK\$87.1 million or 50.0% as compared to the Group's consolidated profit HK\$174.3 million for the same period of 2021. Earnings per share for the first half of 2022 were HK\$0.82 (2021: HK\$0.60). The consolidated profit for the first half of 2022 included the fair value gains on investment properties (net of the deferred tax in the United States) of HK\$220.0 million, as compared to the corresponding figures of HK\$137.9 million for the same period last year.

Excluding the effect of the fair value changes on investment properties (net of the deferred tax in the United States), the Group's underlying profit for the first half of 2022 was approximately HK\$41.4 million, increased by HK\$5.0 million or 13.7% as compared to the corresponding figure of HK\$36.4 million for the same period of 2021, mainly due to the drop in property refurbishment expenses and the decrease in deficits from hotel and catering operations during the first half of 2022.

While the Group's core property leasing business remained stable with a slight period-on-period drop of 0.3%, there was a significant increase in revenue contribution from hotel operations and catering income of HK\$21.2 million due to the full period operation of the Figo and the Arca for the period under review. The total revenue of the Group for the first half of 2022 increased HK\$21.6 million or 11.3% to HK\$213.4 million (2021: HK\$191.8 million).

As at 30th June 2022, total valuation of the investment properties of the Group was HK\$9,748.8 million (at 31st December 2021: HK\$9,554.1 million), increased by HK\$194.7 million or 2.0% for the first half of 2022. Total equity amounted to HK\$9,035.0 million (at 31st December 2021: HK\$8,809.6 million).

Dividend

The directors have declared an interim dividend of HK14 cents (2021: HK10 cents) per ordinary share.

Outlook

Year 2022 is a challenging year worldwide, including the Asia Pacific Region. The Russia-Ukraine conflict has triggered reduction in productions, global energy and food crises, which have in turn led to tremendous inflation and increased uncertainty about the recovery of the global economy from COVID-19. The drop in demand from Europe is also hampering on global trade and will hurt the global economy.

In the US, the Fed's rate hikes have not only slowed down the upward pressure on inflation, but also the property markets and economic activities in the USA, exerting an inevitable downside effect on our property rental business in San Francisco.

In the meantime, the Sino-US tension has not seen signs of loosening, and there are signs that the US would continue to put pressure on China in many directions in foreseeable future, which could drag global economic growth by a few years.

In Hong Kong, hopefully the recent relaxation in COVID arrival quarantine requirements to the inbound travelers would bring more convenience to the tourists and citizens in Hong Kong.

Under the Hong Kong-US dollars peg, we are seeing an interest rate hike in Hong Kong following the steps of the US Fed, although with some lag back, and we would expect that the impact of the interest rate increases even more significant and felt in the coming months and quarters, which would definitely hinder the pathway for economic recovery in Hong Kong.

The Group remains confident in our operations and will continue to be cautious and will pay attention to the development of the current situations and will make appropriate adjustments if the circumstance merits. Barring any unforeseen circumstances, the Group will continue to pursue a prudent policy.

William Ma Ching Wai

Chairman

Hong Kong, 22nd August 2022

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

In Hong Kong, the gross rental income for the first half of 2022 was HK\$134.5 million, increased by HK\$2.9 million or 2.2% as compared to the same period last year. The increase was mainly attributable to rental contributions from new commercial space at TS Tower and a slight increase in rental from Gateway ts.

The room tariff income and food and beverage income from our hotels for the first half of 2022 were HK\$28.8 million, increased significantly as compared to the corresponding figure of HK\$7.6 million for 2021 due to the full operations of the Group's two hotels during the first half of 2022. The average occupancy rate of the Figo and the Arca for the first half of 2022 was 88.4% and 70.0% respectively. The EBITDA of the Figo and the Arca for the first half of 2022 was HK\$0.9 million and HK\$0.1 million respectively.

In the USA, the gross rental income from Montgomery Plaza was HK\$36.6 million for the first half of 2022, decreased HK\$3.4 million or 8.5%, as compared to the same period last year. The office space occupancy rate of Montgomery Plaza was 72.0% as at the half year end of 2022.

Liquidity and financial resources

During the relevant period, the Group's total bank borrowings increased by HK\$82.0 million to HK\$2,592.8 million (at 31st December 2021: HK\$2,510.8 million), including outstanding long-term bank loans of HK\$2,352.8 million (as at 31st December 2021: HK\$2,030.8 million). The total equity increased by HK\$225.4 million to HK\$9,035.0 million (at 31st December 2021: HK\$8,809.6 million). The debt to equity ratio as at 30th June 2022 was 28.7% (at 31st December 2021: 28.5%).

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\$2,592.8 million (at 31st December 2021: HK\$2,425.8 million) of the Group are secured by certain properties with an aggregate carrying amount of HK\$8,269.3 million (at 31st December 2021: HK\$8,145.1 million) and their rental incomes therefrom. Except for the overdraft facilities, interests on the Group's bank borrowings are based on the floating interest rates, i.e. 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 30th June 2022 is summarised as follows:

	As at 30th June 2022 HK\$'000	As at 31st December 2021 HK\$'000
– within one year	75,260	85,561
– in the second year	853,009	680,260
– in the third to fifth year	1,424,508	1,264,995
	<u>2,352,777</u>	<u>2,030,816</u>

Details of number and remuneration of employees

As at 30th June 2022, the Group employed a total of 252 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.

INTERIM DIVIDEND AND RECORD DATE

The board of directors has resolved to declare an interim dividend of HK14 cents (2021: HK10 cents) per ordinary share, payable on 23rd September 2022 to shareholders whose names standing on the register of members at the close of business on 7th September 2022 (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 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 Wednesday, 7th September 2022.

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 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”) during the period, except the following:

Under code provision C.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. 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”) set out in Appendix 10 to the Listing Rules as the Company’s code of conduct regarding directors’ securities transactions. On specific enquires made, all directors have confirmed that they have complied with the Model Code during the period.

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 2022 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, 22nd August 2022

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.