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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 ANNUAL RESULTS**

**FINANCIAL HIGHLIGHTS**

For the year ended 31st December 2022

- Revenues increased by 8.1% to HK\$439.9 million (2021: HK\$407.0 million).
- Profit for the year of HK\$385.5 million (2021: HK\$654.4 million) included the fair value gains on investment properties (net of the deferred tax in the United States) of HK\$349.0 million (2021: HK\$601.4 million).
- Excluding the property revaluation gains and all related effects, underlying profit decreased by 31.1% to HK\$36.5 million (2021: HK\$53.0 million).
- Final dividend proposed of HK6 cents per ordinary share.

The board of directors (the “Board”) 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 2022 are as follows:

**1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31ST DECEMBER 2022**

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenues	(3)(a)	<b>439,858</b>	407,024
Cost of sales	(4)	<b>(148,154)</b>	(136,438)
Gross profit		<b>291,704</b>	270,586
Fair value gains on investment properties		<b>286,179</b>	617,126
Other gains, net	(5)	<b>838</b>	791
Administrative expenses	(4)	<b>(162,560)</b>	(149,451)
Other operating expenses, net	(4)	<b>(13,722)</b>	(19,407)
Operating profit		<b>402,439</b>	719,645
Finance income	(6)	<b>1,038</b>	406
Finance costs	(6)	<b>(71,225)</b>	(36,610)
Finance costs, net		<b>(70,187)</b>	(36,204)
Profit before income tax		<b>332,252</b>	683,441
Income tax credit/(expense)	(7)	<b>53,258</b>	(29,015)
Profit for the year		<b>385,510</b>	654,426
Profit attributable to:			
Owners of the Company		<b>360,115</b>	633,618
Non-controlling interests		<b>25,395</b>	20,808
		<b>385,510</b>	654,426
Earnings per share (basic and diluted)	(8)	<b>HK\$1.25</b>	HK\$2.20

**2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2022**

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year	<u>385,510</u>	<u>654,426</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	(1,880)	1,950
Revaluation surplus upon transfer from property, plant and equipment to investment properties	-	85,013
Exchange translation difference	<u>(78)</u>	<u>-</u>
Other comprehensive income for the year	<u>(1,958)</u>	<u>86,963</u>
Total comprehensive income for the year	<u><u>383,552</u></u>	<u><u>741,389</u></u>
Total comprehensive income attributable to:		
Owners of the Company	359,022	719,684
Non-controlling interests	<u>24,530</u>	<u>21,705</u>
	<u><u>383,552</u></u>	<u><u>741,389</u></u>

**3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31ST DECEMBER 2022**

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,964,857</b>	1,998,645
Investment properties		<b>9,857,923</b>	9,554,052
Financial assets at fair value through other comprehensive income		<b>15,845</b>	17,725
Prepayments for non-current assets		<b>1,094</b>	2,573
		<b>11,839,719</b>	11,572,995
<b>Current assets</b>			
Properties for sale		<b>109,072</b>	109,072
Other inventories		<b>342</b>	332
Debtors and prepayments	<i>(10)</i>	<b>39,676</b>	37,985
Current income tax recoverable		<b>3,105</b>	356
Cash and cash equivalents		<b>134,135</b>	112,184
		<b>286,330</b>	259,929
Assets classified as held for sale		<b>7,800</b>	-
Total current assets		<b>294,130</b>	259,929
<b>Total assets</b>		<b>12,133,849</b>	11,832,924
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>417,321</b>	417,321
Reserves		<b>8,426,557</b>	8,142,329
		<b>8,843,878</b>	8,559,650
<b>Non-controlling interests</b>		<b>271,242</b>	249,922
<b>Total equity</b>		<b>9,115,120</b>	8,809,572

**3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31ST DECEMBER 2022 (Continued)**

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Long term bank loans – secured		<b>1,601,727</b>	1,945,255
Deferred income tax liabilities		<b>301,675</b>	359,683
Lease liabilities		<b>794</b>	399
		<u><b>1,904,196</b></u>	<u>2,305,337</u>
<b>Current liabilities</b>			
Rental and other deposits		<b>97,213</b>	94,715
Creditors and accruals	<i>(11)</i>	<b>43,980</b>	54,787
Current income tax liabilities		<b>780</b>	2,687
Short term bank loans		<b>280,000</b>	480,000
Current portion of long term bank loans – secured		<b>692,310</b>	85,561
Lease liabilities		<b>250</b>	265
		<u><b>1,114,533</b></u>	<u>718,015</u>
<b>Total equity and liabilities</b>		<u><b>12,133,849</b></u>	<u>11,832,924</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 which are measured at fair value.

The Group had net current liabilities of HK\$820,403,000 as at 31st December 2022. The current liabilities mainly included short term bank loans of HK\$280,000,000 and current portion of long term bank loans of HK\$692,310,000. 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) Annual improvements and amended standards adopted by the Group

The following annual improvements and amended standards are relevant and mandatory to the Group for the first time for the financial year beginning on or after 1st January 2022:

Annual Improvements Project (Amendments)	Annual Improvements to HKFRSs 2018-2020
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope Amendments

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

#### (ii) Amended standards not yet adopted

The following amended standards are relevant and mandatory to the Group for the accounting period beginning on or after 1st January 2023 and have not been early adopted by the Group:

		Effective for accounting year beginning on or after
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1st January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1st January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1st January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1st January 2024

The Group has already commenced an assessment of the impact of adopting the above amended standards. The Group has not identified any standard which may have a significant impact on the financial statements. The Group will adopt the above 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 2022 and 2021 included in this preliminary announcement of annual results for the year ended 31st December 2022 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 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) and will deliver the financial statements for the year ended 31st December 2022 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>2022</b>	2021
	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>
Revenues from external customers		
Property rental		
– investment properties	<b>312,742</b>	315,747
– properties for sale	<b>27,795</b>	26,802
Property related services ( <i>note (i)</i> )	<b>27,588</b>	27,918
Hotel operations ( <i>note (i)</i> )	<b>57,819</b>	29,783
Catering operations ( <i>note (ii)</i> )	<b>13,914</b>	6,774
	<b><u>439,858</u></b>	<u>407,024</u>

*Notes:*

- (i) The Group’s revenue from property related services and hotel operations are recognised over-time as the services are preformed.
  - (ii) 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 financial statements.

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>
<b>For the year ended 31st December 2022</b>			
Segment revenues			
Property rental	267,073	73,464	340,537
Property related services	27,588	-	27,588
Hotel operations	57,819	-	57,819
Catering operations	13,914	-	13,914
Total segment revenues	<u>366,394</u>	<u>73,464</u>	<u>439,858</u>
Segment results – underlying profit			
– Property rental and related services	32,612	20,108	52,720
– Hotel and catering operations	(16,234)	-	(16,234)
Fair value gains/(losses) on investment properties	530,330	(244,151)	286,179
Deferred income tax, net	-	62,845	62,845
Profit/(loss) for the year	<u>546,708</u>	<u>(161,198)</u>	<u>385,510</u>
Included in segment results:			
Finance income	901	137	1,038
Finance costs	(67,844)	(3,381)	(71,225)
Income tax expense ( <i>note</i> )	(9,574)	(13)	(9,587)
Depreciation	(52,450)	(2,289)	(54,739)
Capital expenditure	<u>35,222</u>	<u>11,713</u>	<u>46,935</u>
<b>At 31st December 2022</b>			
Property, plant and equipment	1,957,179	7,678	1,964,857
Investment properties	9,100,566	757,357	9,857,923
Prepayments for non-current assets	1,094	-	1,094
Non-current assets (excluding financial assets at fair value through other comprehensive income)	<u>11,058,839</u>	<u>765,035</u>	<u>11,823,874</u>
Non-current financial assets at fair value through other comprehensive income	15,845	-	15,845
Current assets	231,175	55,155	286,330
Assets classified as held for sale	7,800	-	7,800
Segment assets	<u>11,313,659</u>	<u>820,190</u>	<u>12,133,849</u>
Current liabilities	1,096,236	18,297	1,114,533
Non-current liabilities	1,662,936	241,260	1,904,196
Segment liabilities	<u>2,759,172</u>	<u>259,557</u>	<u>3,018,729</u>

## (c) Operating segments (Continued)

	Hong Kong HK\$'000	North America HK\$'000	Total HK\$'000
For the year ended 31st December 2021			
Segment revenues			
Property rental	263,394	79,155	342,549
Property related services	27,918	-	27,918
Hotel operations	29,783	-	29,783
Catering operations	6,774	-	6,774
Total segment revenues	<u>327,869</u>	<u>79,155</u>	<u>407,024</u>
Segment results – underlying profit			
– Property rental and related services	34,610	32,465	67,075
– Hotel and catering operations	(14,081)	-	(14,081)
Fair value gains on investment properties	594,928	22,198	617,126
Deferred income tax, net	-	(15,694)	(15,694)
Profit for the year	<u>615,457</u>	<u>38,969</u>	<u>654,426</u>
Included in segment results:			
Finance income	176	230	406
Finance costs	(33,439)	(3,171)	(36,610)
Income tax expense (note)	(13,307)	(14)	(13,321)
Depreciation	<u>(42,328)</u>	<u>(2,979)</u>	<u>(45,307)</u>
Capital expenditure	<u>101,875</u>	<u>2,830</u>	<u>104,705</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	<u>2,573</u>	<u>-</u>	<u>2,573</u>
Non-current assets (excluding financial assets at fair value through other comprehensive income)	10,554,879	1,000,391	11,555,270
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.

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

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Auditors' remuneration		
– audit services	<b>2,768</b>	2,927
– non-audit services	<b>1,085</b>	980
Provision for impairment of trade debtors	<b>2,359</b>	1,569
Depreciation	<b>54,739</b>	45,307
Amortisation of capitalised letting fees	<b>5,425</b>	5,171
Donations	<b>3,629</b>	2,571
Outgoings, in respect of <i>(note (a))</i>		
– investment properties	<b>56,310</b>	68,110
– properties for sale	<b>6,525</b>	7,139
– property related services <i>(note (b))</i>	<b>24,794</b>	17,769
– property, plant and equipment	<b>3,664</b>	6,972
– hotel and catering operations <i>(note (b))</i>	<b>51,153</b>	36,448
Other employee benefit expense, net <i>(note (c))</i>	<b>77,546</b>	78,794
Government grants <i>(note (c))</i>	<b>(3,110)</b>	-
Others	<b>37,549</b>	31,539
	<hr/>	<hr/>
Total cost of sales, administrative expenses and other operating expenses, net	<b>324,436</b>	305,296
	<hr/> <hr/>	<hr/> <hr/>

*Notes :*

- (a) Outgoings mainly included building management fee, government rent and rates, repairs and maintenance and employee benefits.
- (b) The employee benefit expense included in outgoings, in respect of

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
– property related services	<b>31</b>	746
– hotel and catering operations	<b>32,734</b>	19,424
	<hr/>	<hr/>
	<b>32,765</b>	20,170
	<hr/> <hr/>	<hr/> <hr/>

- (c) Subsidies related to hotel and food sectors and property management sector by the Government of Hong Kong Special Administrative Region were HK\$1,900,000 (2021: Nil) and HK\$1,210,000 (2021: Nil) respectively. Wages subsidies under Employment Support Scheme of HK\$4,451,000 (2021: Nil) were net off with employee benefit expense for the year ended 31st December 2022. There are no unfulfilled conditions or other contingencies attaching to these subsidies.

**(5) Other gains, net**

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividend income from financial assets at fair value through other comprehensive income	<b>941</b>	922
Loss on disposal of property, plant and equipment, net	<b>(103)</b>	(131)
	<u><b>838</b></u>	<u>791</u>

**(6) Finance income and costs**

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Finance income		
Interest income from banks	<u><b>1,038</b></u>	<u>406</u>
Finance costs		
Interest expenses on bank loans and overdrafts	<b>(71,225)</b>	(41,803)
Less: Amount capitalised in property under development	<u>-</u>	<u>5,193</u>
	<u><b>(71,225)</b></u>	<u>(36,610)</u>
Finance costs, net	<u><b>(70,187)</b></u>	<u>(36,204)</u>

**(7) 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 year. Except for the minimum United States state tax which has been paid during the year, no overseas taxation (2021: Nil) has been provided as there is no estimated taxable profit for the overseas subsidiaries for the year.

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	<b>5,722</b>	11,368
– United States taxation	<b>13</b>	14
– Over provisions in prior year	<u><b>(985)</b></u>	<u>(233)</u>
	<u><b>4,750</b></u>	<u>11,149</u>
Deferred income tax (credit)/expense		
– Hong Kong	<b>4,837</b>	2,171
– United States	<u><b>(62,845)</b></u>	<u>15,695</u>
	<u><b>(58,008)</b></u>	<u>17,866</u>
	<u><b>(53,258)</b></u>	<u>29,015</u>

## (8) Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$360,115,000 (2021: HK\$633,618,000) and on 287,670,000 (2021: 287,670,000) ordinary shares in issue during the year.

As there are no dilutive potential ordinary shares as at 31st December 2022 and 2021, the diluted earnings per share is equal to the basic earnings per share.

## (9) Dividends

The interim dividend paid in 2022 and 2021 were HK\$40,274,000 (HK14 cents per share) and HK\$28,767,000 (HK10 cents per share) respectively. At a meeting held on 24th March 2023, the directors proposed a final dividend of HK6 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 2023 upon the approval by the Company's shareholders.

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim, paid, of HK14 cents (2021: HK10 cents) per ordinary share	<b>40,274</b>	28,767
Final, proposed, of HK6 cents (2021: HK12 cents) per ordinary share	<u><b>17,260</b></u>	<u>34,520</u>
	<u><b>57,534</b></u>	<u>63,287</u>

## (10) Debtors and prepayments

Included in debtors and prepayments are trade debtors, net, of HK\$3,527,000 (2021: HK\$1,805,000) and the ageing analysis of the trade debtors based on invoice date was as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0-30 days	<b>1,584</b>	1,446
31-60 days	<b>147</b>	137
61-90 days	<b>110</b>	131
Over 90 days	<u><b>1,686</b></u>	<u>91</u>
	<u><b>3,527</b></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.

**(11) Creditors and accruals**

Included in creditors and accruals are trade creditors of HK\$13,817,000 (2021: HK\$9,680,000) and the ageing analysis of the trade creditors was as follows:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0-30 days	<b>11,540</b>	9,159
31-60 days	<b>1,167</b>	182
61-90 days	<b>379</b>	7
Over 90 days	<b>731</b>	332
	<b><u>13,817</u></b>	<u>9,680</u>

## **CHAIRMAN'S STATEMENT**

### **Result**

I am pleased to report that the Group's consolidated profit for the year ended 31st December 2022 was HK\$385.5 million, a decrease of HK\$268.9 million or 41.1% as compared to the Group's consolidated profit of HK\$654.4 million for 2021. Earnings per share for 2022 were HK\$1.25 (2021: HK\$2.20). The consolidated profit for 2022 included the fair value gains on investment properties (net of the deferred tax in the United States) of HK\$349.0 million, as compared to the corresponding figures of HK\$601.4 million for 2021.

Excluding the effect of the fair value gains on investment properties (net of the deferred tax in the United States), the Group's underlying profit for 2022 was approximately HK\$36.5 million, decreased by HK\$16.5 million or 31.1% as compared to the corresponding figure of HK\$53.0 million for 2021, mainly due to the increase in interest expenses of the Group in accordance with increase in interest rates during 2022.

While the Group's core property leasing business remained stable with a slight period-on-period drop of 0.6%, there was a significant increase in revenue contribution from hotel and catering operations of HK\$35.1 million due to the full period operation of the Figo Hotel and the Arca Hotel during the year 2022. The total revenue of the Group of 2022 increased HK\$32.9 million or 8.1% to HK\$439.9 million (2021: HK\$407.0 million).

As at 31st December 2022, the valuation of the investment properties of the Group was HK\$9,857.9 million (2021: HK\$9,554.1 million), increased by HK\$303.8 million or 3.2% for 2022. Total equity amounted to HK\$9,115.1 million (2021: HK\$8,809.6 million).

### **Final Dividend**

The directors have resolved to recommend a final dividend of HK6 cents (2021: HK12 cents) per ordinary share.

## **Prospects**

Throughout 2022, the worldwide economy was still under the influence of the COVID-19. Fortunately its effects have been diminishing since the fourth quarter of 2022. Following the opening-up of China along with most of the rest of the world, the worldwide business mode kick started again and tourism became active again. We expect to see lots more international business coming back to Hong Kong and year 2023 will be a better year for business. Nevertheless, the Sino-American relationship uncertainty will continue and turbulence will also go on in the foreseeable future.

The interest rate in the USA and Europe is on a rise. Under the Hong Kong-US dollars peg, we may face further rise in the interest rate in Hong Kong and which is likely to stay at current and even higher level for a while. The interest expenses of the Group will inevitably rise substantially and will have a negative impact on the Group's profit in coming years.

The Group will continue to invest in upgrading and modernizing our portfolio of properties commensurate with market requirements and thus uplifting rental growth potential and may also look into any investment opportunities in the Greater Bay Area.

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

In closing, I would like to express my appreciation to all of our staff for their long-term efforts and to the management for their outstanding contributions. Meanwhile, I would like to express my sincere gratitude towards our shareholders, customers and business partners for their long-standing support and recognition.

**William Ma Ching Wai**

*Chairman*

Hong Kong, 24th March 2023

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

In Hong Kong, the gross rental income for 2022 was HK\$267.1 million, increased by HK\$3.7 million or 1.4% as compared to 2021. The increase was mainly attributable to rental contributions from new commercial space at TS Tower and a slight increase in rental from Gateway ts. We may see a pick-up in the rental market for shops and commercial in 2023.

The room tariff income and catering income from our hotels for 2022 were HK\$71.7 million, increased significantly of HK\$35.1 million or 95.9% as compared to the corresponding figure of HK\$36.6 million for 2021, due to the full operations of the Group's two hotels during 2022. The average occupancy rate of the Figo Hotel and the Arca Hotel for 2022 was 92.4% and 76.5% respectively. The average daily room rate (ADR) of the Figo Hotel and the Arca Hotel for 2022 was HK\$806 and HK\$869 respectively. The EBITDA of the Figo Hotel and the Arca Hotel for 2022 was HK\$2.8 million and HK\$5.0 million respectively. The return of tourists to Hong Kong will have positive impact on both the occupancy rate and ADR for hotel operations during 2023.

In the USA, the gross rental income from Montgomery Plaza was HK\$73.5 million for 2022, decreased by HK\$5.7 million or 7.2%, as compared to 2021. The office space occupancy rate of Montgomery Plaza was 70% as at the year end of 2022. The office leasing market at San Francisco remains sluggish and may not turnaround during 2023. We may undergo major renovation for the upgrading and up-keeping of Montgomery Plaza in the coming years.

### Liquidity and financial resources

The Group's total bank borrowings increased by HK\$63.2 million to HK\$2,574.0 million (2021: HK\$2,510.8 million), including outstanding long-term bank loans of HK\$2,294.0 million (2021: HK\$2,030.8 million) as at 31st December 2022. The total equity increased by HK\$305.5 million to HK\$9,115.1 million (2021: HK\$8,809.6 million). The gearing ratio (total debt to equity ratio) was 28.2% (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.

The Group derives its working capital mainly from cash on hand and net cash from operating activities. The Board expects that the Group will rely on net cash from operating activities and bank borrowings to meet the demand of working capital and other capital expenditure requirements in the short run. In the long run, the Group will be mainly funded by net cash from operating activities and, if necessary, by additional bank borrowings, debt financing or equity financing. There were no material changes in the funding and financial policy of the Group for the year ended 31st December 2022.

## Capital expenditure

Capital expenditure for the year ended 31st December 2022 amounted to HK\$46.9 million (2021: HK\$104.7 million) and capital commitments as at 31st December 2022 amounted to HK\$14.1 million (2021: HK\$15.5 million). Both capital expenditure and capital commitments were mainly related to the addition of property, plant and equipment, property improvement and construction work. The Group anticipates that such commitments will be funded by future operating revenue, bank borrowings and other sources of finance as appropriate.

## Capital structure of the Group

The capital structure of the Group had not changed materially from the last annual report.

## Treasury policies and objectives

The Group adopts a treasury policy that aims to better control its treasury operations and lower its borrowing cost. As such, the Group endeavours to maintain an adequate level of cash and cash equivalents to address short-term funding needs. The Group also considers various funding sources depending on the Group's needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The deposits of the Group at various licensed banks have been and will continue to be conducted in accordance with the Group's treasury policy. The Group reviews and evaluates the Group's treasury policy from time to time to ensure its adequacy and effectiveness.

## Foreign currency exchange risk

The Group's borrowings and cash and cash equivalents are primarily denominated in Hong Kong and US dollars and the repayment of principal and interest will be made in the respective lending currency. The Group therefore has no significant exposure to foreign exchange fluctuation.

As of 31st December 2022, the Group did not have any foreign currency hedging activity.

## Secured bank borrowings and pledge of assets

Bank borrowings amount to about HK\$2,574.0 million (2021: HK\$2,425.8 million) of the Group are secured by certain investment properties, freehold land and building, right-of-use in land and building and own-occupied property with an aggregate carrying amount of HK\$8,372.4 million (2021: HK\$8,145.1 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, i.e. spread plus Hong Kong Inter-bank Offered Rate or London Inter-bank Offered Rate, whereas the interests on overdraft facilities are based on the Hong Kong bank's best lending rate and now is 5.625%.

The maturity of the Group's long-term bank loans as at 31st December 2022 is summarised as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
– within one year	<b>692,310</b>	85,561
– in the second year	<b>1,222,876</b>	680,260
– in the third to fifth year	<b>378,851</b>	1,264,995
	<b><u>2,294,037</u></b>	<b><u>2,030,816</u></b>

#### Contingent liabilities

As at 31 December 2022, the Group has no significant contingent liabilities or guarantees (2021: Nil).

#### Segment information

Details of segment information of the Group are set out in note (3)(c) in this announcement.

#### Employees and emolument policy

As at 31st December 2022, the Group employed a total of 246 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.

Employees of the Group are remunerated at a competitive level and are rewarded according to their performance and experience. The promotion and remuneration of the Group's employees are subject to annual review.

The emoluments of the directors of the Company are recommended by the Remuneration Committee for the Board, having regard to the Group's operating results, individual responsibilities and performance, and comparable market statistics.

The Company has not adopted any share option scheme as an incentive to directors and eligible employees.

#### Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures

There were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2022.

#### Future plans for material investments and capital assets

The Group continues its efforts to upgrade and modernize our property portfolio. The Group will continue to monitor the economic development and review our business plans for material investments and capital assets regularly.

## **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 2022, 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 (the "Chairman") was appointed as the chief executive of the Company (the "Chief Executive") on 15th June 2017, since then Mr. Ma holds both positions as the Chairman and Chief Executive. 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 in 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 2022.

## **PROPOSED FINAL DIVIDEND AND RECORD DATE**

An interim dividend of HK14 cents (2021: HK10 cents) per share was paid to shareholders on 23rd September 2022. The directors of the Company have resolved to recommend to shareholders at the annual general meeting the payment of a final dividend of HK6 cents (2021: HK12 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 2023 ("Record Date"). The total distribution for the financial year ended 31st December 2022 will be HK20 cents (2021: HK22 cents) per share. The proposed final dividend will be paid on 14th June 2023 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, 25th May 2023.

## **ANNUAL GENERAL MEETING**

It is proposed that the annual general meeting of the shareholders of the Company will be held on 22nd May 2023 (the "2023 AGM"). Notice of the 2023 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 Wednesday, 17th May 2023 to Monday, 22nd May 2023 (both dates inclusive), during the period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2023 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 Tuesday, 16th May 2023.

## **SCOPE OF WORK OF THE COMPANY'S AUDITOR**

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 2022 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.

## **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 2022.

## **ANNUAL REPORT**

The 2022 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, 24th March 2023

### **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.*