50 ANNIVERSARY SINCE 1973

大生地產發展有限公司

TAI SANG LAND DEVELOPMENT LIMITED

(Stock code: 89)

ANNUAL REPORT 2022

Contents

50th Anniversary – Message from Chairman

50^{th} Anniversary Embrace Change and Excel

Deeply rooted in Hong Kong for over 50 years, Tai Sang Land strongly values stability while also seeking to excel by making proactive changes. It continuously endeavours to develop a wide variety of quality property projects and services, advancing together with the economy of Hong Kong. "Tai Sang Land Development Limited" was founded by the late Mr. Ma Kam Chan, and its shares were listed on the Far East Exchange Limited and the Kam Ngan Stock Exchange Limited on 21st February 1973.

Mr. William Ma Ching Wai
Chairman and Chief Executive

As the Hong Kong economy took off in the 1970s and 1980s, property demand also skyrocketed. Tai Sang Land developed an array of residential, industrial and warehouse, and commercial properties in the districts of North Point, Sai Wan, Aberdeen, Stanley, Kwun Tong and Kwai Chung, etc. Tai Sang Land also expanded into such other businesses as insurance and, in particular, because manufacturing and trading were the pillars of the Hong Kong economy at the time, Tai Sang Land also aggressively expanded into warehousing services, with a network occupying over 1 million square feet of warehouse space to cover the whole territory, and became the single largest operator of warehousing services at the time. Expanding into the international market, in the mid-1980s Tai Sang Land also built Montgomery Plaza, a high-rise office tower constructed atop a historical landmark in San Francisco, California, USA.

STRIVING FOR EXCELLENCE THROUGH DIVERSIFYING BUSINESS STREAMS

As the economy of Hong Kong gradually moved from manufacturing towards commercialisation in the late 1980s and 1990s, Tai Sang Land also shifted its strategies. Apart from purchasing residential land plots on The Peak, developing a composite building in Sai Wan and a luxury residential project, Floral Villas, in Sai Kung; as well as an industrial building in Shatin for sale and for leasing purposes, the Company gradually moved its strategy towards investment properties, and has amalgamated a quality property portfolio comprising residential, commercial, offices, warehouses and industrial properties as long-term holdings. Towards the end of the 1990s and end of the millennium, the Company progressively optimised and renovated its investment properties in order to enhance values. It carried out a substantial enhancement project for Tai Sang Container and Godown Centre in 2012 and rebranded it as Gateway ts, successfully transforming the property into a mixed-use building to attract professional and high-quality tenants.

Hong Kong's tourism industry stepped into its golden age in 2004-2014, when the number of inbound visitors ballooned from some 21.8 million in 2004 to 60.83 million per annum in 2014. Riding on this momentum and the accelerated market demand, Tai Sang Land expanded into the hospitality industry with some floors of Hollywood Centre in Sheung Wan as its first hotel project, putting it into service in 2011. In order to reposition itself in the hospitality field, Tai Sang Land established Yulan Group Limited to provide a new standard in modern hospitality. Since 2019, Yulan Group has completed another enhancement project for the hotel at Hollywood Centre and rebranded it as the Figo in 2020, and also developed the Arca in 2021, by demolishing an industrial building, as a reflection of its service diversification and continual advancement.

Upholding our determination to pursue excellence amidst steady growth, Tai Sang Land has walked hand-in-hand with Hong Kong for over 50 years. Looking ahead, we are fully optimistic about the future of Hong Kong and Hong Kong will remain "Home" for Tai Sang Land. There will be many mega infrastructure development schemes coming up in Hong Kong. We will remain dedicated to exploring business opportunities, and we will stand strong in delivering exceptional service to exceed expectations, to cater to the ever-changing market demand, and to uphold and enhance values.

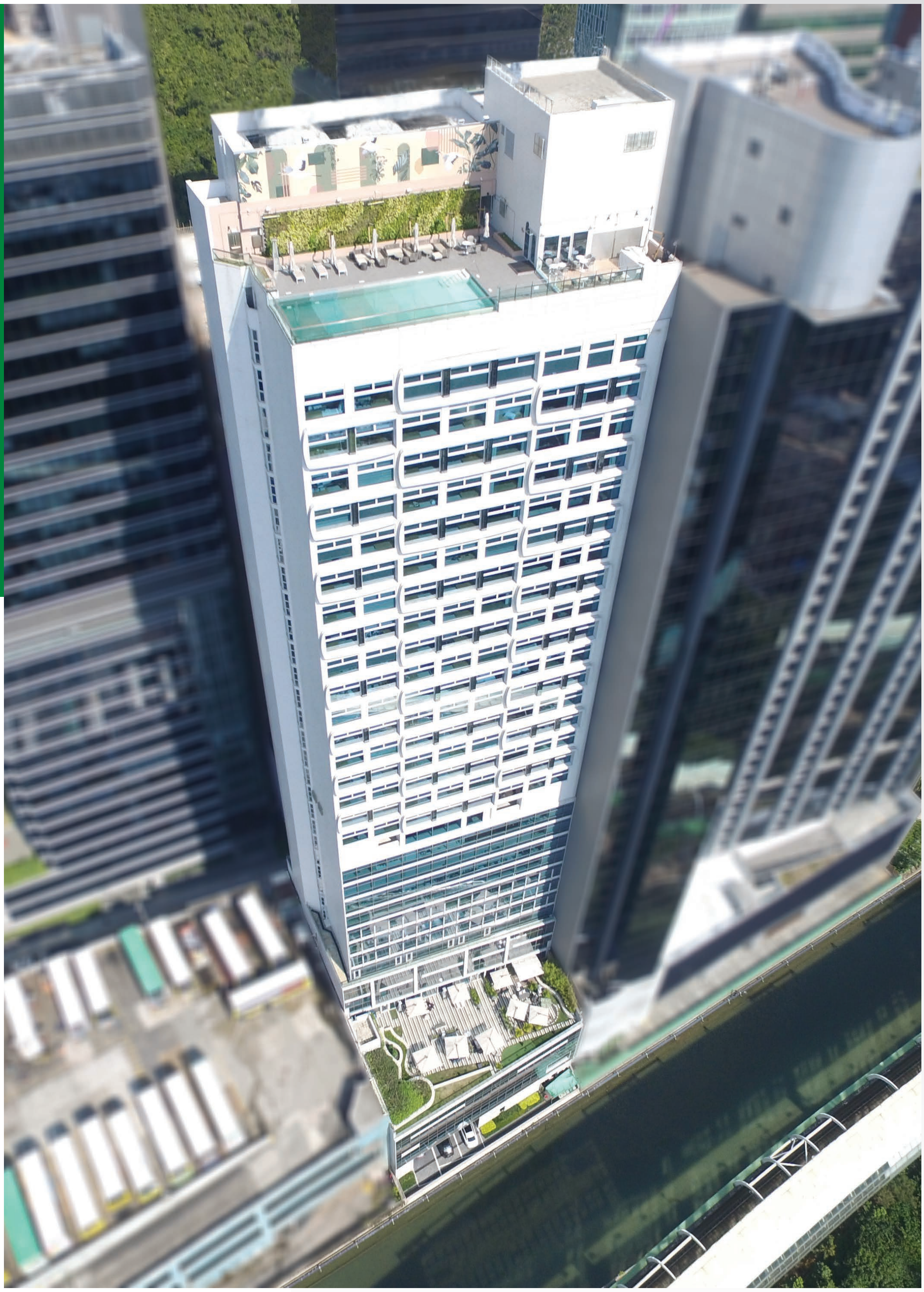
William Ma Ching Wai
Chairman

Board members and Company Secretary took photo alongside the statue of the Founder and the then Chairman of the Group, Mr. Ma Kam Chan, at the 50th Anniversary Cocktail.

50th Anniversary – Our Major Properties

TS Tower

Hotel the Arca & Office Mixed-Use Building in Wong Chuk Hang



Gateway ts

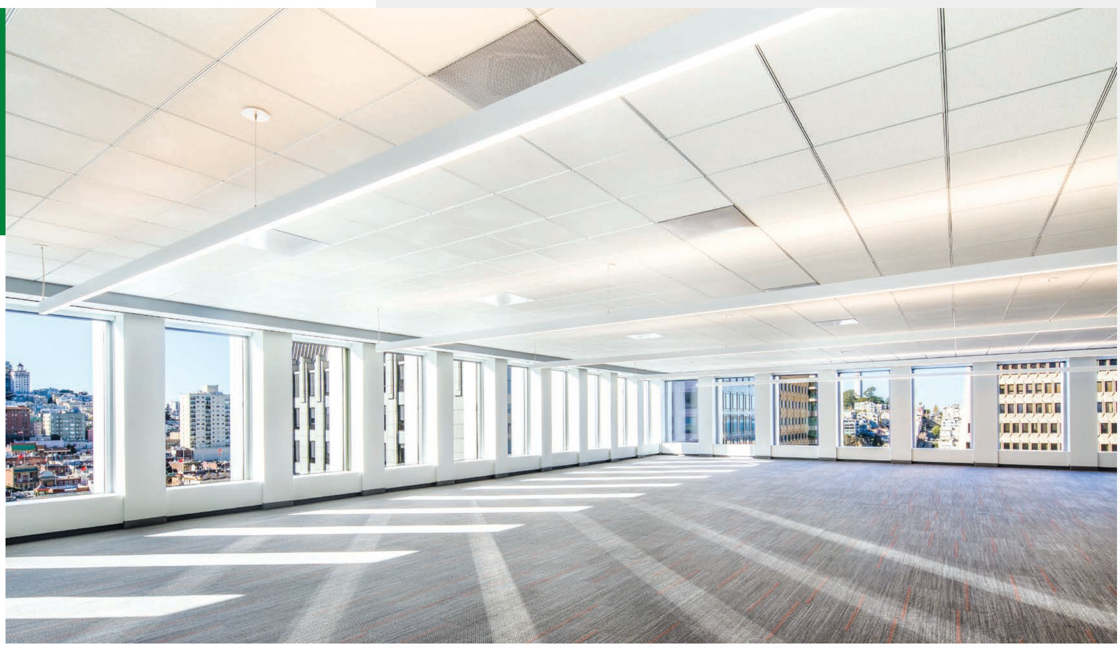
Modern Industrial Building & Godown in Tsing Yi

Hollywood Centre

Hotel the Figo & Office Mixed-Use Building in Sheung Wan

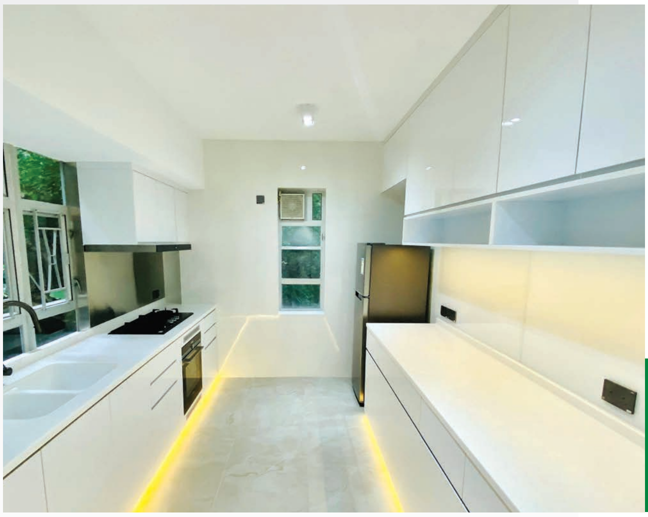
Montgomery Plaza

Class A Office Building in San Francisco, USA



Kam Yuen Mansion

Luxury Apartments in Mid-Level Central

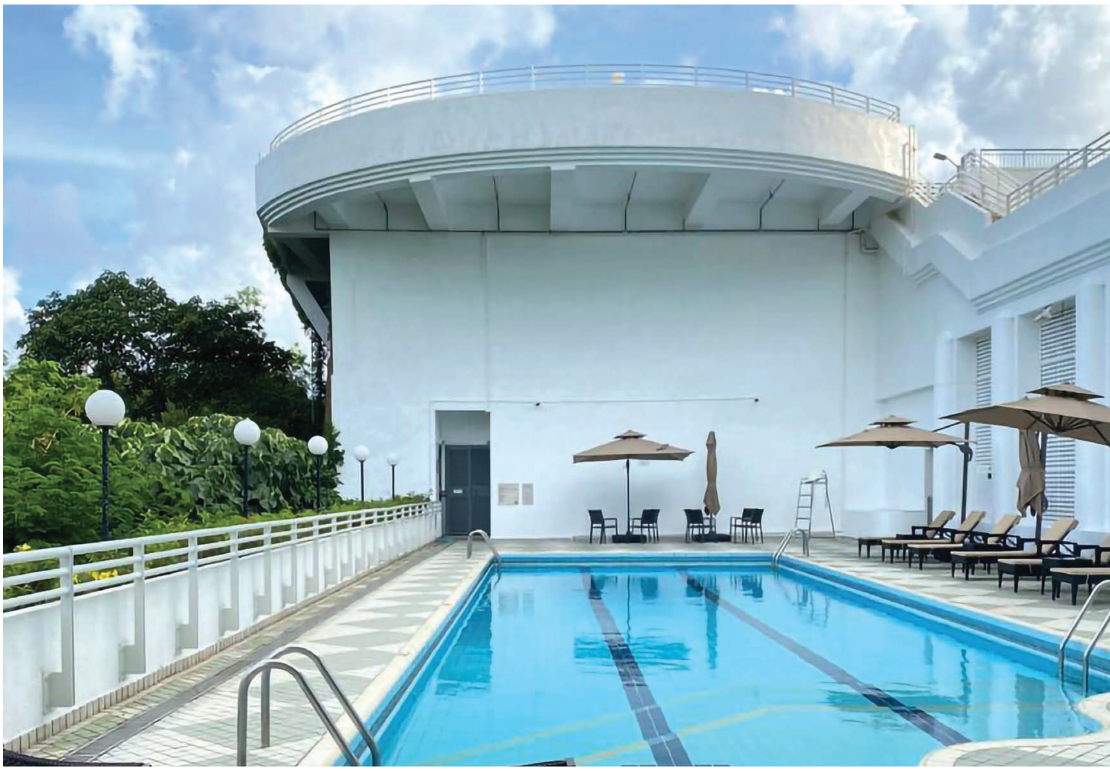


Sea and Sky Court

Luxury Apartments in Stanley

Floral Villas

Low Rise Luxury Residences in Tso Wo Hang, Sai Kung



Corporate Information

EXECUTIVE DIRECTORS

William Ma Ching Wai
(Chairman and Chief Executive)
Patrick Ma Ching Hang, BBS, JP
(Deputy Chairman)
Philip Ma Ching Yeung *(Deputy Chairman)*
Alfred Ma Ching Kuen *(Managing Director)*
Amy Ma Ching Sau *(Managing Director)*

NON-EXECUTIVE DIRECTOR

Edward Cheung Wing Yui, BBS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Kevin Chau Kwok Fun
Tan Soo Kiu
Yiu Kei Chung

AUDIT COMMITTEE

Tan Soo Kiu *(Committee Chairman)*
Edward Cheung Wing Yui, BBS
Kevin Chau Kwok Fun
Yiu Kei Chung

REMUNERATION COMMITTEE

Tan Soo Kiu *(Committee Chairman)*
Amy Ma Ching Sau
Yiu Kei Chung

NOMINATION COMMITTEE

William Ma Ching Wai
(Committee Chairman)
Kevin Chau Kwok Fun
Yiu Kei Chung

BANKERS

The Bank of East Asia, Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Nanyang Commercial Bank, Limited
Tai Sang Bank Limited

SOLICITORS

Woo, Kwan, Lee & Lo

AUDITOR

PricewaterhouseCoopers
Certified Public Accountant and Registered Public Interest Entity Auditor

REGISTERED OFFICE

15th Floor, TS Tower,
43 Heung Yip Road,
Wong Chuk Hang, Hong Kong

REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

WEBSITE ADDRESS

www.tsld.com
www.irasia.com/listco/hk/taisangland/index.htm

BOARD OF DIRECTORS

Mr. William MA Ching Wai, Chairman and Chief Executive

Aged 69. Joined the Company and appointed a Director of the Company in 1974. Appointed Chairman of the Board of Directors in 1984 and appointed Chief Executive on 15th June 2017. He is the Chairman of the Nomination Committee of the Company and a director of certain subsidiaries of the Company. He is currently an advisor to the board of directors of Tai Sang Bank Limited. He is a member of the Association of Chairmen of the Tung Wah Group of Hospitals, life member of Yan Oi Tong Advisory Board, a member of Hong Kong Chiu Chow Chamber of Commerce and a committee member of Hong Kong Juvenile Care Centre. He was a member of Sponsorship and Development Fund Committee of Hong Kong Metropolitan University (formerly The Open University of Hong Kong) until 19th June 2017 and the chairman of the 1978/1979 Board of Directors of Tung Wah Group of Hospitals. He was conferred the honour of Chevalier de l'Ordre du Mérite Agricole in 2008. He is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"). He is the younger brother of Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau and Ms. Katy Ma Ching Man, and the elder brother of Mr. Patrick Ma Ching Hang and Mr. Philip Ma Ching Yeung.

Mr. Patrick MA Ching Hang, BBS, JP, BSc., Deputy Chairman

Aged 64. Joined the Company and appointed a Director of the Company in 1981. Appointed Deputy Chairman of the Board of Directors in 2005. He is a director of certain subsidiaries of the Company. He is currently the chairman of the board of directors of Tai Sang Bank Limited. He is also a director of Hong Kong Chiu Chow Chamber of Commerce and Federation of Hong Kong Chiu Chow Community Organizations Limited. He is a member of The Chinese University of Hong Kong – C.W. Chu College Committee of Overseers, a member of Honorary Court of Lingnan University and a Trustee of Hong Kong Children's Hospital Charitable Foundation. He was the chairman of the 2008/2009 Board of Directors of Tung Wah Group of Hospitals. He was conferred the honour of Chevalier de l'Ordre National du Mérite in 2010. He is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He is the younger brother of Mr. William Ma Ching Wai, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau and Ms. Katy Ma Ching Man, and the elder brother of Mr. Philip Ma Ching Yeung.

Mr. Philip MA Ching Yeung, BSc.(cum Laude), D.Mgt., Deputy Chairman

Aged 59. Joined the Company in 1987 and appointed a Director of the Company in 1997. Appointed Deputy Chairman of the Board of Directors on 11th December 2019. He is a director of certain subsidiaries of the Company. He received a Doctoral Degree in Management from Asian College of Knowledge Management in 2010. He is currently a director of Tai Sang Bank Limited. He is the chairman of the 2022/2023 Board of Directors of Tung Wah Group of Hospitals, a director of Hong Kong Chiu Chow Chamber of Commerce, a permanent honorable president of Wanchai and Central & Western District Industries and Commerce Association, a Silver Fellow of The Duke of Edinburgh's Award, a member of The Entrepreneurs' Organization Hong Kong, a member of the HKGCC's Real Estate and Infrastructure Committee, an ordinary member of The University of Hong Kong Foundation and a member of Maritime Silk Road Society. He is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He is the younger brother of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau and Ms. Katy Ma Ching Man.

BOARD OF DIRECTORS (Continued)

Mr. Alfred MA Ching Kuen, BSc., Managing Director

Aged 70. Joined the Company and appointed a Director of the Company in 1976. Appointed Managing Director of the Company in 1984. He is a director of certain subsidiaries of the Company. He is currently a director and the chief executive and general manager of Tai Sang Bank Limited. He is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO. He is the elder brother of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang and Mr. Philip Ma Ching Yeung, and the younger brother of Ms. Amy Ma Ching Sau and Ms. Katy Ma Ching Man.

Ms. Amy MA Ching Sau, BSc., Managing Director

Aged 72. Joined the Company and appointed a Director of the Company in 1974. Appointed Managing Director of the Company in 1991. She is a member of the Remuneration Committee of the Company and a director of certain subsidiaries of the Company. She is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO. She is the elder sister of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen and Mr. Philip Ma Ching Yeung, and the younger sister of Ms. Katy Ma Ching Man.

Mr. Edward CHEUNG Wing Yui, BBS, DBA, BComm., CPA (Aust.),
Solicitor of the Supreme Court of England,
Solicitor of the Supreme Court of Hong Kong,
Advocate and Solicitor of the Supreme Court of Singapore,
Non-executive Director

Aged 73. Appointed a Director of the Company in 1983, re-designated as Non-executive Director since 21st May 2004. He is a member of the Audit Committee of the Company. He received a Bachelor of Commerce Degree in Accountancy from the University of New South Wales, Australia. He is a member of CPA Australia. He has been a practising solicitor in Hong Kong since 1979 and is a consultant of the law firm Woo Kwan Lee & Lo. He has been admitted as a solicitor in the United Kingdom and as an advocate and solicitor in Singapore. Mr. Cheung is currently a non-executive director and vice chairman of SmarTone Telecommunications Holdings Limited and SUNeVision Holdings Ltd. He is also a non-executive director of Tianjin Development Holdings Limited, a non-executive director of Transport International Holdings Limited, The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited. In addition, he is currently a member of the Sponsorship & Development Fund Committee and a court member of Hong Kong Metropolitan University (formerly The Open University of Hong Kong), a director of The Community Chest of Hong Kong, and Honorary Council Member of The Hong Kong Institute of Directors Limited. Mr. Cheung was the deputy chairman of Hong Kong Metropolitan University until 19th June 2014, a non-executive director of Tai Sang Bank Limited until 1st December 2017, a member of the Labour and Welfare Bureau's Lump Sum Grant Steering Committee until 21st April 2015, a member of the Appeal Board established under the Accreditation of Academic and Vocational Qualifications Ordinance until 31st August 2013. He was a member of the Board of Review (Inland Revenue Ordinance) until 31st December 2010 and the deputy chairman of The Hong Kong Institute of Directors Limited until 30th June 2010. He has also been a director of Po Leung Kuk and the vice chairman of the Mainland Legal Affairs Committee of The Law Society of Hong Kong. Mr. Cheung was awarded the Bronze Bauhinia Star (BBS) in 2013. He was awarded an honorary degree of Doctor of Business Administration from Hong Kong Metropolitan University in 2016.

BOARD OF DIRECTORS (Continued)

Mr. Kevin CHAU Kwok Fun, BA, Independent Non-executive Director

Aged 62. Appointed an Independent Non-executive Director of the Company in 1996. He is a member of the Audit Committee and Nomination Committee of the Company. He graduated with a Bachelor of Arts degree in Economics from the Wesleyan University in Connecticut, USA. He is the owner and Principal of KRC Projects Limited, a private investment company, and a partner and director of Custom Gateway International Limited, a technology software company specializing in providing customization solutions to businesses with ecommerce platforms. He was an independent non-executive director of Razer Inc., a company previously listed on the Hong Kong Stock Exchange and delisted in May 2022. He was also the Executive Vice Chairman of Sincere Watch (Hong Kong) Limited ("Sincere Watch") (Stock Code 444) responsible for the overall development of Sincere Watch Group's business, as well as the strategic planning and positioning and management of Sincere Watch Group. Prior to joining Sincere Watch Group, he was a principal officer of an investment company in Hong Kong dealing in real estates and the food and beverage industry in the PRC. He began his career in 1982 with a US bank in New York dealing in fixed income and derivative syndication and had been posted by the bank to their London and Tokyo offices. In 1990, he set up his own real estate investment company in California, USA, investing in real estate projects in Texas and California. Mr. Chau also served as director of the Tung Wah Group of Hospitals in 2008.

Mr. TAN Soo Kiu, CPA (Aust.), Independent Non-executive Director

Aged 85. Appointed an Independent Non-executive Director of the Company in 2004. He is the Chairman of the Audit Committee and Remuneration Committee of the Company. He is currently a retired person. He had been the General Manager of the Company for 11 years from 1991 to 2002 and had held various senior positions with banking institutions in Malaysia and Hong Kong for over 20 years before 1991.

Mr. YIU Kei Chung, B Soc. Sc., Independent Non-executive Director

Aged 72. Appointed an Independent Non-executive Director of the Company in 2015. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He received a Bachelor Degree from the University of Hong Kong in Social Science (Economics & Sociology) and obtained a Diploma in Advanced Training in Industrial Management from Delft University of Technology, the Netherlands. He was an independent non-executive director of Tai Sang Bank Limited until January 2023 and a member of the Hospital Governing Committee of the North District Hospital of the Hospital Authority until February 2021. Mr. Yiu had served the Hong Kong Government for over 30 years and had held various positions in different departments. He had been the Deputy Director of Civil Aviation in the Civil Aviation Department, the Commissioner of the Hong Kong Export Credit Insurance Corporation, the Deputy Secretary (Health) of the ex-Health, Welfare and Food Bureau. Before his retirement in March 2013, he was the Executive Director (Corporate Services) of the Mandatory Provident Fund Schemes Authority.

SENIOR MANAGEMENT

Ms. Katy MA Ching Man, BA, Company Secretary

Aged 73. Joined the Company and appointed a Director and also Company Secretary of the Company in 1972, she was a Director of the Company until 21st January 2013. She is now the Company Secretary of the Company and a director of certain subsidiaries of the Company. She is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO. She is the elder sister of Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau and Mr. Philip Ma Ching Yeung.

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

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:

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

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 5(d) to the consolidated financial statements.

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.

Report of the Directors

The board of directors (the "Board") of Tai Sang Land Development Limited (the "Company") submit their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2022.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Company are investment holding and property investment. The activities of the principal subsidiaries are shown in note 33 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segments is set out in note 5(d) to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December 2022 are set out in the consolidated statement of profit or loss on page 81 of this annual report.

The directors have declared an interim dividend of HK14 cents (2021: HK10 cents) per ordinary share, totalling HK$40,274,000 (2021: HK$28,767,000), which was paid on 23rd September 2022.

The directors recommend the payment of a final dividend of HK6 cents (2021: HK12 cents) per ordinary share, totalling HK17,260,000 (2021: HK$34,520,000).

The total dividends for the year ended 31st December 2022 amounted to HK20 cents (2021: HK22 cents) per ordinary share.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 13 to the consolidated financial statements. There was no movement during the year.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$3,629,000 (2021: HK$2,571,000).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of the movements during the year in the property, plant and equipment and investment properties of the Group are set out in notes 6 and 7 respectively to the consolidated financial statements.

PRINCIPAL PROPERTIES

Details of the Group's significant properties are set out on pages 134 to 135 of this annual report.

PURCHASE, SALE AND REDEMPTION OF SHARES OF THE COMPANY

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.

BORROWINGS

Particulars of the bank loans are shown in notes 15 and 18 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Distributable reserves of the Company at 31st December 2022, calculated under part 6 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), amounted to HK$539,876,000 (2021: HK$548,585,000).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 136 of this annual report.

DIRECTORS

(a) Directors of the Company

The directors of the Company during the year and up to the date of this report were:

Executive directors:

William Ma Ching Wai	*(Chairman and Chief Executive)*
Patrick Ma Ching Hang, BBS, JP	*(Deputy Chairman)*
Philip Ma Ching Yeung	*(Deputy Chairman)*
Alfred Ma Ching Kuen	*(Managing Director)*
Amy Ma Ching Sau	*(Managing Director)*

Non-executive director:

Edward Cheung Wing Yui, BBS

Independent non-executive directors:

Kevin Chau Kwok Fun
Tan Soo Kiu
Yiu Kei Chung

In accordance with Article 103(A) of the Company's Articles of Association, Mr. Philip Ma Ching Yeung, Ms. Amy Ma Ching Sau and Mr. Tan Soo Kiu will retire by rotation at the forthcoming annual general meeting. Mr. Tan Soo Kiu will not offer himself for re-election while the remaining retiring directors, being eligible, will offer themselves for re-election.

Resolution for electing Mr. Aaron Tan Leng Cheng as a director will be proposed at the forthcoming annual general meeting. Please refer to the Company's circular to shareholders containing the notice of the forthcoming annual general meeting sent together with this report for details.

(b) Directors of the Company's subsidiaries

During the year and up to the date of this report, 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 also directors of certain subsidiaries of the Company. Other directors of the Company's subsidiaries during the year and up to the date of this report include: Ms. Katy Ma Ching Man, Ms. Joy Ma Ching Mun, Ms. Ida Ma Ching Kwai, Mr. Justin Ma Kwai Fung and Mr. Samuel Young Chi Kong.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management are set out on pages 13 to 15 of this annual report.

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

Details of directors' and senior management's emoluments are set out in notes 31(a) and 21(c) to the consolidated financial statements respectively.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

At 31st December 2022, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company, and its associated corporation (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of Part XV of SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Number of ordinary shares held at 31st December 2022

	Capacity			
	Personal interest	**Corporate interests (notes (a) and (b))**	**Total**	**Percentage**
Directors:				
William Ma Ching Wai *(Chairman and Chief Executive)*	4,608,354	160,136,485	164,744,839	57.2688%
Patrick Ma Ching Hang	46,256	8,732,013	8,778,269	3.0515%
Philip Ma Ching Yeung	127,741	–	127,741	0.0444%
Alfred Ma Ching Kuen	9,987	–	9,987	0.0035%
Amy Ma Ching Sau	347,942	–	347,942	0.1210%
Edward Cheung Wing Yui	–	–	–	–
Kevin Chau Kwok Fun	–	–	–	–
Tan Soo Kiu	–	–	–	–
Yiu Kei Chung	–	–	–	–

All interests stated above represent long positions.

Notes:

(a) Kam Chan & Company, Limited ("Kam Chan & Co", in which Mr. William Ma Ching Wai held 62.01% interests) and its associates and Holston Investment Limited (in which Mr. William Ma Ching Wai held 76.56% interests) directly or indirectly owned 138,998,248 and 21,138,237 ordinary shares in the Company respectively.

(b) Tai Sang International Limited (in which Mr. Patrick Ma Ching Hang held 100% interests) directly owned 8,732,013 ordinary shares in the Company.

(c) Mr. Alfred Ma Ching Kuen beneficially held 9,886 shares (or 0.1765%) in the total number of issued shares of a subsidiary of the Company, Tai Sang Cold Storage & Godown Company Limited.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION (Continued)

Number of ordinary shares held at 31st December 2022 (Continued)

Notes: (Continued)

(d) Mr. Patrick Ma Ching Hang and Ms. Katy Ma Ching Man jointly and beneficially held 47 shares (or 0.94%); Mr. William Ma Ching Wai and Mr. Patrick Ma Ching Hang jointly and beneficially held 1 share (or 0.02%); and Mr. Alfred Ma Ching Kuen beneficially held 23 shares (or 0.46%) in the total number of issued shares of a subsidiary of the Company, Kam Hang Company Limited.

(e) In addition, certain directors of the Company held non-beneficial interests in subsidiaries of the Company in trust to the absolute benefit of the Company, the details of which are available for inspection at the Company's registered office.

(f) Other than as stated above, as at 31st December 2022, no directors or the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation.

(g) At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors and chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares, underlying shares or debentures of the Company or any of its specified undertakings or its other associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

At 31st December 2022, the interest and short position of substantial shareholders in the shares or underlying shares of the Company, as recorded in the register maintained by the Company under Section 336 of Part XV of the SFO were as follows:

Number of ordinary shares held at 31st December 2022

	Capacity			
	Beneficial owner	Corporate interests (note (a))	Total	Percentage
Substantial shareholders:				
Kam Chan & Co	113,848,758	25,149,490	138,998,248	48.3187%
Holston Investment Limited	21,138,237	–	21,138,237	7.3481%
Gold Fortune Investment Company Limited	15,488,636	–	15,488,636	5.3842%

All interests stated above represent long positions.

Notes:

(a) Gold Fortune Investment Company Limited, Suremark Limited (beneficially interested in 6,738,664 shares in the Company) and Montgomery Securities Nominee Limited (beneficially interested in 2,922,190 shares in the Company) are wholly owned subsidiaries of Kam Chan & Co. The aggregate shareholdings of these three companies are deemed to be the corporate interests of Kam Chan & Co in the ordinary shares in the Company.

(b) Save as disclosed above, as at 31st December 2022, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register maintained by the Company under Section 336 of Part XV of the SFO.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of purchases and revenues for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	8.3%
– five largest suppliers in aggregate	24.1%
Revenues	
– the largest customer	19.7%
– five largest customers in aggregate	38.3%

None of the directors, their close associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the suppliers or customers noted above.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at date of this annual report, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules, throughout the year ended 31st December 2022.

DIRECTORS' INTEREST IN COMPETING BUSINESS

At 31st December 2022, all executive directors of the Company are directors and shareholders of Kam Chan & Co, which is also engaged in property investment, and may be in competition with the business carried on by the Group.

The directors are of the view that the Group is capable of carrying on its businesses independently of, and at arm's length from the property investment business. When making decisions on the property investment business, the relevant directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best interests of the Group.

EVENT AFTER THE REPORTING PERIOD

On 2nd February 2023, a subsidiary of the Company has completed the transaction for sale of a commercial property under assets classified as held for sale as at 31st December 2022 for a total consideration of HK$9,800,000.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of Corporate Governance Code contained in Appendix 14 to the Listing Rules during the year ended 31st December 2022, except for the code provision C.2.1, as explained in the section headed "Chairman and Chief Executive" in the Corporate Governance Report on page 32 of this annual report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

BUSINESS REVIEW

Discussion and analysis of the Group's business as required by Schedule 5 of the Companies Ordinance, including a fair review of the Group's business, an indication of likely future development, an analysis of it using financial key performance indicators and particulars of important events affecting the Group that have occurred since the end of the year ended 31st December 2022 (if any), are included in the "Chairman's Statement" and "Management Discussion and Analysis" set out in this annual report on page 16 and pages 17 to 19 respectively. The discussion and analysis in the above sections form part of this Report of the Directors.

Environmental policies and performance

Discussions on the Group's environmental policies and performance are set out in the "Environmental, Social and Governance Report" on pages 47 to 73 of this annual report.

Compliance with laws and regulations

The Group has complied in material aspects in the relevant applicable laws and regulations that have significant impact on the businesses and operations of the Group during the year.

Key risk factors

A description of the principal risks and uncertainties facing by the Group and the mitigation measures taken are set out in the section headed "Risk Management and Internal Control" in the Corporate Governance Report on pages 40 to 45 of this annual report, and the impacts of the financial risks on the Group's performance are also discussed in note 3.1 to this consolidated financial statements.

The performance and the results of operation of the Group as set out in this annual report are historical in nature and past performance is not a guarantee of future performance. This annual report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual result may also differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume (a) any obligations to correct or update the forward-looking statements or opinions contained in this annual report; and (b) any obligations or liabilities in the event that any of the forward-looking statements or opinions does not materialize or turns out to be incorrect.

BUSINESS REVIEW (Continued)

Relationships with key stakeholders

The Group's success also depends on the support from key stakeholders which comprise employees, tenants, customers, suppliers, contractors and service vendors.

Employees

The Group believes that employees are the valuable assets of an enterprise and regards human resources as its corporate wealth. We provide on-the-job training and development opportunities to enhance our employees' career progression. Through different training, staff's professional knowledge in corporate operations, occupational and management skills are enhanced. The Group is committed to ensuring the high standards in occupational health and safety and providing a safe working environment for our employees.

Tenants and customers

The Group has the mission to provide excellent client service to the tenants and hotel guests, provide supportive measures to tenants when meeting business challenges, whilst maintaining long term profitability and business growth.

Suppliers, contractors and service vendors

Sound relationships with key suppliers, contractors and service vendors of the Group are important in supply chain management, properties maintenance and development, meeting business challenges and regulatory requirements, which can derive cost effectiveness and foster long term business benefits. The key service vendors comprise professional service contractors, system and equipment vendors, external consultants which provide professional services and other business partners which provide value added services to the Group.

DIVIDEND POLICY

The Company aims to maintain stable and sustainable returns to the shareholders of the Company and to retain adequate reserves for the Company's future growth. When proposing the amount of dividend, the Board will take into consideration a range of factors, including the operating results, cash flows and capital requirements of the Group, statutory and regulatory restrictions on the payment of dividends by the Company, the general economic condition and other factors of and affecting the Group.

There is no fixed dividend payout ratio and no assurance that dividends will be paid in any particular amount for any given period. An interim dividend will be declared by the Board. A final dividend will be recommended by the Board and approved by the shareholders at the annual general meeting of the Company and the amount of final dividend approved shall not exceed the amount recommended by the Board. The Company may also provide special dividends from time to time. Dividends may be distributed by way of cash or scrip or by other means that the Board considers appropriate.

PERMITTED INDEMNITY PROVISIONS

The Company's Articles of Association provides that every director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, and no director shall be liable for any loss, damage or misfortune which may happen or be incurred by the Company in the execution of the duties of his office or in relation thereto.

The Company has taken out and maintained directors' liability insurance which provides appropriate cover for the directors of the Group.

The relevant provisions in the Articles of Association of the Company and the directors' liability insurance were in force during the year and as of the date of this report.

AUDITOR

The consolidated financial statements for the year have been audited by PricewaterhouseCoopers who retire and being eligible, offer themselves for re-appointment.

On behalf of the Board

William Ma Ching Wai
Chairman

Hong Kong, 24th March 2023

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Tai Sang Land Development Limited (the "Company", together with its subsidiaries collectively referred as to the "Group") is committed to maintain a high standard of corporate governance practices and procedures to safeguard the interests of the shareholders and enhance the performance of the Group. The Company endeavours to ensure that its businesses are conducted in accordance with rules and regulations, and applicable codes and standards.

The Company complied with all the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the accounting year ended 31st December 2022, except for the code provision C.2.1, as explained in the section headed "Chairman and Chief Executive" below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the Company's codes of conduct regarding directors' securities transactions.

On specific enquiries made, all directors confirmed that they had complied with the Model Code during the year ended 31st December 2022.

BOARD OF DIRECTORS

Composition of the Board

The board of directors of the Company (the "Board") currently comprises five executive directors, one non-executive director ("NED") and three independent non-executive directors ("INEDs"). The composition of the Board is set out as follows:

Executive directors	William Ma Ching Wai *(Chairman)* Patrick Ma Ching Hang *(Deputy Chairman)* Philip Ma Ching Yeung *(Deputy Chairman)* Alfred Ma Ching Kuen *(Managing Director)* Amy Ma Ching Sau *(Managing Director)*
Non-executive director	Edward Cheung Wing Yui
INEDs	Kevin Chau Kwok Fun Tan Soo Kiu Yiu Kei Chung

Throughout the year and up to the date of this report, the Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules that there are three INEDs representing one-third of the Board and one of the INEDs has the appropriate professional qualifications or accounting or related financial management expertise.

Each of the INEDs has provided an annual written confirmation of their independence that they meet the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules. Their independence has been assessed by the Nomination Committee. The Company considers all the INEDs are independent.

Biographical details of the directors and their relationships, where applicable, are set out on pages 13 to 15 of this annual report.

BOARD OF DIRECTORS (Continued)

Role of the Board

The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy, annual operating budget, annual and interim results, recommendations on directors' appointment or re-appointment, material contracts and transactions as well as other significant policies and financial matters. The Board has delegated the day-to-day businesses of the Company to the management who works under the leadership and supervision of the executive directors.

The non-executive directors (a majority of whom are INEDs) provided the Company with a wide range of expertise and a balance of skills and brought independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee meetings.

Mechanisms Ensuring Independent Views and Input Available to the Board

The Company has established following mechanisms to ensure independent views and input are available to the Board:

Composition of the Board and Board Committees

- The Board endeavours to ensure the appointment of at least three INEDs and at least one-third of its members being INEDs (or such higher threshold as may be required by the Listing Rules from time to time).

- INEDs will be appointed to the Board committees as prescribed by the Listing Rules as far as practicable to ensure independent views are available.

Independence Assessment

- The Nomination Committee shall adhere to the nomination policy of the Company and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of INEDs.

- Each INED is required to inform the Company as soon as practicable if there is any change in his own personal particulars that may materially affect his independence.

- All INEDs are required to confirm in writing, on an annual basis, their compliance with independence assessment criteria as set out in the Listing Rules. The Nomination Committee shall assess annually the independence of all INEDs to ensure that they can continually exercise independent judgement.

Compensation

- No equity-based remuneration (e.g. share options or grants) with performance-related elements will be granted to NED and INEDs.

BOARD OF DIRECTORS (Continued)

Mechanisms Ensuring Independent Views and Input Available to the Board (Continued)

Board Decision Making

- Directors (including NED and INEDs) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company Secretary and, where necessary, independent advice from external professional advisers at the Company's expense.

- Directors (including NED and INEDs) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such director or any of his close associates has a material interest.

- The chairman of the Board shall at least annually hold meeting with the INEDs without the presence of other directors to discuss major issues and any concerns.

The Board had reviewed the implementation and effectiveness of above mechanisms for the year and considered that the mechanisms had been properly implemented during the year and is effective.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties including:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code).

During the year, the Board reviewed the Company's policies and practices on corporate governance and the disclosure in the Corporate Governance Report, reviewed the impacts of the amendments to Appendix 14 to the Listing Rules, and modified or adopted corporate governance guidelines, whistleblowing policy, anti-corruption policy, shareholders communication policy and board diversity policy of the Company to comply with such amendments.

BOARD OF DIRECTORS (Continued)

Board Meetings

Board meetings are held at least 4 times a year at approximately quarterly intervals and involve the active participation, either in person or through other electronic means of communication, of a majority of directors. At least 14 days' notice of the regular board meetings is given to all directors, and all directors are given an opportunity to include matters for discussion in the agenda. An agenda and accompanying board papers are sent in full to all directors at least 4 days before the intended date of a regular board meeting. They also have access to the advice and service of the Company Secretary, who assists the Chairman in preparing the agenda for meetings, is responsible for providing directors with board papers and related materials and ensures that board procedures, and all applicable laws, rules and regulations are followed.

The articles of association of the Company (the "Articles of Association") stipulate that save for the exceptions as provided therein, a director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such director or any of his/her associates have a material interest.

Directors' Training

Each newly appointed director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company Secretary also provides directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time.

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged in-house training for directors in the form of seminars and reading materials. A summary of training received by directors during the year according to the records provided by the directors is as follows:

	Corporate Governance/ Updates in Laws, Rules and Regulations		Accounting/Financial/ Management or Other Professional Skills	
Directors	**Reading Materials**	**Attended Seminars/ Briefings**	**Reading Materials**	**Attended Seminars/ Briefings**
Executive directors				
William Ma Ching Wai *(Chairman)*	√	√	√	√
Patrick Ma Ching Hang	√	√	√	√
Philip Ma Ching Yeung	√	√	√	√
Alfred Ma Ching Kuen	√	√	√	√
Amy Ma Ching Sau	√	√	√	√
Non-executive director				
Edward Cheung Wing Yui	√	√	√	√
INEDs				
Kevin Chau Kwok Fun	√	√	√	√
Tan Soo Kiu	√	√	√	√
Yiu Kei Chung	√	√	√	√

CHAIRMAN AND CHIEF EXECUTIVE

The code provision C.2.1 of the CG Code stipulates that the positions of the chairman and chief executive should be held by separate individuals as to maintain an effective segregation of duties.

Mr. William Ma Ching Wai, the Chairman of the Board 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. This is a deviation from the code provision with respect to the roles of chairman and chief executive to be performed by different individuals.

The Board believes that vesting the roles of both Chairman and Chief Executive on the same individual 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 NED and three INEDs on the Board offering their experience, expertise, independent advice and views from different perspectives.

NON-EXECUTIVE DIRECTORS

All non-executive directors have entered into letters of appointment with the Company for a specific term of three years. All directors (including non-executive directors) are subject to retirement from office by rotation and re-election at the annual general meeting once every three years in accordance with the Articles of Association.

Serving more than 9 years could be relevant to the determination of a non-executive director's independence. If an independent non-executive director serves more than 9 years, his further appointment will be subject to a separate resolution to be approved by shareholders.

BOARD COMMITTEES

The Board has established various committees, including Audit Committee, Remuneration Committee and Nomination Committee, each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the Company Secretary, are circulated to all Board members. The committees are required to report back to the Board on their decision and recommendations where appropriate. All the Board committees are empowered by the Board under their own terms of reference which have been posted on the websites of the Company and the Stock Exchange.

Audit Committee

Members:

INEDs	Tan Soo Kiu *(Chairman)* Kevin Chau Kwok Fun Yiu Kei Chung
Non-executive director	Edward Cheung Wing Yui

The Audit Committee was established in March 1999. The terms of reference setting out the Audit Committee's authority, duties and responsibilities are available on both the websites of the Company and the Stock Exchange.

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

The main responsibilities of the Audit Committee are to review and monitor the integrity of the Company's financial statements, annual report and interim report. Other responsibilities include making recommendations to the board on the appointment, reappointment and removal of the external auditor, approval of the external auditor's remuneration and terms of engagements, to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, to develop and implement policy on engaging an external auditor to supply non-audit services, and to act as the key representative body for overseeing the Company's relations with the external auditor. The Audit Committee is also charged with overseeing the Company's financial reporting system, the effectiveness of risk management and internal control systems, and reviewing arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

During the year, the Audit Committee held 2 meetings. The work performed by the Audit Committee during the financial year ended 31st December 2022 are summarised below:

(i) reviewed annual report for the year ended 31st December 2021, and interim report for the six months ended 30th June 2022;
(ii) proposed the appointment of PricewaterhouseCoopers ("PwC") as Independent Auditor of the Company and approved the auditor's remuneration and terms of engagements;
(iii) reviewed and discussed with the Independent Auditor in respect of the consolidated financial statements for the year ended 31st December 2021 and the interim financial information for the six months ended 30th June 2022; and
(iv) reviewed and assessed the adequacy and effectiveness of the Group's financial controls, risk management and internal control systems, and the effectiveness of the Group's internal audit function.

Remuneration Committee

Members:

INEDs	Tan Soo Kiu *(Chairman)* Yiu Kei Chung
Executive director	Amy Ma Ching Sau

The Remuneration Committee was established in April 2005. The terms of reference of the Remuneration Committee setting out its authority, duties and responsibilities are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive directors and senior management.

The Remuneration Committee is mainly responsible for ensuring formal and transparent procedures for developing remuneration policies and overseeing the remuneration packages of the executive directors and senior management. It takes into consideration of factors such as salaries paid by comparable companies, time commitment and responsibilities of directors and senior management.

During the year, the Remuneration Committee held 2 meetings. The Remuneration Committee reviewed the remuneration policy for executive directors and senior management of the Company, assessed performance of executive directors, and made recommendations on the Group's bonus structure, retirement benefit scheme and other compensation related issues.

BOARD COMMITTEES (Continued)

Nomination Committee

Members:

Executive director	William Ma Ching Wai *(Chairman)*
INEDs	Kevin Chau Kwok Fun Yiu Kei Chung

The Nomination Committee of the Company was established in March 2012. The terms of reference of the Nomination Committee setting out its authority, duties and responsibilities are available on the websites of the Company and the Stock Exchange.

The Nomination Committee is mainly responsible to review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. It shall identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, assess the independence of independent non-executive directors in accordance with Rule 3.13 of the Listing Rules, and make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors.

During the year, the Nomination Committee held 1 meeting. The Nomination Committee reviewed the structure and composition of the Board, recommended the re-election of the retiring directors and assessed the independence of all the INEDs.

The Nomination Committee is also responsible to review the nomination policy and board diversity policy of the Company to ensure the effectiveness of such policies and will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Nomination Policy

The Nomination Committee reviews the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and makes recommendations on any proposed change to the Board to complement the Company's corporate strategy. When it is necessary to fill a causal vacancy or appoint an additional director, the Nomination Committee shall invite nominations of candidates from Board members (if any) for consideration by the Nomination Committee. The Nomination Committee may also put forward candidates who are not nominated by Board members and may recommend to hire an executive search firm, if necessary, to identify suitable and qualified candidate for serving on the Board.

The Nomination Committee shall evaluate any potential candidate based on the criteria as set out below to determine whether such candidate is qualified for directorship and recommend to the Board the appropriate person among the candidates nominated for directorship for its consideration:

(a) the Nomination Committee shall consider the current structure, size and composition of the Board and the needs of the Board and the respective committees of the Board when recommending any potential new director(s) to the Board; and

BOARD COMMITTEES (Continued)

Nomination Policy (Continued)

(b) the Nomination Committee shall refer to the following factors in assessing the suitability of a proposed director:

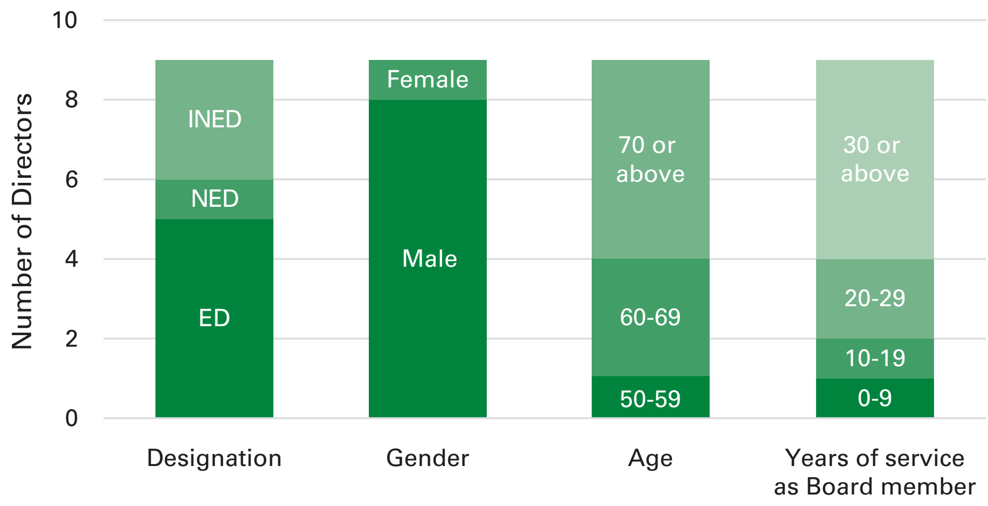
- (i) character and integrity;
- (ii) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- (iii) willingness to devote sufficient time to discharge duties as a Board member and/or member(s) of committee(s) of the Board;
- (iv) contribution to the diversity of the Board;
- (v) requirement for the Board to have independent non-executive directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence requirements set out in the Listing Rules; and
- (vi) such other perspectives appropriate to the Company's business.

Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The diversity profile of the Board as at the date of this report is as follows:



The members of the Board come from a variety of different backgrounds and have a diverse range of professional experience, skills and knowledge in various sectors including property investment and development, finance and banking, investment, accounting, legal, government, commerce and entrepreneurship. They also hold or have held important public service positions in Hong Kong, covering health and welfare, charity, education and regulations.

BOARD COMMITTEES (Continued)

Board Diversity Policy (Continued)

The Board composition reflects various age, gender, cultural and educational background, professional experience, skill and knowledge. The Nomination Committee considers the current Board composition has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. It also includes a balanced composition of executive and non-executive directors with a strong independent element on the Board, which can effectively exercise independent judgment. The Nomination Committee will continue to review the Board composition from time to time, taking into consideration the specific needs for the Group's business.

As at the date of this report, the Board consists of one female and eight male Directors. The Company targets to avoid a single gender Board. The Company believes gender diversity in the Board would bring more inspiration to the Board and enhance the business development of the Group, thus gender diversity is one of the essential factors for the Company to select suitable candidate as a Director.

The Group has also taken, and continues to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. As at 31st December 2022, 44% of the workforce of the Group (including senior management) were female. The Company considers that the gender diversity in workforce is satisfactory.

The Nomination Committee had reviewed the implementation and effectiveness of the board diversity policy of the Company for the year and considered it had been properly implemented during the year and is effective.

ATTENDANCE AT BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETING

	Number of Meetings Attended/Eligible to attend for the year ended 31st December 2022				
Name of directors	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**Annual General Meeting**
Executive directors					
William Ma Ching Wai *(Chairman)*	4/4			1/1	1/1
Patrick Ma Ching Hang	4/4				1/1
Philip Ma Ching Yeung	4/4				1/1
Alfred Ma Ching Kuen	4/4				1/1
Amy Ma Ching Sau	4/4		2/2		1/1
Non-executive director					
Edward Cheung Wing Yui	4/4	2/2			1/1
INEDs					
Kevin Chau Kwok Fun	4/4	2/2		1/1	1/1
Tan Soo Kiu	4/4	2/2	2/2		1/1
Yiu Kei Chung	4/4	2/2	2/2	1/1	1/1

ACCOUNTABILITY AND AUDIT

Financial Reporting

The directors endeavor to ensure a balanced, clear and comprehensible assessment of the Group's performance, position and prospects in annual and interim reports and other disclosures required under the Listing Rules and other statutory requirements. All members of the Board are provided with monthly updates, which give the directors a balanced and understandable assessment of the performance, position and prospects of the Group. Management provides all relevant information to the Board, giving the members sufficient explanation and information they need to discharge their responsibilities.

The Board is responsible for the preparation of the consolidated financial statements that give a true and fair view of the Company's and the Group's financial position on a going-concern basis, with supporting assumptions or qualifications as necessary. The consolidated financial statements are prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, the Listing Rules and the Companies Ordinance. Appropriate accounting policies have also been used and applied consistently except for the adoption of the new and revised HKFRSs.

The reporting responsibilities of directors and external auditor are set out in the Independent Auditor's Report on pages 74 to 78 of this annual report.

Auditors' Remuneration

The fees in respect of audit and audit related services provided to the Company and its subsidiaries by PwC and other auditors were HK$2,166,000 and HK$602,000 respectively for the year. Fees for non-audit services, which mainly consist of taxation services and interim results review, provided by PwC and other auditors were HK$826,000 and HK$259,000 respectively.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman of the Board and is responsible for advising the Board on governance matters and to facilitate induction and professional development of directors. The biography of the Company Secretary is set out on page 15 of this annual report.

The Company Secretary has provided her training records to the Company indicating that she has undertaken more than 15 hours of relevant professional development during the year ended 31st December 2022, by means of attending seminars and reading relevant guidance materials.

SHAREHOLDERS' RIGHTS

Convening Extraordinary General Meeting ("EGM")

In accordance with Sections 566 to 568 of the Companies Ordinance, shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings of the Company, may require the directors of the Company to convene an EGM. The written requisition must state the general nature of the business to be dealt with at the EGM and must be signed by the shareholder(s) concerned and deposited at the registered office of the Company for the attention of the Company Secretary in hard copy form or sent to the Company in electronic form. The requisition may consist of several documents in like form, each signed by one or more of the shareholders concerned.

SHAREHOLDERS' RIGHTS (Continued)

Convening Extraordinary General Meeting ("EGM") (Continued)

If the directors of the Company do not within 21 days after the date on which the written requisition is received by the Company proceed duly to convene an EGM for a day not more than 28 days after the date on which the notice convening the EGM is given, the shareholder(s) concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, provided that the EGM so convened shall not be held after the expiration of 3 months from the date of the original requisition.

The EGM convened by shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the directors of the Company.

Any reasonable expenses incurred by the shareholder(s) requesting the meeting by reason of the failure of the directors to duly convene a meeting will be reimbursed to shareholder(s) by the Company.

Putting Forward Proposals at Shareholders' Meetings

Shareholders are requested to follow Sections 615 and 616 of the Companies Ordinance for including a resolution at an annual general meeting of the Company ("AGM"). The requirements and procedures are set out below:

(i) Any number of shareholders representing at least 2.5% of the total voting rights of all shareholders having a right to vote on the resolution at an AGM to which the requisition relates, or at least 50 shareholders having a right to vote on the resolution at an AGM to which the requisition relates, may submit a requisition in writing to put forward a resolution which may properly be moved at an AGM.

(ii) The Company shall not be bound by the Companies Ordinance to give notice of the proposed resolution or to circulate a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution to shareholders of the Company entitled to receive notice of an AGM unless a copy of the requisition specifying the resolution of which notice is to be given and signed by the shareholders concerned; or 2 or more copies which between them contain the signatures of all the shareholders concerned is deposited at the registered office of the Company for the attention of the Company Secretary in hard copy form or is sent to the Company in electronic form not less than (i) 6 weeks before an AGM to which the requisition relates; or (ii) if later, the time at which notice is given of that AGM.

If a shareholder of the Company intends to propose a person other than a director of the Company for election as a director of the Company at any general meeting, the shareholder concerned shall lodge with the registered office of the Company for the attention of the Company Secretary (i) a written notice of his/her intention to propose that person for election as a director; and (ii) a notice in writing by that person of his/her willingness to be elected together with the necessary information within the period commencing no earlier than the day after the dispatch of the notice of the general meeting and ending no later than 7 days prior to the date of such general meeting.

Enquiries to the Board

Enquiries may be put to the Board through the Corporate Governance Department or the Company Secretary by mail to the registered office of the Company or by email to shareholderenquiry@tsld.com.

INVESTORS RELATION

Constitutional Documents

The latest version of the Articles of Association is available on both the websites of the Company and the Stock Exchange. During the year, there is no change in the Company's Articles of Association.

Communication with Shareholders

The shareholders' communication policy, published on the website of the Company, setting out the provisions and channels of the Company in relation to shareholders' communications, with the objectives of ensuring that the shareholders and the investment community are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

(a) Corporate communications such as annual reports, interim reports and circulars in both English and Chinese versions are available to shareholders. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).

(b) Information on the Company's website is updated on a regular basis. A dedicated "Investor Relations" section is available on the Company's website. Information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter.

(c) General meetings are held to provide opportunities for the shareholders to make comments and exchange views with the Directors and senior management. Board members, in particular, the Chairman of the Board, the chairmen of the Board committees (in their absence, another member of the committee or failing this his duly appointed delegate), appropriate management executives and external auditor will attend annual general meetings to answer shareholders' questions.

(d) The Company's Registrar and Transfer Office serves the shareholders in respect of share registration, dividend payment and related matters.

(e) The Corporate Governance Department and the Company Secretary of the Company handle shareholders' queries, comments and suggestions to Directors or management of the Company.

The Board had reviewed the implementation and effectiveness of the shareholders' communication policy. Having considered the steps taken at the general meeting, the handling of queries received (if any) and the multiple channels of communication in place, it was considered that the shareholders' communication policy has been properly implemented during the year and is effective.

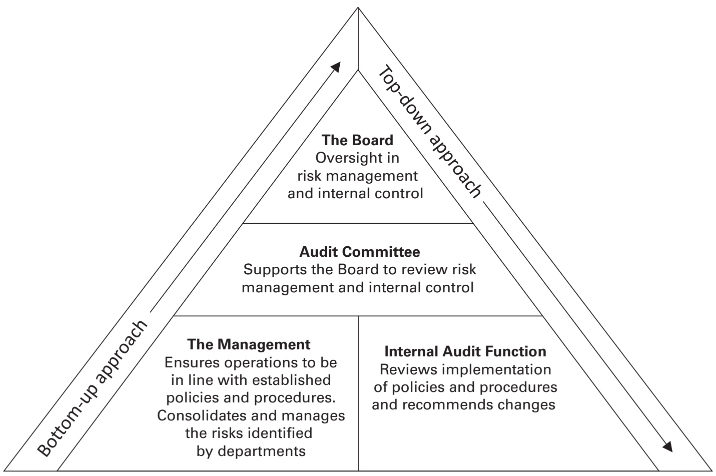
RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible to oversee the Group's risk management and internal control systems on an ongoing basis and ensure that a review of the effectiveness of both systems has been conducted at least annually. The review cover all material controls including financial, operational and compliance controls.

The Board and the management take priority on the Group's implementation of risk management process and internal control. Comprehensive risk management and internal control systems based on risk identification, measures, review and assessment, monitoring and ongoing improvement are established. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management and Internal Control Framework

The Group's risk management and internal control framework comprises of the Board, Audit Committee, the management and internal audit function. Its main features and processes are as follows:



1. The Board is responsible for overseeing the risk management and internal control systems to ensure that the communications of the core values, strategic planning and operational guidelines throughout the Group are effective.

2. The Audit Committee supports the Board in reviewing the risk management and internal control systems to ensure that effective controls are in place.

3. Management consolidates and manages the risks of operations identified by departments. Policies and procedures are determined to mitigate the risks. It also ensures that the operation managers comply with the established policies and procedures.

4. The internal audit function assesses the effectiveness of the risk management and internal control systems once a year. It evaluates the risks identified by departments and consolidated by the management based on the likelihood of occurrence and impact of such risks. It also conducts regular reviews on the implementation of the policies and procedures and recommends changes in response to different business and control environments. It reports the above results and makes recommendations to the Audit Committee regularly. Such regular reviews are carried out via communication with relevant management and staff members, walkthrough tests and reviewing relevant documentation.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Internal Audit Function

During the year of 2022, the internal audit function performed reviews and assessed the adequacy and effectiveness of the Group's risk management and internal control systems. The reviews covered financial, compliance and operational functions with emphasis on property leasing management, and procurement, accounts payable and payment. From review, internal control is confirmed in place and effective. The risks to the Group were also evaluated and the major risks and their changes are presented in the Risk Profile.

Risk Profile

The following illustrates the nature of major risks to the Group, the risk level and changes during the year, and the mitigating measures taken by the Group:

Risk area	Risk level/ changes during 2022	Description of risk	Key control and mitigating measures
Market risk	Moderate/	• The global and local economies have been hit by the COVID-19 pandemic. Given the uncertainties and risks in the economic environment, the property leasing market retains a high degree of challenge, which affects both leasing activities and rental on new lettings and renewals. • The COVID-19 pandemic caused a decline in economic growth. The preventative measures introduced by government to contain the pandemic create business uncertainty. • The customs clearance blueprint implemented by the Government of the Hong Kong Special Administrative Region is critical in bringing opportunities to domestic market, and assist industries to get back on track. Any unfavourable measures will adversely impacted the Group's growth and profitability.	• Conducting periodic operational reviews to keep track of issues related to the Group's various businesses to minimize the impacts. • Adopting diverse and flexible leasing as well as actively curating the tenant mix to ensure a more resilient tenant portfolio. • Applying short-term support to relieve tenants' business pressure and reinforce the partnership relationship. • Maintaining close and frequent contacts with property agents to stay more updated to market changes and on markets supply and demand, and formulating suitable strategy to embrace fast-changing market condition.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Risk Profile (Continued)

Risk area	Risk level/ changes during 2022	Description of risk	Key control and mitigating measures
Financial risk	Moderate/ ↑	• The Group may be exposed to interest rate risk and liquidity risk. • The loan financing of the Group may be charged at floating interest rate. It may be affected by the fluctuation of Hong Kong Inter-bank Offered Rate. • Any discrepancy in short term loan renewal may affect the liquidity of the Group.	• Monitoring the financial market conditions and financial need of the Group. • Adopting a prudent liquidity risk management and maintaining sufficient cash on hand with available funding through an adequate amount of committed credit facilities. • Arranging different terms of loan facilities from diversified sources with different tenures. • Maintaining good relationship with the banking community. • Early planning for sourcing adequate financing. When foreseeing any financing needs, loan arrangements would be discussed with relevant banks early to secure sufficient financing.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Risk Profile (Continued)

Risk area	Risk level/ changes during 2022	Description of risk	Key control and mitigating measures
Cyber security risk	Moderate/	• The Group may be exposed to disturbance to business operation due to cyber security risk. Man-made disasters and global virus may be significant and difficult to rectify. • Remote access of office computers and servers were inevitably frequent than usual due to the work-from-home arrangement during pandemic. • Any deficiency on the cyber security will induce the cyber-attack and network breakdown which would adversely affect the Group.	• Information security policy is in place. Staff are in compliant with the policy and act to maintain the company information secured. • Engagement of independent consultant to perform cyber-attack and web application penetration tests to assess and mitigate cyber security risk of the Group. • Implementation of security measures such as firewall and anti-threat protection to protect hardwares from attack. A managed detection & response (MDR) system has been adopted during the year for network traffic monitoring and ransomware detection. • Ongoing review of information technology infrastructure and systems. Applying appropriate update of patches. Monitoring for upgrade and enhancement of the systems of the Group. • A series of security awareness trainings were conducted by external consultant during the year. • Data backup is conducted on a regular basis to reduce the adverse impact of system crash or failure. • System user access review is periodically performed as a control procedure over data management.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Risk Profile (Continued)

Risk area	Risk level/ changes during 2022	Description of risk	Key control and mitigating measures
Sustainability risk	Low/ New risk	• Regulatory regimes pertaining to sustainability or environmental, social and governance ("ESG") matters around the world are tightening and public expectations regarding these issues are increasing. Moreover, sustainability considerations relate to the potential impact of long-term environmental trends on the Group's properties and development plans (e.g. monitoring of climate risks and greenhouse gas/ carbon emissions), social implications including social impacts made to the community, and resulting reputational advantages from offering a sustainability program that meets the expectations of its stakeholders. • Not taking sustainability risks and opportunities into consideration at the strategic level may adversely affect the sustainable development and reputation of the Group.	• The Group has recognized the trend of ESG and its importance to the long-term sustainability of the business. The Group has also established an ESG team to formulate upcoming actions to comply with the new ESG regulatory rules. • The Group has considered adopting ESG strategies in its properties and introduced measures such as energy and water conservation, recycling and waste reduction to play a part in reducing environmental concerns from its business operations. • The Group has continually assessed whether the business has enough resources to achieve recognitions and certifications on ESG, and evaluated whether it is necessary for the business to do so.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Risk Profile (Continued)

Risk area	Risk level/ changes during 2022	Description of risk	Key control and mitigating measures
Regulation risk	Low/ New risk	• The government authorities have served statutory notices such as Mandatory Building Inspection Scheme, Mandatory Window Inspection Scheme and Fire Safety Improvement Direction to the leasing properties to carry out the prescribed inspection. • Large scale repair works will require substantial costs from the landlord, and a long construction period is found to be necessary for the common areas and external wall of the building due to ageing. • The contractors who carried out construction works will cause nuisance/ interference, and temporary suspension of the building services, leading to serious inconvenience to tenants. • Tenants may terminate the tenancy or file claims for their loss and damages.	• Studying the scope of works in advance, and coordinating with our tenants to solve the conflicts on the scope of works. • Closely monitoring progress to minimize delays affecting tenants. • Integrating protective terms into the construction/ renovation contract to ensure the contractor maintains operations to minimize disturbance. • Adding a no compensation clause to the tenancy agreement to reduce potential claims.

Notes: ⬆ Rank increased when compared to 2021 ⬇ Rank decreased when compared to 2021 ⬌ Rank remained unchanged

An Audit Committee meeting was held in March 2023 to review the risk management and internal control systems, and confirmed their adequacy and effectiveness. The frequency and extent of communication of monitoring results of the review to the Board is also considered adequate.

The Board considered that controls are in place, effective and adequate. No significant control failure or weakness was identified. Besides, the resources, staff qualifications and experience, training programmes and budget of accounting, internal audit and financial reporting functions, as well as those relating to ESG performance and reporting were reviewed and assured adequate.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

For the purpose of handling and disseminating inside information in accordance with the Listing Rules and the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), the Group has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, sending blackout period and securities dealing restrictions notification to the relevant directors and employees regularly, disseminating information to specified persons on a need-to-know basis and regarding closely to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

On behalf of the Board

William Ma Ching Wai
Chairman

Hong Kong, 24th March 2023

ABOUT THIS REPORT

Tai Sang Land Development Limited (the "Company") together with its subsidiaries (referred to as the "Group" or "we") principally engages in property investment, property rental, property development, estate management and agency, hotel operation and catering operation. The principal operations are located in Hong Kong.

This environmental, social and governance (referred to as the "ESG") report (referred to as the "ESG Report") summarizes the Group's business practices in Hong Kong in the ESG aspects and its relevant implemented policies and strategies in relation to the Group's operational practices and environmental protection.

The ESG Report covers the period from 1st January 2022 to 31st December 2022 (the "Reporting Year" or "FY2022"), together with the comparative figures for the year of 2021 ("FY2021").

Reporting Framework

The ESG Report has been prepared with reference to Environmental, Social and Governance Reporting Guide (the "ESG Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In preparation of the ESG Report, due diligence has been taken to adhere to the reporting principles of "Materiality", "Quantitative" and "Consistency".

Materiality: The ESG Report is structured based on the materiality of respective issues and we identified the most material ESG issues pertaining to our businesses through the materiality assessment, as disclosed in pages 49 to 50 of this report. The materiality of issues was reviewed and confirmed by the board of directors of the Company (the "Board").

Quantitative: The ESG Report prepared in accordance with the ESG Guide and discloses key performance indicators (KPIs) in environmental and social aspects in a quantitative way wherever possible and gives comparative data where appropriate. The KPIs were calculated and presented with reference to the ESG Guide. Whenever deemed material, the ESG Report details any standards, methodologies, assumptions and/or calculation tools used, or source of conversion factors used.

Consistency: Unless otherwise stated, the ESG Report applies the data statistics and calculation methods that are consistent with those in last year ESG report to provide a meaningful comparison with data over previous years. If there is any change that may affect comparison with previous reports, the Group will add explanatory notes to the corresponding sections.

The ESG Report has undergone the internal review process of the Group and was approved by the Board.

For information regarding corporate governance, please refer to the "Corporate Governance Report" on pages 28 to 46 of this annual report.

Reporting Scope

The ESG Report covers the Group's ESG policies and measures, and compliance for the entire Group. The disclosure scope of related data include the Group's offices and operating sites in Hong Kong, unless stated otherwise, as it contributes approximately 83% of the Group's revenue in 2022. The Group did not include the environmental and social data of the segment in the United States in the ESG Report. There was no change to the reporting scope compared to the previous reporting year.

Reporting Assurance

We engaged BMI Environmental Consultancy Limited to provide limited assurance on the ESG Report. Please refer to the Appendix on pages 72 to 73 for the independent assurance statement.

Comments and Feedback

We make every effort to ensure consistency between the Chinese and English versions of the ESG Report. However, in the event of any inconsistency, the English version shall prevail.

The progress of the Group depends in part on valuable comments from stakeholders. For any clarifications or advice regarding the content of the ESG Report, please forward your comments and suggestions to esg@tsld.com.

APPROACH TO SUSTAINABILITY

The Group's mission is to provide excellent client service to the tenants and hotel guests, provide supportive measures to tenants when meeting business challenges, whilst maintaining long term profitability and business growth.

To pursue a sustainable business model, the Group recognizes the importance of integrating ESG aspects into the risk management system and has taken corresponding measures in its daily operation and governance perspective.

Board Statement

The Board has the overall responsibility for the Group's ESG strategy and reporting, which include to determine and evaluate the ESG related issues (including risks to the Group's business), oversee and ensure the suitable and effective ESG risk management and internal control systems are in place. The Board is also responsible for ensuring every strategic plan and vision, as well as operational guidelines for ESG matters are operating smoothly. The Board has formed an ESG working group to assist and advise the Board on the development and implementation of ESG strategies, policies and practices and priorities of the Group, assist the Board in reviewing ESG performance and targets and exploring ESG related opportunities. It has the responsibility for collecting data from different departments and business operations and analysing (including but not limited to comparing with historical data) and verifying ESG data after collected, ensuring compliance with ESG-related laws and regulations, and preparing ESG reports. Our ESG working group comprises of the chief executive and the heads of operation and hotel business to ensure the diverse backgrounds and expertise in ESG management. The Group will review the composition of the working group on a regular basis. The Board will have meeting with the ESG working group at least once per year and receive briefings on any updated ESG issues, including the progress of ESG related goals and targets, on a regular basis in order to ensure that the Group's ESG strategies, goals and targets are achieved. By reviewing and evaluating the implementation of policies, the Board is up-to-date regarding the performance and the risk and opportunities of ESG of the Group.

The audit committee, assisted by the internal audit function, supports the Board to assess and manage risks, including ESG related risks. The assessment of ESG related risks, which included but not limited to environment, human resources, health and safety and compliance, and these risks have been embedded into the risk management processes which include risk identification, risk assessment, risk treatment, monitoring and review processes. The result of the ESG-related risk assessment will be reported to the Board on an annual basis for review.

The Board tracks, reviews and follow up on the achievement of objective of the main ESG issues (including ESG related goals and targets) at least once a year in order to bridge the gap between current progress and the expectations. The Board will also ensure the Group's policies are continuously implemented.

Materiality Assessment

Sustainable development encompasses a holistic spectrum of environmental and social aspects. In order to harness the related risks and opportunities, it is crucial for the Group to determine the most material aspects. The Group adopts the three-step process of identification, prioritisation and validation to ensure sustainability topics are being managed and reported in accordance with their materiality.

(1) Identification

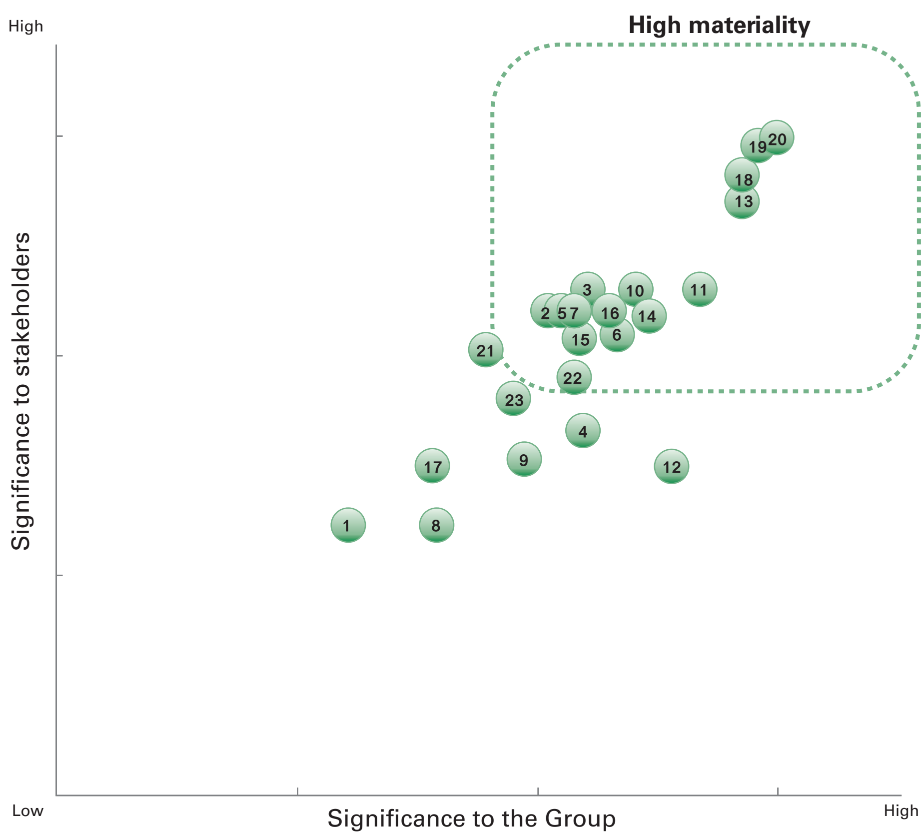
The Group identified all fundamental sustainability topics in accordance with the ESG Guide. In the context of the latest sustainability landscape, the Group has determined the following 23 topics that are deemed to have impact on the environment and society through our operations.

ESG Aspects		Material ESG issues for the Group
A. Environmental	*A1 Emissions*	1. Air emissions 2. Effluent discharges 3. Greenhouse gas emissions 4. Hazardous waste management 5. Non-hazardous waste management
	A2 Use of Resources	6. Energy consumption 7. Water consumption 8. Packaging material consumption
	A3 The Environment and Natural Resources	9. Environmental risk management
	A4 Climate Change	10. Climate change mitigation
B. Social	*B1 Employment*	11. Employment and remuneration policies 12. Equal opportunity and diversity
	B2 Health and Safety	13. Occupational health and safety
	B3 Development and Training	14. Employee development
	B4 Labour Standards	15. Anti-child and forced labour
	B5 Supply Chain Management	16. Supply chain management 17. Sustainable procurement
	B6 Service Responsibility	18. Goods/services' quality and safety 19. Customer satisfaction 20. Personal data privacy protection 21. Protection of intellectual property rights, ethical marketing communication and product labeling
	B7 Anti-corruption	22. Anti-corruption and anti-competitive practices
	B8 Community Investment	23. Community investment

(2) Prioritisation

To determine the materiality of the selected ESG topics, stakeholder views were sought. Online surveys were disseminated to internal and external stakeholders, and collected responses with the composition were displayed in the chart below. Stakeholder respondents were asked to score the significance of each ESG topic in each of their perspective, resulting in an average score for each stakeholder category. Applying equal weighting to each stakeholder category, overall average scores for "Significance to Stakeholders" was plotted on the y-axis of the materiality matrix below. The "Significance to the Group" of the x-axis plots the score of the response from the ESG working group, who possesses a high-level view of all topics. The topmost-right quadrant determines the topics of high materiality.

ESG Materiality Matrix



(3) Validation

The Board has reviewed and validated the materiality process and the materiality assessment of the issues, and hence the ESG Report discloses the Group's performance on all high and low materiality topics. To address matters most material to the Group's stakeholders, topics of high materiality are discussed in more depth throughout the ESG Report.

Stakeholder Engagement

The Group believes that identifying and addressing the views of stakeholders lay a solid foundation to the long-term growth and success of the Group. The Group engages with a wide network of stakeholders, including employees, tenants and customers, suppliers and contractors, shareholders and investors, government and regulatory authorities, as well as the community.

The Group develops multiple engagement channels that provide opportunities for stakeholders to express their views on the Group's general business conduct and sustainability management. The engagement channels are summarized in the following table. To reinforce mutual trust and respect, the Group is committed to maintaining effective communication channels with stakeholders in both formal and informal ways. This can enable the Group to better shape its business strategies in order to respond to their needs and expectations, anticipate risks and strengthen key relationships.

Stakeholders	Engagement channels	Topics of interest/concern
Shareholders and Investors	• General meetings • Regular corporate publications including financial reports and ESG reports • Circulars and announcements • Direct enquiries • Corporate website	• Business strategies and sustainability • Financial performance • Corporate governance
Employees	• Performance appraisals • Training sessions • Meetings	• Training and development • Employee remuneration and welfare • Occupational health and safety • Equal opportunities
Tenants and Customers	• Business meetings • Complaint and feedback channels, surveys • Corporate website • Customer service hotline • Site visits	• Service quality and reliability • Client data security • Business ethics
Suppliers and Contractors	• Business meetings • Supplier assessment • Continuous direct communication • Site visits • Tendering process	• Fair competition • Business ethics
Government and regulatory authorities	• Statutory filings and notification • Regulatory or voluntary disclosures	• Compliance with law and regulations • Business strategies and sustainability • Environmental protection
Community	• Community activities • Corporate donations • Corporate website • Social media	• Fair employment opportunities • Environmental protection

ENVIRONMENTAL RESPONSIBILITY

The Group is committed to providing quality service to customers and tenants in a clean and sustainable manner. The operational facilities in Hong Kong typically engage in property rental and related services and hotel and catering operations. The mitigation of environmental impacts from our operational facilities and offices are managed by the management team. The management team of respective business segments ensures strict compliance with environmental regulations, as well as continuous improvement towards greener operations. The Group strives to drive improvement in continuously reducing emissions and waste generation, as well as conserving energy and water resources.

Aspect A1: Emissions and waste generated

The Group implements robust systems to ensure all discharges to air, water and land are compliant with regulatory standards. During the Reporting Year, the Group has encountered no incidents of non-compliance with all applicable laws and regulations related to environmental impacts in Hong Kong. Major laws and regulations applicable are detailed in respective sections.

Air emissions

The principal sources of emission arising out of the Group's operations were gasoline and towngas consumed by/from vehicle use and hotel operation, which include the emission of sulphur oxides (SOx), nitrogen oxides (NOx) and particulate matter (PM). The Group's fleet undergoes regular maintenance which ensures fuel efficiency, thereby reducing emissions. The Group installs catalytic converter in the vehicles to reduce the emissions. In addition to the control measures in place to keep air emission levels meeting statutory requirements, improve roadside air quality and traffic conditions, the Group encourages employees to take public transportation during commutes to work. Major applicable laws and regulations related to the control of air emissions include, but are not limited to, Air Pollution Control Ordinance of Hong Kong.

During the Reporting Year, the Group released a total of 36.9kg, 0.6kg and 2.1kg of nitrogen oxides, sulphur oxides, and particulate matter, respectively. The Group has set a target to reduce air emissions by 10% by FY2032 as compared with the baseline in FY2022.

Air emissions	Unit	FY2022	FY2021
Nitrogen oxides (NOx)	kg	36.9	36.2
– Property	kg	30.0	30.6
– Hotel	kg	6.9	5.6
Sulphur oxides (SOx)	kg	0.6	0.8
– Property	kg	0.6	0.8
– Hotel	kg	–	–
Particulate matter (PM)	kg	2.1	2.2
– Property	kg	2.1	2.2
– Hotel	kg	–	–

Greenhouse gas emissions

The Group's carbon footprint, presented in the table below, is primarily due to the use of electricity and vehicles. During the Reporting Year, the Group generated a total of 3,610.6 and 1,642.8 tonnes of carbon dioxide equivalent (tCO_2e) of greenhouse gases ("GHG") (Scope I and II) for property and hotel segments respectively, resulting in a carbon intensity of 0.03 tCO_2e per square metre for property segment and 0.01 tCO_2e per customer for hotel segment. The Group's GHG emission results principally from Scope II indirect GHG emission, which is the purchase of electricity to support its operations. As both hotels of the Group were fully operated in FY2022, the GHG emission in FY2022 was higher than FY2021.

Other than the existing initiatives, we strive to reduce our GHG emissions through the lowering of our energy consumption from the major areas which include air conditioning, lift and lighting systems. The Group will continue feature upgrades of the building facilities and installations and monitor the electricity usage on a regular basis and follow-up with those consumption exceeding the normal usage standards. The Group has set a target to reduce GHG emissions by 10% by FY2032 as compared with the baseline in FY2022.

Greenhouse gas emissions[1]		Unit	FY2022	FY2021[2]
Scope I (Direct Emissions)		tCO_2e	218.8	222.8
Stationary combustion		tCO_2e	105.7	87.8
– Property		tCO_2e	14.4	12.8
– Hotel		tCO_2e	91.3	75.0
Mobile combustion		tCO_2e	113.1	135.0
– Property		tCO_2e	113.1	135.0
– Hotel		tCO_2e	–	–
Scope II (Indirect Emissions)		tCO_2e	5,034.6	3,995.5
Electricity purchased		tCO_2e	5,010.1	3,975.1
– Property		tCO_2e	3,479.8	2,954.3
– Hotel		tCO_2e	1,530.3	1,020.8
Towngas purchased		tCO_2e	24.5	20.4
– Property		tCO_2e	3.3	3.0
– Hotel		tCO_2e	21.2	17.4
Scope III (Other Indirect Emissions)		tCO_2e	44.7	30.4
Paper waste disposed at landfills[4]		tCO_2e	19.0	16.5
– Property		tCO_2e	13.0	11.9
– Hotel		tCO_2e	6.0	4.6
Fresh water and sewage processing		tCO_2e	25.7	13.9
– Property		tCO_2e	10.2	5.9
– Hotel		tCO_2e	15.5	8.0
Total	(Scope I and II)	tCO_2e	5,253.4	4,218.3
	– Property	tCO_2e	3,610.6	3,105.1
	– Hotel	tCO_2e	1,642.8	1,113.2
	(Scope I, II and III)	tCO_2e	5,298.1	4,248.7
	– Property	tCO_2e	3,633.8	3,122.9
	– Hotel	tCO_2e	1,664.3	1,125.8
Carbon intensity[3]	(Scope I and II)	tCO_2e per square metre (property)	0.03	0.03
		tCO_2e per customer (hotel)	0.01	0.02
	(Scope I, II and III)	tCO_2e per square metre (property)	0.03	0.03
		tCO_2e per customer (hotel)	0.01	0.02

Note (1): GHG emission data is presented in terms of carbon dioxide equivalent and the methodology adopted for reporting on GHG emission is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by Hong Kong Exchanges and Clearing Limited ("HKEX") and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories

Note (2): Restated by disclosing separately into property and hotel segments in FY2021

Note (3): Intensities were calculated by dividing the amount of direct and indirect emissions by the gross floor area under property segment and by the total number of customers under hotel segment

Note (4): Paper consumption = paper inventory at the beginning of reporting period + paper added to inventory during reporting period – paper collected for recycling purposes – paper inventory at the end of the reporting period. We have improved the data collection system to retrieve the information of paper in one of the hotels and relevant data from FY2021 is added back for this report

Major applicable laws and regulations related to GHG emissions include, but are not limited to, "Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong)". The Group is committed to reducing our carbon footprint. Scope I and II emissions are addressed through our energy reduction initiatives (see section "Energy" under Aspect A2 on pages 57 to 59). Scope III emissions incur throughout our value chain, and we employ the following measures to minimize such emissions.

- Cut business travels whenever possible through video conferencing;
- Select direct flights for unavoidable business trips; and
- Promote paper recycling at office premises.

Waste management

The typical waste generated in the Group's office are paper and general waste. The majority of waste is disposed at the landfill by qualified contractors. The Group has established clear procedures for disposal and management of office garbage and recyclable waste by allocating recycle bins in the offices. During the Reporting Year, the Group generated a total of 3.9 tonnes of paper waste, resulting in the non-hazardous waste intensity of 0.00002 tonnes per square metre for property segment and 0.00001 tonnes per customer for hotel segment. The major applicable laws and regulations related to the control of waste include, but not limited to, the "Waste Disposal Ordinance" of Hong Kong.

The Group's hotels strive to reduce the amount of waste that ends up in landfills through waste prevention and recycling. To avoid unnecessary paper waste, the Group's hotels have implemented paperless check-in. Non-hazardous waste of hotels includes food waste, paper and cardboard, plastics, metals, glass and others such as room amenities and linens. The Group has established a working guideline on the food waste disposal produced from the kitchens. Our hotels also produce small quantities of hazardous waste, which is disposed of responsibly in accordance with the applicable regulations and procedures.

Seeking to contribute to the closed-loop economy, the Group will work closely with tenants and customers to curb waste generated in their daily operations wherever practicable, through the prevention, reuse, recycling and recovery of waste. We will continue to review the effectiveness of the existing initiatives. The Group has set a target to reduce total waste by 10% by FY2032 as compared with the baseline in FY2022.

Non-hazardous Waste	Unit	FY2022	FY2021[2]
Paper[1]	tonnes	3.9	3.4
– Property	tonnes	2.7	2.5
– Hotel	tonnes	1.2	0.9
Total non-hazardous waste generated	tonnes	3.9	3.4
– Property	tonnes	2.7	2.5
– Hotel	tonnes	1.2	0.9
Non-hazardous waste intensity[3]	tonnes per square metre (property)	0.00002	0.00002
	tonnes per customer (hotel)	0.00001	0.00002

Note (1): Paper consumption = paper inventory at the beginning of reporting period + paper added to inventory during reporting period – paper collected for recycling purposes – paper inventory at the end of the reporting period. We have improved the data collection system to retrieve the information of paper in one of the hotels and relevant data from FY2021 is added back for this report

Note (2): Restated by disclosing separately into property and hotel segments in FY2021

Note (3): Intensities were calculated by dividing the amount of non-hazardous waste by the gross floor area under property segment and by the total number of customers under hotel segment

We employ the following measures and initiatives to reduce the generation of non-hazardous waste, and raise recycling rates:

- Collect used paper and toner cartridges for recycling;
- Share documents through intranet and promote the use of electronic communications for disseminating notices, reporting on the latest activities, receiving suggestion, etc.;
- Adopt an electronic system for filing and documentation;
- Place tri-coloured bins to encourage sorting and recycling. Recyclable waste will be collected by third-party waste collectors for further handling;
- Participate in the "Commendation Scheme on Source Separation of Commercial and Industrial Waste" launched by Environmental Protection Department to facilitate the tenants to participate in waste separation and recycling in workplace; and
- Recruit those Environmental Protection Department approved garbage disposal companies to clear-up and collect the wastes produced by tenants.

Aspect A2: Use of resources

The Group is committed to continually monitoring and improving resource efficiency as an integral part of business strategy and operating methods, as well as complying with relevant government policies and environmental legislations. During the Reporting Year, the Group has encountered no incidents of non-compliance with all applicable laws and regulations related to the use of energy and water resources. Major laws and regulations applicable are detailed in respective sections.

Energy

The Group's energy profile consists of the consumption of auto-fuel, electricity and towngas for general business and hotel and catering operations. Electricity accounted for approximately 90% of total energy consumption, while auto-fuel and towngas accounted for approximately 4% and 6% respectively. The major applicable laws and regulations related to the control of waste include, but not limited to, the "Buildings Energy Efficiency Ordinance" of Hong Kong.

During the Reporting Year, the Group consumed a total of 964 mWh and 8,387 mWh of direct and indirect energy respectively, resulting in a total energy intensity of 0.06 mWh per square metre for property segment and 0.02 mWh per customer for hotel segment. As both hotels of the Group were fully operated in FY2022, the energy consumption in FY2022 was higher than FY2021.

Other than the existing initiatives, we strive to reduce our GHG emissions through the lowering of our energy consumption from the major areas which include air conditioning, lift and lighting systems. The Group will continue feature upgrades of the building facilities and installations and monitor the electricity usage on a monthly basis and follow-up with those consumption exceeding the normal usage standards. The Group will continue to review the effectiveness of the existing initiatives. The Group has set a target to reduce the energy consumption by 10% by FY2032 as compared with the baseline in FY2022.

Energy consumption[1]	Unit	FY2022	FY2021[2]
Direct	mWh	964.1	950.3
Gasoline	mWh	412.0	491.7
– Property	mWh	412.0	491.7
– Hotel	mWh	–	–
Towngas	mWh	552.1	458.6
– Property	mWh	75.2	67.0
– Hotel	mWh	476.9	391.6
Indirect	mWh	8,386.6	7,082.3
Electricity purchased	mWh	8,386.6	7,082.3
– Property	mWh	6,231.2	5,644.5
– Hotel	mWh	2,155.4	1,437.8
Total (Direct and Indirect)	mWh	9,350.7	8,032.6
Energy intensity[3]	mWh per square metre (property)	0.06	0.05
	mWh per customer (hotel)	0.02	0.03

Note (1): The methodology adopted for energy conversion of the energy resources of the Group was based on "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX and the IPCC Default Net Calorific Values Database

Note (2): Restated in terms of mWh and disclose separately into property and hotel segments for FY2021

Note (3): Intensities were calculated by dividing the amount of energy consumption by the gross floor area under property segment and by the total number of customers under hotel segment

The Group is committed to minimising energy consumption. During the Reporting Year, the Group's premises of operations have implemented the following initiatives:

- Replace heavy-polluting vehicles with more environmentally-friendly models;
- Install energy-saving light bulbs and LED lights or T5 fluorescent tubes;
- Enable power saving modes for all electronic equipment and computers;
- Continually upgrade electronic equipment, servers, and monitors to energy efficient models;
- Continually maintain and purchase ICT appliances and facilities for better performance;
- Install green flat roofs which lower the indoor temperature;
- Install motion sensor for light energy conservation;
- Install timer to limit the energy consumption;
- Clean the air filter of the air-conditioners regularly to improve the cool air flow efficiency;

- Use variable speed drives to vary the flow of pump and fan systems according to the actual air-conditioning demand;
- Adopt inverter type air conditioning systems that can save considerable amount of energy;
- Adopt water-cooled central air conditioning systems that can save considerable amount of energy;
- Engage a Registered Energy Assessor to certify the major retrofitting works that comply with the Building Energy Code; and
- Take necessary actions in compliance with the "Building Energy Efficiency Ordinance" enacted by the Government of Hong Kong Special Administrative Region ("HKSAR Government") in planning, design and construction of property development.

Water resources

The Group's offices and facilities of property management and hotel and catering operations withdraw water from municipal water supplies. During the Reporting Year, it did not encounter any problems in sourcing water fit for purpose.

Major applicable laws and regulations related to water use include, but are not limited to, "Waterworks Ordinance" in Hong Kong. The Group is committed to minimising water consumption. The Group will continue to promote concepts of water conservation to our tenants and customers. We will continue to review the effectiveness of the existing initiatives. The Group has set a target to reduce the water consumption by 10% by FY2032 as compared with the baseline in FY2022.

During the Reporting Year, the Group consumed a total of 15,938.9 and 25,251.0 cubic metre of water under the property and hotel segments respectively, resulting in a water intensity of 0.13 cubic metre per square metre for property segment and 0.21 cubic metre per customer for hotel segment. As both of the hotels operated by the Group were fully operated in FY2022, the water consumption in FY2022 was higher than FY2021.

We will continue to strive to reduce the water consumption by employing the saving measures include, but not limited to the following:

- Promote the awareness of water conservation among housekeeping, kitchen staff; and
- Inspect the hotel's water facilities to ensure no leakage on a regular basis.

Water consumption	Unit	FY2022	FY2021[1]
Total water consumption	m^3	41,189.9	22,224.0
– Property	m^3	15,938.9	9,052.0
– Hotel	m^3	25,251.0	13,172.0
Water consumption intensity[2]	m^3 per square metre (property)	0.13	0.08
	m^3 per customer (hotel)	0.21	0.23

Note (1): Restated by disclosing separately into property and hotel segments

Note (2): Intensities were calculated by dividing the amount of water consumption by the gross floor area under property segment and by the total number of customers under hotel segment

During the Reporting Year, offices and operating facilities have invested resources in the following initiatives:

- Make use of dual-flush toilet systems to save water and reuse bleed-off water from fresh water cooling tower system for flushing purpose;
- Install automatic sensor water taps to save water;
- Give priority to effective water-saving products in purchasing decisions;
- Check the hoses and pipes for leaks, cracks, and other damage regularly and repair it in a timely manner; and
- Select the plumbing fixtures and water-consuming devices with Water Efficiency Grade 1 or 2 as stipulated under the Water Efficiency Labelling Scheme implemented by Water Supplies Department as far as practicable.

Packaging material

Due to the nature of the Group's business, the Group does not manufacture physical products for sale, while packaging materials for property and hotel operations are negligible. Therefore, as the Group deemed packaging consumption was not a material topic, it did not disclose any data for the Reporting Year. However, the Group makes efforts to reduce or avoid the use of excessive packaging and/or decorative material, such as the packaging material used is sustainably sourced, recyclable and biodegradable.

Aspect A3: The environment and natural resources

The Group is committed to providing a complete picture of our environmental impacts. As a business providing property related services and hotel operation services, we are engaged in the organisation and management of corporate events. We constantly seek to integrate sustainability principles into the event management, such as aiming to reduce waste generated during events. The Group strives to build an eco-conscious culture that ingrains positive lifestyles and habits among employees. It encourages employees to opt for public transportation when commuting to and from offices. The Group also provides eco-friendly office supplies and reusable cups and kitchenware.

Aspect A4: Climate Change

Climate change adaptation and mitigation is no longer only a subject of international agenda, but highly relevant to all members of society. Companies are becoming increasingly aware of the potential impacts of the climate change risks, as well as the opportunities to transit to a low-carbon economy. Albeit in the early stages, the Group has commenced the integration of climate change risks and opportunities within our business strategies. Our Group will conduct enterprise risk assessment at least once a year to cover the current and potential risks faced by our Group's business, including, but not limited to the risks arising from the ESG aspects such as climate change. The Group has formulated contingency plans to deal with extreme weather, which aims to reduce the disruption and loss due to suspension of operations. The Group reviews the impact of climate change on its operation on a regular basis and will formulate measures in response to the different risks occur to the Group and achieve sustainable operations in the future.

The Group has identified the following climate-related physical and transition risks and opportunities are currently under the Board's radar.

Extreme weather such as storms and flooding may have potential financial impacts for the Group. The Group's operations and operating cost will be affected by the extreme weather or any environmental changes. Furthermore, it may result in direct damage to constructions and company's assets like buildings, as well as affecting the health and safety of outdoor employees. The increased severity and frequency of extreme weather events (e.g. flooding caused by rising seawater level, extreme cold wave, heatwave) may cause the building to submerge and further interrupt the Group's operation, and increase the energy consumption at the Group which in turn increase operating cost. The Group may also experience indirect impacts from the supply chain disruptions if our suppliers also suffer from extreme weather conditions. The Group is striking to increase climate resilience so that the influences to operation can be reduced to minimal. After our assessment, the risk of exposure to the extreme weather that cause the operational and supply chain disruptions is relatively low as our suppliers and our operations are mainly located in Hong Kong.

Regarding the policy and legal risks, the goal of carbon neutrality by 2030 that was introduced by HKSAR Government may cause extra legal responsibilities, investment for operation and trainings for the Group. This may increase our operating costs by putting additional expenditures on businesses such as investing more in energy efficient business models. This may have a negative impact to the demand of our services if we fail to adopt such policies.

Regarding the market risks, the increased awarenesses to climate change may cause customers' and tenants' eagerness to low carbon products. HKSAR Government has promoted green building technologies through energy saving. To respond to the evolving market, we are currently striking to merging green building technologies with the current constructions.

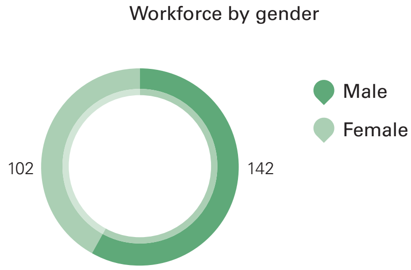
Successful transitions to low carbon business will bring a positive reputation to the Group and new opportunities to cooperate with new business partner. The Group will further enhance the eco-efficiency of the operations and strengthen the resilience of the operations to climate-related risks. The operations strive to improve their environmental performance. To minimise the risks that pose negative impacts to the Group's operation, the Group will continue to monitor the update of the policies and regulations in Hong Kong and strictly complied with all applicable laws and regulations while encouraging the Group's suppliers to do the same. The Group will integrate climate risk into our risk assessment for effective monitoring and management of the risks identified above.

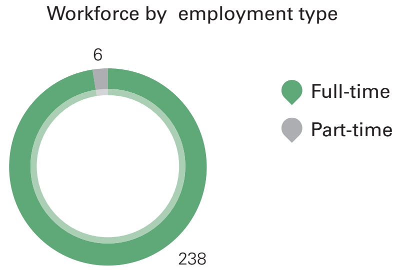
SOCIAL RESPONSIBILITY

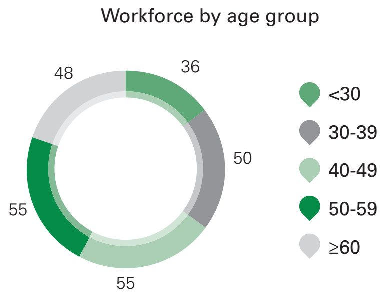
The Group ingrains social responsibility into all aspects of its operations. Maintaining honest and authentic dialogue with staff, the Group seeks to address to their needs and views and to ensure our conduct being responsible at all times. We commit to offer a fair and safe workplace with staff development opportunities. Furthermore, the Group commits to the delivery of quality products grounded on ethical business conduct and supply chain management, as well as to meaningful engagements with the community.

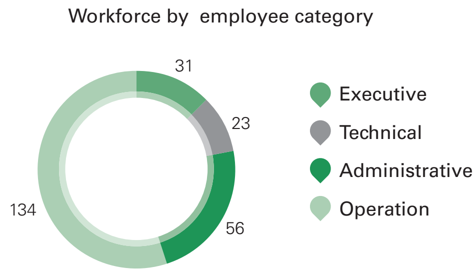
Aspect B1: Employment

As at the end of the Reporting Year, the Group employed 244 employees, of which 142 and 102 are male and female staff respectively. The Group employed 238 and 6 full-time and part-time staff respectively, with the majority in the age group of 40-59. All of the above employees are located in Hong Kong.









Year	FY2022	FY2021
Group	244	240
Workforce by gender		
Male	142	140
Female	102	100
Workforce by employment type		
Full-time	238	236
Part-time	6	4
Workforce by age group		
<30	36	51
30-39	50	50
40-49	55	39
50-59	55	55
≥60	48	45
Workforce by employee category		
Executive	31	32
Technical	23	21
Administrative	56	56
Operation	134	131

Note: The employment data in headcount was based on the employment contracts entered into between the Group and our employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by HKEX.

Based on the principles of fairness and equality, the Group's Hong Kong staff handbook stipulates clear policies relating to relevant labour laws, regulations and industry practices, covering areas such as compensation, dismissal, promotion, working hours, recruitment, rest periods, equal opportunities, diversity and other benefits and welfare. During the Reporting Year, the Group has encountered no incidents of non-compliance with all major applicable laws and regulations related to employment. Major laws and regulations applicable include, but are not limited to, "Employment Ordinance" in Hong Kong. The Group's policies and procedures included in the staff handbook are reviewed and updated on a regular basis. The Group discourages and disallows any behavior that violates the regulations in the staff handbook. Offenders will receive warning, and the Group has the right to terminate employment contract with offenders for any serious violations.

Remuneration and welfare

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. Permanent employees enjoy benefits such as medical coverage, a wide variety of paid leave including study, maternity, paternity and compassionate leave. Employees in Hong Kong are entitled to the defined contribution retirement scheme. Details are set out in the staff handbook to ensure information transparency on the responsibilities and rights of employees.

Recruitment, promotion and dismissal

The human resources department conducts a comprehensive recruitment review process to ensure that the data provided by the candidates is accurate. The Group's recruitment and promotion process are carried out in a fair and open manner for all employees; employees are recognised and rewarded by their contribution, work performance and skills, and outcomes will not be affected by any discrimination on the grounds of age, sex, marital status, family status, race, disability, nationality, religion, political affiliation and sexual orientation and other factors. We would also consider evaluation from references and nominators, if applicable, especially for higher position staff. In the case of dismissal, the staff handbook is adhered to which ensures the entire procedure is compliant with statutory requirements.

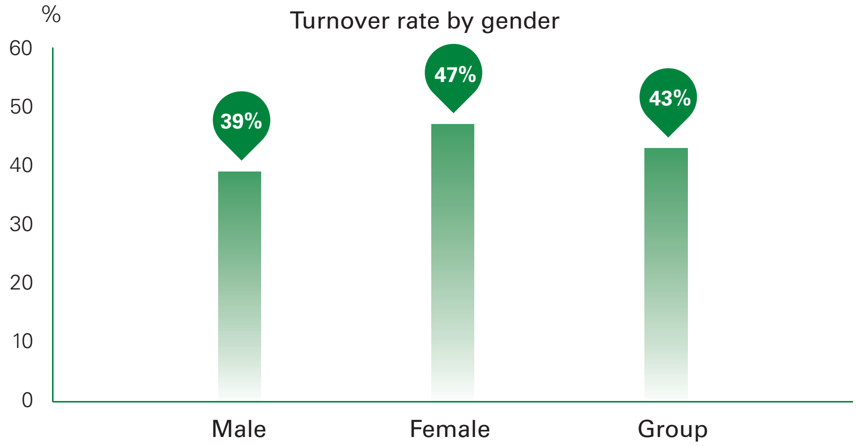
Anti-discrimination and diversity

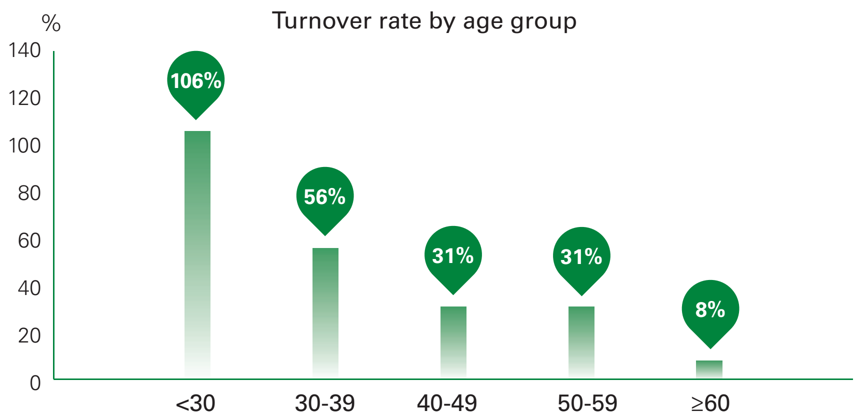
The Group is an equal opportunity employer and does not discriminate on the basis of age, sex, marital status, family status, race, disability, nationality, religion, political affiliation and sexual orientation. We embrace inclusive employment that builds a respectful workplace. The Group strives to ensure a safe and secure workplace with zero tolerance to any form of abuse and/or sexual harassment in the workplace.

Employee communications

The Group aims to build mutual understanding and trust which contributes to a constructive working environment and organizational success. We also seek to cultivate a culture of healthy work-life balance for the employees. To encourage social bonding in the workplace, the Group has also arranged recreational events during the Reporting Year, such as Christmas celebration, monthly birthday celebrations, interest classes and charity events.

During the Reporting Year, the Group's employee turnover rate was 43% in Hong Kong. The charts and table below present the turnover rate by gender and age.





Year	FY2022	FY2021
Group	43%	52%
Turnover by gender		
Male	39%	54%
Female	47%	50%
Workforce by age group		
<30	106%	84%
30-39	56%	52%
40-49	31%	74%
50-59	31%	38%
≥60	8%	13%

Note: The turnover data in headcount was based on the employment contracts entered into between the Group and our employees. The turnover rate was calculated by dividing the number of employees who resigned during the year by the number of employees as at the end of reporting year. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by HKEX.

Aspect B2: Workplace health and safety

It is of paramount importance to ensure a safe and healthy workplace for our employees. The Group's management team is responsible for identifying any actual and potential hazards and risks to each individual, work towards a safe and hygienic work environment and to ensure that our work environment is adhered to the requirements of relevant laws and regulations. During the Reporting Year, the Group has encountered no incidents of non-compliance with all applicable laws and regulations related to occupational health and safety. Major laws and regulations applicable include, but are not limited to, "Occupational Safety and Health Ordinance" in Hong Kong.

The Group spares no effort to safeguard the safety of our employees and workplace. We adopt the best practices through the following safety policies and procedures.

➢ Implement 24-hours comprehensive security measures and facilities at our properties;

➢ Improve and maintain ventilation systems to ensure workplace air quality;

➢ Provide emergency fire equipment such as sprinkle system, fire shutter and Manual Fire Alarm System;

➢ Provide safety equipment such as safety helmets, dust masks, ear plugs and goggles to applicable employees;

➢ Choose materials with no or low volatile organic compounds contents for renovation works of our properties;

➢ Conduct regular pest control in common area in offices and operating sites including hotels;

➢ Establish safety guidelines and practices to ensure healthy and safe working conditions for the employees;

➢ Provide safety orientation to new employees to ensure a thorough understanding of health and safety, and their roles and responsibilities;

➢ Conduct regular inspections and investigate any reported unsafe conditions;

➢ Conduct rescue, fire and evacuation drills on a regular basis and according to statutory requirements;

➢ Conduct regular safety inspections to identify non-conformities (e.g. misused protective device) as early as possible;

➢ Hold safety trainings, seminars and workshops on a regular basis in order to raise awareness of occupational safety; and

➢ Develop safety procedures of using the cooking utensils for kitchen staffs in hotels.

The Group abides to safety-first principles through the following workplace procedures and provisions that include, but are not limited to:

➢ Provide adequate first-aid facilities, and training for first-aid certification;

➢ Establish emergency plans and carry out fire and evacuation drills periodically; and

➢ Ensure work station risks are mitigated.

The outbreak of COVID-19 has bought an unprecedented impact to the community. To continue our business in the new normal, we provided COVID-19 safety guidance for employees in order to raise their awareness of COVID-19 and provide protective and disinfection products such as face masks and alcohol-based hand sanitizers at the workplace and hotels and to any visitors coming to our offices and customers going to the hotels. Also, we check temperature before anyone coming into our offices and require them to wear mask. Besides, we conduct more frequent cleansing and disinfection measures, as well as maintain the air ventilation systems at the workplace and hotels.

During the Reporting Year, the Group's operations recorded no fatality over the past three financial years, and 304 lost days due to work injury in FY2022. Safety-related training were also held which raised staff awareness regarding the latest regulatory updates as well as safe operational procedures.

Year	FY2022	FY2021	FY2020
Number of work-related fatalities	0	0	0
Lost days due to work injury	304	326	9

Note: The methodology adopted for reporting the number and rate of work-related fatalities set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by HKEX.

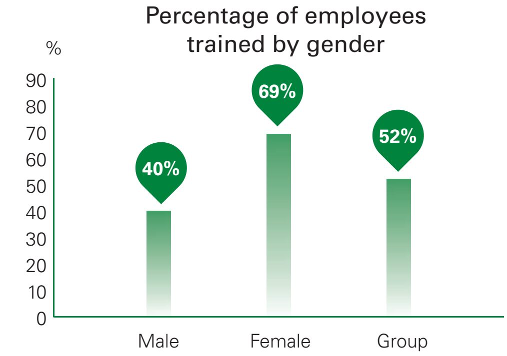
Aspect B3: Development and training

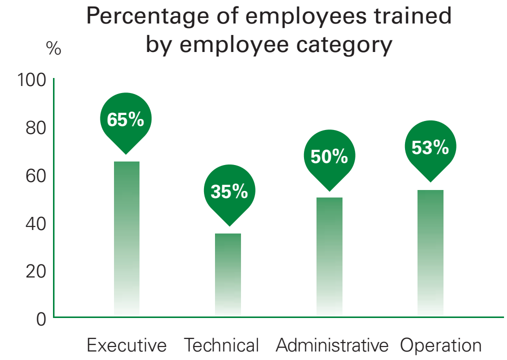
The Group regards our staff as the most valuable assets. The Group dedicates significant resources to attract and retain talented employees, and to ensure that staff grow in competence and skill sets alongside the business.

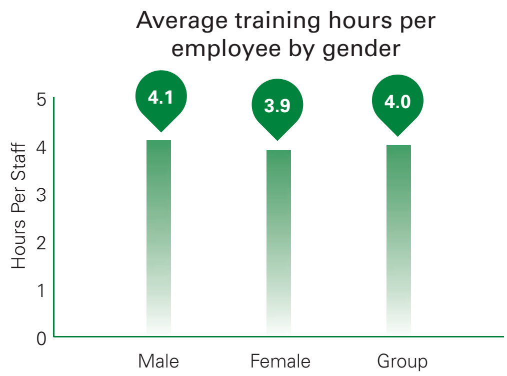
Internal training programmes include risk management, data protection, and property management. To further promote continuous development, staff are encouraged to attend external programmes. The Group provides education subsidy and related reading materials for eligible staff to engage in programmes that enrich their job knowledge. In terms of executive level training, the Group's directors attend training sessions and are briefed regularly on the listing rules to ensure compliance and upkeep of good corporate governance practices.

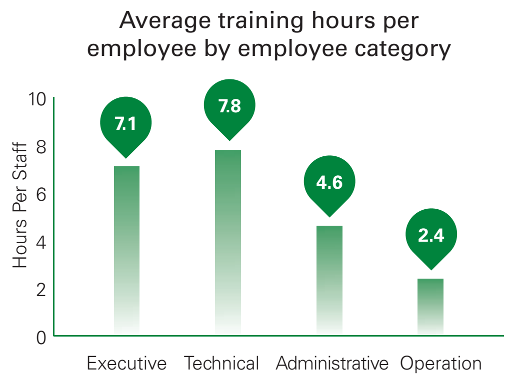
During the Reporting Year, a total number of 127 employees have attended training, of which 57 and 70 were male and female respectively. In terms of employee category, 20, 8, 28 and 71 of employees trained were of executive, technical, administrative and operation respectively.

During the Reporting Year, the Group has provided a total of 974.8 training hours for staff, which averages to 4.1 and 3.9 hours per male and female staff. In terms of employee category, an average of 7.1, 7.8, 4.6 and 2.4 training hours per staff were received by executive, technical, administrative and operation respectively.









Year	FY2022	FY2021
Percentage of employees trained by gender		
Group	52%	48%
Male	40%	51%
Female	69%	44%
Percentage of employees trained by employee category		
Executive	65%	81%
Technical	35%	67%
Administrative	50%	29%
Operation	53%	45%
Average training hours per employee by gender		
Group	4.0	2.7
Male	4.1	1.9
Female	3.9	3.8
Average training hours per employee by employee category		
Executive	7.1	6.9
Technical	7.8	2.8
Administrative	4.6	2.8
Operation	2.4	1.6

Note: Training refers to the continuing development through guides, seminars, webinars, training, etc. that the Group's employees attended during the year. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by HKEX.

Aspect B4: Labor Standard

The Group prohibits all forms of child labour and forced labour or modern slavery, as defined by "Employment Ordinance". The Group's human resources department are responsible to monitor and ensure compliance with latest relevant laws and regulation prohibiting child labour and forced labour. Prior to employment, all the applicants are required to go through background check.

The Group has established and implemented the staff handbook which contains clear policies relating to relevant labour laws, regulations and industry practices, covering areas such as compensation, dismissal, promotion, working hours, recruitment, rest periods, equal opportunities, diversity and other benefits and welfare.

During the Reporting Year, the Group has encountered no incidents of non-compliance with all applicable laws and regulations related to anti-child and anti-forced labour practices. Major laws and regulations applicable include, but are not limited to, "Employment Ordinance" in Hong Kong.

Aspect B5: Supply chain management

The Group is committed to developing and maintaining effective and mutually beneficial working relationships with our business partners, mainly suppliers and contractors from Hong Kong. During the Reporting Year, the Group has encountered no incidents of non-compliance with all related laws and regulations in Hong Kong.

The Group's supplier code of conduct requires full compliance to all applicable laws. Our suppliers are also required to go beyond compliance to ensure their environmental and social impacts are given consideration. We required them to comply with all applicable social and environmental laws, such as "Statutory Minimum Wage" in Hong Kong. The Group procured from a total of 736 suppliers in Hong Kong, which includes building services, renovation works and food and beverage during the Reporting Year.

The Group has set up a stringent supplier selection policy and a performance assessment to ensure suppliers can compete under an open and fair mechanism. Before engaging a new supplier (including contractors), the Group will fill in a pre-acceptance assessment form and evaluate the background and track records of the suppliers. Only suppliers that can fulfil the Group's requirements are qualified as approved suppliers and included in approved contractors and suppliers list. Moreover, the Group will undergo performance assessment on the existing approved suppliers upon completion of each assignment/engagement to ensure their performance standards are up to the Group's requirements and contract specifications.

Furthermore, the Group gradually takes environmental consideration into account in the procurement process. To gradually integrate the environmental vision into the procurement of product supplies, the Group avoids disposable products and chooses suppliers who provide durable products with less packaging materials. Priority will be given to environmentally friendly materials and office goods, so as to raise the suppliers' awareness of sustainable development.

The Group conducts supply chain ESG risks assessment to identity and manage ESG risks along the supply chain.

Aspect B6: Product responsibility

The Group offers quality services grounded on responsible operating practices. We commit to meeting customers and tenants needs through innovation and sound business ethics.

Product quality and safety

Assuring the quality and safety of our services are of topmost importance. The Group mainly engages in hotel operations and properties related services. The Group manages a wide range of properties from commercial to high-end residential and mixed-use in Hong Kong, including dog-friendly hotel rooms. During the Reporting Year, the Group has encountered no incidents of non-compliance with all applicable laws and regulations related to service quality and safety in Hong Kong. Major laws and regulations applicable include, but are not limited to, "Landlord and Tenant (Consolidation) Ordinance" in Hong Kong.

The Group strives for improvement to service quality through implementing the following processes.

- The property management teams conduct surveys from customers on a regular basis to evaluate the quality of services; and

- Customer complaints are handled by a formal complaint mechanism in a fair and systematic manner. In FY2022, no material complaints has been received.

Regarding the complaints handling, all the managers in the hotels are fully trained to handle the customer complaints in a professional and sincere ways. Under the formal complaint mechanism, all the complaints will be investigated by the designated manager on duty and redirected to the appropriate departments for further follow up.

Regarding the food and beverages, the hotel has implemented strict procedures and measures from food sourcing from suppliers, storage and delivery, food preparation to serving to the customers. The standard of hygiene and food safety are maintained at every step of the process. The hotels also carry out regular inspections on the food preparation processes, food storage and food hygiene conditions to ensure the food handlers are strictly follow the stringent standards in food handling and hygiene. If any food ingredients of the food products are proved as contaminated, the hotels will stop using it immediately and recall food products for destruction, if necessary. During the Reporting Year, the Group did not have any major incident of food recall due to food safety issue.

Under the COVID-19 epidemic, we further tighten the hygiene standards of the hotels, including but not limited to, the frequency of air ventilation, cleaning and disinfection of the tables and chairs in hotel areas, strengthening the inspection and maintenance of food storage, refrigeration, freezing and fresh-keeping cabinets, storage cabinets and other equipment to prevent the risk of infection.

Ethical operating practices

The Group places great value in conducting all aspects of our businesses with integrity and honest values. From protection of data privacy and intellectual property to ethical marketing communication, our robust management approaches ensure all aspects are not overlooked. During the Reporting Year, the Group has no incidents of non-compliance with all applicable laws and regulations related to data privacy, advertising, labelling matters in Hong Kong. Major laws and regulations applicable include, but are not limited to, "Personal Data (Privacy) Ordinance" and "Competition Ordinance" in Hong Kong.

Personal data privacy protection

The Group is committed to protecting privacy and confidentiality of the collected personal data. The Group has established internal policies on handling personal data recorded from our customers, tenants and employees. We collect data only in a lawful and fair way, for directly related purposes of which the data subject is clearly notified. Adhering to policy requirements, the Group maintains the personal data inventory which is secured to prevent any unauthorised or accidental access. We ensure the data is accurate and not kept longer than necessary. The data will be used in the proper context only for authorized business purposes and shall be accessible only to those staff who have a legitimate need to know. Major laws and regulations applicable include, but are not limited to, "Personal Data (Privacy) Ordinance" in Hong Kong.

We conduct periodic assessment to ensure our policies are most up-to-date. Building a culture of zero tolerance is dependent on effective communication of policies. Thus, the Group invests resources on related training and education.

Intellectual property rights protection

According to the Group's policy, employees have the responsibility to protect the Group's intellectual property rights, including patents, trademarks, brand name and other related rights. Employees are not allowed to damage, delete or take advantage of any asset or documents without the Group's approval.

Advertising and product labelling

Responsible marketing practices are crucial to gaining customer trust and confidence. The Group has established clear guidelines on the ethical usage of all forms of sales promotion, corporate sponsorships, as well as direct marketing and digital marketing communications. All sales promotions should meet reasonable consumer expectations, as well as be administered prompt and efficient. All sponsorship is based on contractual obligations between the sponsor and the sponsored party. All direct marketing and digital marketing communications should uphold transparency. Ongoing assessment of policies is conducted through periodic assessment.

Aspect B7: Anti-corruption

The Group is committed to achieving and maintaining the highest standards of openness, probity and accountability. We adopt the lowest level of acceptance for corruption risks to build a culture of zero tolerance to corrupt and anti-competitive practices. During the Reporting Year, the Group has encountered zero concluded legal cases regarding corrupt practices brought against the Group or our employees and no incidents of non-compliance with all applicable laws and regulations. Major laws and regulations applicable include, but are not limited to, "Prevention of Bribery Ordinance", "Anti-Money Laundering and Counter-Terrorist Financing Ordinance" in Hong Kong.

The development of robust internal controls is the key to our management approach. We have established a code of conduct on the prohibition of bribery and corruption, acceptance/offering of gifts/advantages and abuse of office, as well as the declaring of conflict of interests. The soliciting or accepting of advantages from parties as a reward for or inducement to doing any act in relation to the Group's business is strictly prohibited. Guidelines make it clear to all staff the criteria the acceptance and offering of gifts and advantages becomes beyond that of a courtesy/token gift. Senior management is also clearly provided guidance on what constitutes abuse of office, such as regarding the misuse of Group's assets for personal interest. With regard to conflict of interests, the fundamental rule is to avoid any conflict of interest as far as practicable.

The Group has implemented whistleblowing policy to encourage employees and related third parties who deal with the Group to voice any suspected misconduct, malpractice, illegal acts or failure to act. Employees who breach the anti-corruption policy will face disciplinary action, which could result in dismissal for serious misconduct. The Group has no tolerance to any corruption and set whistleblowing policy to report any corruption. Whistleblowers can report via email directly to the audit committee and the company secretary with regards to any suspected misconduct with full details and supporting evidence.

The Group promotes fair and open competition through our code of conduct on combating against anti-competitive practices. Our policies outline clear guidelines that prohibit cartels, and any activities of trade associations and industry bodies which prevents, restricts or distorts competition. The abuse of market power, such as in the form of predatory pricing, anti-competitive tying and bundling, exclusive dealing, are also forbidden. The Group recognises that adherence to the principles of competition is essential to the development of long-term relationships with our stakeholders on mutual trust.

The cultivation of a corporate culture of integrity and probity is reliant upon the Group's anti-corruption training. Members of the senior management held workshops for their contribution on way to enhance corruption prevention capability. During the Reporting Year, the Group held internal training and invite Independent Commission Against Corruption ("ICAC") to provide training to the employees regarding the anti-corruption and anti-money laundering, for example, the anti-corruption risks, details of anti-corruption rules and regulations in Hong Kong, how to prevent and put into practice of integrity management and professional ethics. The Group also sent out the anti-corruption materials, ICAC and Estate Agents Authority circular, after the trainings to all the staff and directors. To ensure the continuous enhancement of our anti-corruption internal controls, the Group conducts annual corruption risk assessments.

Aspect B8: Community investment

Despite the challenging market and economic conditions, the Group is committed to contributing to socio-economic development, community well-being and sustainability. For the Group's long-term development, community participation is important. As a responsible corporate citizen, the Group is constantly aware of the needs and is committed to promoting development activities of the community at which the Group operates. The Group also encourages staff to spend time and efforts in various community projects and make contributions to the community. During the Reporting Year, the Group has made a total of HK$3,629,000 (FY2021: HK$2,571,000) donations to the charitable organizations and activities, and organized some volunteer activities, such as site work at dog shelter, beach cleanup and online gathering with elderly.

APPENDIX

INDEPENDENT ASSURANCE STATEMENT

To the board of directors of Tai Sang Land Development Limited

We have undertaken a limited assurance engagement of the specific Environmental, Social And Governance ("ESG") report of Tai Sang Land Development Limited (referred to as the "Company") for the year ended 31 December 2022, as identified in the ESG Report.

The Company's Responsibility

Pursuant to Environmental, Social and Governance Reporting Guide ("ESG Guide") as set out in Appendix 27 to the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited, the Company is responsible for the preparation of the ESG report in accordance with the ESG Guide. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of ESG report that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the ESG report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 (Revised)") and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410") issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the ESG report is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of the Company's use of ESG Guide as the basis for the preparation of the ESG report, assessing the risks of material misstatement of the ESG report whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, as well as evaluating the overall presentation of the ESG report and the compliance with "comply or explain provision" of the ESG Guide regarding the disclosure of key performance indicators ("KPIs").

Our Responsibility (Continued)

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Within the scope of our work we performed amongst others the following procedures:

- Evaluated the suitability in the circumstances of the Company's use of ESG Guide, as the basis for preparing the ESG report;

- Through inquiries, obtained an understanding of the Company's control environment, processes and information systems relevant to the preparation of the ESG report, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;

- Evaluated whether the Company's methods for developing estimates are appropriate and had been consistently applied, but our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Company's estimates;

- Tested a limited number of items to or from supporting records, as appropriate;

- Performed analytical procedures by comparing the data in environmental performance year-by-year and made inquiries of management to obtain explanations for any significant fluctuations we identified;

- Considered the presentation and disclosure of the ESG report;

- Contained sufficient appropriate evidence from the Company's operating system to determine if the disclosure of both qualitative and quantitative KPIs is objective, accurate and complete enough for the assurance conclusion; and

- Performed sufficient sensitivity analyses to consider the appropriation of data and assumption used in preparing future-oriented information of KPIs.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's ESG report has been prepared, in all material respects, in accordance with the ESG Guide.

Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's ESG report including the aspect of KPIs for the year ended 31 December 2022 is not prepared, in all material respects, in accordance with the ESG Guide.

BMI ENVIRONMENTAL CONSULTANCY LIMITED

Hong Kong, 24th March 2023

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TAI SANG LAND DEVELOPMENT LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of Tai Sang Land Development Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 79 to 133, comprise:

- the consolidated statement of financial position as at 31st December 2022;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is related to valuation of investment properties.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties Refer to notes 2.7, 4(a) and 7 to the consolidated financial statements. The amount of the investment properties in the consolidated statement of financial position was HK$9,858 million and the fair value gains of investment properties for the year was HK$286 million. The Group's investment properties and the changes in valuation are significant to the consolidated statement of financial position and consolidated statement of profit or loss respectively. Valuations were carried out by third party valuers for all the investment properties in order to support management's estimate. The valuation of completed properties were based on the income capitalisation method which depend on certain key assumptions that require significant management estimates and judgement, including market rents and capitalisation rates. The valuation of properties under development was based on the residual method which depends on key assumptions including the gross development value of the project upon completion (estimated using a direct comparison method) less estimated development costs and developer's profit.	Our procedures in relation to management's valuation of investment properties include: **Understanding of management's internal control and inherent risk assessment** We obtained an understanding of management's internal control and assessment process over the valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining the fair values of investment properties. **Experience of valuers and relevance of their work** We assessed the valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether they have appropriate experience and whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. **Data provided to the valuers** For completed investment properties, we performed testing on a sample basis on the data provided by the Group to the valuers from which the valuation was based upon. This data included key terms of lease agreements, rental income schedules and vacancy information which we agreed to appropriate supporting documentation. For properties under development, we compared on a sample basis the estimated prices per square feet and the development costs used by the valuer to our independently formed market expectation or industry data.

Key Audit Matter	How our audit addressed the Key Audit Matter
The inherent risk in relation to the valuation of investment properties is considered significant due to, among other factors, the existence of significant estimation uncertainty, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, which warrants specific audit focus in this area.	**Assumptions and estimates used by the valuers** We had meetings with the valuers in which the valuation approaches and the key assumptions therein were discussed. The assumptions used varied across the portfolio depending on the age, nature and location of each property and included market rents, capitalisation rates, gross development value, estimated development costs and allowance for developer's profit for properties in similar location and condition. In each of these areas, and on a sample basis, we compared the estimates and assumptions used by the valuers against the published industry benchmarks and comparable market transactions, and our experience in this sector. Based on the procedures performed, we considered that the risk assessment of valuation of investment properties remained appropriate and the methods, significant assumptions and data used by management in relation to the valuation of investment properties were supported by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yam Kwok Damien Chow.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24th March 2023

Consolidated Statement of Financial Position
As at 31st December 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	6	1,964,857	1,998,645
Investment properties	7	9,857,923	9,554,052
Financial assets at fair value through other comprehensive income	8	15,845	17,725
Prepayments for non-current assets		1,094	2,573
		11,839,719	11,572,995
Current assets			
Properties for sale	9	109,072	109,072
Other inventories		342	332
Debtors and prepayments	10	39,676	37,985
Current income tax recoverable		3,105	356
Cash and cash equivalents	11	134,135	112,184
		286,330	259,929
Assets classified as held for sale	12	7,800	–
Total current assets		294,130	259,929
Total assets		12,133,849	11,832,924
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	13	417,321	417,321
Reserves	14	8,426,557	8,142,329
		8,843,878	8,559,650
Non-controlling interests		271,242	249,922
Total equity		9,115,120	8,809,572

Consolidated Statement of Financial Position
As at 31st December 2022

	Notes	2022	2021
		HK$'000	HK$'000
Non-current liabilities			
Long term bank loans – secured	15	1,601,727	1,945,255
Deferred income tax liabilities	16	301,675	359,683
Lease liabilities		794	399
		1,904,196	2,305,337
Current liabilities			
Rental and other deposits		97,213	94,715
Creditors and accruals	17	43,980	54,787
Current income tax liabilities		780	2,687
Short term bank loans	18	280,000	480,000
Current portion of long term bank loans – secured	15	692,310	85,561
Lease liabilities		250	265
		1,114,533	718,015
Total equity and liabilities		12,133,849	11,832,924

The financial statements on pages 79 to 133 were approved by the board of directors on 24th March 2023 and were signed on its behalf.

William Ma Ching Wai
Director

Alfred Ma Ching Kuen
Director

The notes on pages 85 to 133 are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss
For the year ended 31st December 2022

	Notes	2022	2021
		HK$'000	HK$'000
Revenues	5(a)	439,858	407,024
Cost of sales	19	(148,154)	(136,438)
Gross profit		291,704	270,586
Fair value gains on investment properties	7	286,179	617,126
Other gains, net	20	838	791
Administrative expenses	19	(162,560)	(149,451)
Other operating expenses, net	19	(13,722)	(19,407)
Operating profit		402,439	719,645
Finance income	22	1,038	406
Finance costs	22	(71,225)	(36,610)
Finance costs, net		(70,187)	(36,204)
Profit before income tax		332,252	683,441
Income tax credit/(expense)	23	53,258	(29,015)
Profit for the year		385,510	654,426
Profit attributable to:			
Owners of the Company		360,115	633,618
Non-controlling interests		25,395	20,808
		385,510	654,426
Earnings per share (basic and diluted)	24	HK$1.25	HK$2.20

The notes on pages 85 to 133 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income For the year ended 31st December 2022

	Notes	2022	2021
		HK$'000	HK$'000
Profit for the year		385,510	654,426
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in the fair value of financial assets at fair value through other comprehensive income	8	(1,880)	1,950
Revaluation surplus upon transfer from property, plant and equipment to investment properties	7	–	85,013
Exchange translation difference		(78)	–
Other comprehensive income for the year		(1,958)	86,963
Total comprehensive income for the year		383,552	741,389
Total comprehensive income attributable to:			
Owners of the Company		359,022	719,684
Non-controlling interests		24,530	21,705
		383,552	741,389

The notes on pages 85 to 133 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the year ended 31st December 2022

	Notes	2022	2021
		HK$'000	HK$'000
Operating activities			
Net cash generated from operations	26(a)	181,995	159,625
Hong Kong Profits Tax paid		(9,585)	(13,029)
Hong Kong Profits Tax refunded		191	128
United States taxation paid		(13)	(14)
Letting fees paid		(5,707)	(4,403)
Net cash generated from operating activities		166,881	142,307
Investing activities			
Additions of property, plant and equipment		(37,769)	(63,714)
Additions of investment properties		(28,480)	(79,419)
Proceeds on disposal of property, plant and equipment		390	701
Interest received		1,038	406
Dividends received		941	922
Net cash used in investing activities		(63,880)	(141,104)
Financing activities			
Interest paid		(65,661)	(41,258)
Drawn down of bank loans	26(b)	514,599	236,557
Repayments of bank loans	26(b)	(451,629)	(160,208)
Repayments of lease liabilities		(277)	(269)
Dividends paid to shareholders		(74,794)	(63,287)
Dividends paid to non-controlling shareholders of subsidiaries		(3,210)	(1,925)
Net cash used in financing activities		(80,972)	(30,390)
Net increase/(decrease) in cash and cash equivalents		22,029	(29,187)
Cash and cash equivalents at 1st January		112,184	141,371
Exchange translation difference		(78)	–
Cash and cash equivalents at 31st December		134,135	112,184

The notes on pages 85 to 133 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
For the year ended 31st December 2022

	Attributable to owners of the Company							
	Share capital	Property revaluation reserve	Investment revaluation reserve	Exchange reserve	Retained profits	Total reserves	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January 2022	417,321	793,420	(29,184)	7,232	7,370,861	8,142,329	249,922	8,809,572
Comprehensive income								
Profit for the year	–	–	–	–	360,115	360,115	25,395	385,510
Other comprehensive income								
Net fair value loss on financial assets at fair value through other comprehensive income	–	–	(1,015)	–	–	(1,015)	(865)	(1,880)
Exchange translation difference	–	–	–	(78)	–	(78)	–	(78)
Total comprehensive income for the year	–	–	(1,015)	(78)	360,115	359,022	24,530	383,552
Transaction with owners								
Dividends paid	–	–	–	–	(74,794)	(74,794)	(3,210)	(78,004)
At 31st December 2022	417,321	793,420	(30,199)	7,154	7,656,182	8,426,557	271,242	9,115,120
At 1st January 2021	417,321	708,407	(30,237)	7,232	6,800,530	7,485,932	230,142	8,133,395
Comprehensive income								
Profit for the year	–	–	–	–	633,618	633,618	20,808	654,426
Other comprehensive income								
Net fair value gain on financial assets at fair value through other comprehensive income	–	–	1,053	–	–	1,053	897	1,950
Revaluation surplus upon transfer from property, plant and equipment to investment properties	–	85,013	–	–	–	85,013	–	85,013
Total comprehensive income for the year	–	85,013	1,053	–	633,618	719,684	21,705	741,389
Transaction with owners								
Dividends paid	–	–	–	–	(63,287)	(63,287)	(1,925)	(65,212)
At 31st December 2021	417,321	793,420	(29,184)	7,232	7,370,861	8,142,329	249,922	8,809,572

The notes on pages 85 to 133 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Tai Sang Land Development Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in property investment, property rental, property development, estate management and agency, hotel operation and catering operation.

The Company is a limited liability company incorporated in Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollar ("HK$"), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors on 24th March 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants 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$820,403,000 as at 31st December 2022 (2021: HK$458,086,000). The current liabilities mainly included short term bank loans of HK$280,000,000 (2021: HK$480,000,000) and current portion of long term bank loans of HK$692,310,000 (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 Group intends to obtain new loan facilities to replace the facilities that will mature in 2023. The directors believe that the Group will continue as a going concern and consequently prepared the consolidated financial statements on a going concern basis.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

2.2 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policy and disclosures (Continued)

(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 consolidated financial statements. The Group will adopt the above amended standards when they become effective.

2.3 Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st December 2022 and 2021.

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Consolidation (Continued)

Business combination (Continued)

Acquisition related costs are expensed as incurred. The excess of the consideration transferred and the fair value of non-controlling interest over the net assets acquired and liabilities assumed is recorded as goodwill. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of profit or loss.

In the Company's statement of financial position, investments in subsidiaries are accounted for cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

2.5 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

(iii) Group companies

The results and financial positions of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation (Continued)

(iii) Group companies (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the consolidated statement of profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(iv) Disposal of foreign operation

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holding of the Company are reclassified to the consolidated statement of profit or loss.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost amounts, net of their residual values, over their estimated useful lives as follows:

Right-of-use in land	20 years or unexpired lease terms
Buildings	15 to 40 years
Plant and equipment	3 to 10 years
Leasehold improvement	Shorter of 5 years and unexpired lease terms
Right-of-use in equipment	Shorter of the asset's useful life and unexpired lease terms

Freehold land is stated at cost less accumulated impairment losses. No depreciation is provided for freehold land.

Property under development are interest in land and building, represented mainly own-used office and self-managed hotel, on which construction work has not been completed. Property under development is carried at cost which includes land cost, development and construction expenditure and other direct costs attributable to the development less any impairment losses. No provision for depreciation is made on property under development until such time the relevant assets are completed and available for use. Property under development is reclassified to the appropriate category of "Property, plant and equipment" and "Investment properties" when completed and ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Property, plant and equipment (Continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss.

2.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group companies, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property comprises freehold land, leasehold land and buildings. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by external valuers. Changes in fair value are recognised in the consolidated statement of profit or loss. The fair value of an investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

Subsequent expenditure is included to the asset’s carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated statement of profit or loss during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item as at the date of transfer is treated in the same way as a revaluation under HKAS 16 “Property, plant and equipment”. Any resulting increase in the carrying amount of the property is recognised in the consolidated statement of profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increased directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the consolidated statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Impairment of non-financial assets and investments in subsidiaries

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units) which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.9 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following two categories: those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss) and those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment, which are not held for trading, at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investments and other financial assets (Continued)

(iii) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.10 Properties for sale

Properties for sale are stated at the lower of cost and net realisable value. Cost comprises development expenditure and other associated expenditures, including interest capitalised. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

2.11 Other inventories

Other inventories comprise food and beverages and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of derecognition.

Assets are not depreciated or amortised while they are classified as held for sale.

Assets classified as held for sale are presented separately from the other assets in the consolidated statement of financial position.

2.15 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Provisions (Continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

2.17 Current and deferred income tax

The income tax expense for the year comprises current and deferred income tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.19 Revenue and income recognition

Revenue is measured at the fair value of the consideration received or receivable for the services in the ordinary course of the Group's activities. If contracts involve the sale of multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

Revenues are recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

(i) Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

(ii) Agency commission and management fees

Agency commission and management fees income is recognised overtime when the service is rendered and the Group's performance provides all of the benefits received and consumed simultaneously by the customer.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Revenue and income recognition (Continued)

(iv) Income on sale of properties and investments

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time by reference to the satisfaction of the performance obligation if one of the following criteria is met:

- provide all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls; or
- do not create an asset with an alternative use of the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

For properties sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

(v) Income from hotel operations

Income from hotel operations are recognised when the customers simultaneously receive and consume the benefits provided by the Group.

(vi) Income from catering operations

Income from catering operations are recognised at the point of sale to customers.

(vii) Interest income

Interest income from a financial asset is recognised on a time-proportion basis using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Retirement benefit obligations

The Group's contributions to the defined contribution retirement schemes are available to all employees in Hong Kong and the United States of America ("US"). The assets of the schemes are held separately from those of the Group in independently administered funds.

The US subsidiaries, which participate in the US government benefit schemes, are required to contribute to the schemes for the retirement benefits of eligible employees. The government authorities are responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the schemes is to pay the ongoing contributions required by the schemes.

The Group's contributions to the aforesaid defined contribution retirement schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums that are determined with reference to salary scale as stipulated under the requirements of the respective territories and are charged to the statement of profit or loss as incurred.

Employee entitlements to long service payments are recognised when they accrue to employees. A provision is made for the estimated liability for long service payments as a result of services rendered by employees up to the end of reporting period. The provision for long service payments is included as liabilities in the financial statements.

2.21 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the issue of a financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of (i) the amount determined in accordance with the expected credit loss model under HKFRS 9 "Financial Instruments"; and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 "Revenue from Contracts with Customers".

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.23 Leases

(a) The Group is the lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Leases (Continued)

(a) The Group is the lessee (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;

- any lease payments made at or before the commencement date less any lease incentives received;

- any initial direct costs; and

- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets are included within the same financial statements line item within which the corresponding underlying assets would be presented if they were owned.

The Group measures the right-of-use assets that meet the definition of investment property using the fair value model applied to its investment property (note 2.7). Right-of-use assets linked to owner occupied buildings are measured applying the cost model relevant to that specific class of property, plant and equipment as described in note 2.6 and tested for impairment as described in note 2.8.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Leases (Continued)

(b) The Group is the lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (note 2.19(i)). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or board of directors, where appropriate.

2.25 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate.

Further information on how the Group accounts for government grants is set out in note 19(c) to the consolidated financial statements.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk, liquidity risk, interest rate risk and price risk.

(a) Foreign exchange risk

The Group operates in Hong Kong and the US and is primarily exposed to foreign exchange risk arising from US dollar ("US$"). The foreign exchange risk exposure is considered to be minimal to the Group because Hong Kong dollar is pegged to US dollar.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The credit risk of the Group's financial assets, which mainly comprise cash and cash equivalents, utility and other deposits, trade debtors and effective rent receivables, arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

To manage this risk arising from cash and cash equivalents, they are mainly placed with banks with high credit rating. There has been no recent history of default in relation to these financial institutions. The expected credit loss is close to zero.

Credit risk of utility and other deposits is minimal as the directors of the Group consider there is no actual or expected significant changes in the operating results of the third party.

For trade debtors and effective rent receivables, the Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. The Group measures the expected credit losses on a combination of both individual and collective basis.

The trade debtors relating to third party customers which are in known financial difficulties or with significant doubt on collection of receivables are identified and assessed individually for provision for impairment allowance.

The following table represents the gross carrying amount and the provision for impairment in respect of the individually assessed receivables as at 31st December 2022 and 2021.

	2022	2021
	HK$'000	HK$'000
Gross carrying amount	4,455	2,096
Provision for impairment	(4,455)	(2,096)
Net carrying amount	–	–

The Group then determines the provision for expected credit losses by grouping the remaining trade debtors and effective rent receivables. Based on historical experience, majority of trade debtor and effective rent receivables were settled shortly upon maturity, hence the expected credit loss is immaterial. Management considers the credit risk is not high. The Group maintains frequent communications with the counterparties. Management has closely monitored the credit qualities and the collectability of these receivables and consider that the expected credit risks of them are minimal in view of the history of cooperation with them.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group adopts a prudent liquidity risk management and maintains sufficient cash on hand and the availability of funding through an adequate amount of committed credit facilities.

At 31st December 2022, the Group's net current liabilities amounted to HK$820,403,000 (2021: HK$458,086,000). Based on the Group's history of refinancing, the directors consider that the Group will be able to refinance its existing short term bank loans and obtain sufficient financial resources so as to satisfy its working capital requirements, provision for payments of liabilities as and when they fall due and its future capital commitments. Management also reviewed the compliance of loan covenants as at 31st December 2022 and no non-compliance of covenants was noted. The directors has been closely monitored the expected liquidity requirements to ensure the maintenance of sufficient reserves of cash and adequate committed lines of funding.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Except for bank borrowings, balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Within one year	In the second year	In the third to fifth year
	HK$'000	HK$'000	HK$'000
2022			
Rental and other deposits	97,213	–	–
Creditors and accruals	41,992	–	–
Lease liabilities	269	269	566
Short term bank loans	290,675	–	–
Long term bank loans	787,847	1,291,976	405,779
	1,217,996	1,292,245	406,345
2021			
Rental and other deposits	94,715	–	–
Creditors and accruals	52,136	–	–
Lease liabilities	277	277	137
Short term bank loans	488,126	–	–
Long term bank loans	95,493	712,286	1,325,875
	730,747	712,563	1,326,012

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(d) Interest rate risk

The Group is primarily exposed to interest rate risk arising from bank borrowings and bank overdrafts. The Group's policy is to maintain all its bank borrowings in floating rate instruments except when management's objectives are to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowings. The Group will attempt to refinance by fixed rate borrowings at a lower rate if and when available.

At 31st December 2022, if interest rates on bank borrowings had been 10 basis points higher/lower with all other variables held constant, profit after income tax for the year would have been decreased/increased by HK$2,164,000 (2021: HK$2,112,000) before taking account of interest capitalisation, mainly as a result of higher/lower interest expense on floating rate borrowings.

(e) Price risk

The Group is exposed to equity securities price risk for the Group's financial assets at FVOCI. The performance of the Group's investments is closely monitored, together with an assessment of their relevance to the Group's long term strategic plans.

At 31st December 2022, if the fair value of the equity securities had been 10% higher/lower with all other variances held constant, the investment revaluation reserve would have been increased/decreased by HK$1,585,000 (2021: HK$1,773,000).

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt (total borrowings) to equity (total equity) ratio. The debt to equity ratio is 28.2% (2021: 28.5%) as at 31st December 2022.

3.3 Fair value estimation

Financial instruments that are measured in the consolidated statement of financial position at fair value required disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair value at 31st December 2022 and 2021.

	Level 1	Level 2	Level 3
	HK$'000	HK$'000	HK$'000
Financial assets at fair value through other comprehensive income			
At 31st December 2022	14,983	–	862
At 31st December 2021	16,863	–	862

For the year ended 31st December 2022, there were no transfers of financial assets of the Group between different levels of the fair value hierarchy.

For the year ended 31st December 2022, other than the impact as disclosed in note 3.4, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets.

3.4 Fair value measurements using significant unobservable inputs (Level 3)

For the year ended 31st December 2022, there were no changes in level 3 instruments and also no changes made to any of the valuation techniques applied as of 31st December 2021.

3.5 Offsetting financial assets and financial liabilities

There are no financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements for both years ended 31st December 2022 and 2021.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Investment properties

The fair values of investment properties are determined by independent valuers on an open market basis with reference to comparable market transactions. In making the judgements, the Group considers information from a variety of sources including:

- current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Investment properties (Continued)

- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each end of reporting period.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals, expected future market rentals, maintenance requirements and appropriate discount rates. These valuations are regularly compared to actual market yield data, actual transactions by the Group and those reported by the market. The valuations are reviewed semi-annually by external valuers.

Should the capitalisation rates or market rates differ by 10%, the fair value gains would be reduced or increased by HK$949,540,000 or HK$1,108,111,000 (2021: HK$897,753,000 or HK$1,097,254,000) respectively and the deferred income tax charge thereon would be reduced or increased by HK$22,810,000 or HK$22,845,000 (2021: HK$28,926,000 or HK$30,823,000) respectively.

(b) Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment. The Group will revise the depreciation charge where useful lives and residual values are different from previous estimates, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Should the useful lives of the property, plant and equipment be different by 10% from management's estimates, the depreciation expense would be reduced or increased by HK$3,324,000 or HK$5,021,000 (2021: HK$3,699,000 or HK$4,357,000) respectively in the current year.

Should the residual values of the property, plant and equipment be different by 10% from management's estimates, the depreciation expense would be reduced or increased by HK$1,405,000 (2021: HK$1,296,000) respectively in the current year.

(c) Income tax

The Group is subject to taxes in Hong Kong and the US. Significant judgement is required in determining the provision for the taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

5 REVENUES AND SEGMENT INFORMATION

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

	2022	2021
	HK$'000	HK$'000
Revenues from external customers		
Property rental		
– investment properties	312,742	315,747
– properties for sale	27,795	26,802
Property related services (note (i))	27,588	27,918
Hotel operations (note (i))	57,819	29,783
Catering operations (note (ii))	13,914	6,774
	439,858	407,024

Notes:

(i) The Group's revenues from property related services and hotel operations are recognised over-time as the services are performed.

(ii) The Group's revenue from catering operations are recognised at a point in time.

(b) Operating lease arrangement

The Group leases out investment properties and properties for sale under lease terms generally in the range of one to ten years.

At 31st December 2022, the future aggregate minimum lease payments receivables under non-cancellable operating leases are as follows:

	2022	2021
	HK$'000	HK$'000
Not later than one year	275,300	293,685
Later than one year but not later than five years	454,518	485,366
Later than five years	24,492	71,349
	754,310	850,400

(c) 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 as 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 consolidated financial statements.

There are no sales between the operating segments.

5 REVENUES AND SEGMENT INFORMATION (Continued)

(d) Operating segments

	Hong Kong	North America	Total
	HK$'000	HK$'000	HK$'000
For the year ended 31st December 2022			
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	366,394	73,464	439,858
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	546,708	(161,198)	385,510
Included in segment results:			
Finance income	901	137	1,038
Finance costs	(67,844)	(3,381)	(71,225)
Income tax expense (note)	(9,574)	(13)	(9,587)
Depreciation	(52,450)	(2,289)	(54,739)
Capital expenditure	35,222	11,713	46,935
At 31st December 2022			
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)	11,058,839	765,035	11,823,874
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	11,313,659	820,190	12,133,849
Current liabilities	1,096,236	18,297	1,114,533
Non-current liabilities	1,662,936	241,260	1,904,196
Segment liabilities	2,759,172	259,557	3,018,729

5 REVENUES AND SEGMENT INFORMATION (Continued)

(d) Operating segments (Continued)

	Hong Kong	North America	Total
	HK$'000	HK$'000	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	327,869	79,155	407,024
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	615,457	38,969	654,426
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	(42,328)	(2,979)	(45,307)
Capital expenditure	101,875	2,830	104,705
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)	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	185,038	74,891	259,929
Segment assets	10,757,642	1,075,282	11,832,924
Current liabilities	699,874	18,141	718,015
Non-current liabilities	2,000,093	305,244	2,305,337
Segment liabilities	2,699,967	323,385	3,023,352

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

6 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use in land	Freehold land and buildings	Plant and equipment	Right-of-use in equipment	Property under development – right-of-use in land	Property under development – building	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost							
At 1st January 2022	931,618	1,117,277	121,456	1,276	–	–	2,171,627
Additions	–	7,634	8,175	916	–	–	16,725
Transfer from investment properties (note 7)	3,800	1,200	–	–	–	–	5,000
Disposals and write-off	–	–	(2,623)	(264)	–	–	(2,887)
At 31st December 2022	935,418	1,126,111	127,008	1,928	–	–	2,190,465
Accumulated depreciation							
At 1st January 2022	10,618	84,491	77,237	636	–	–	172,982
Depreciation charge	5,445	31,071	17,965	258	–	–	54,739
Disposals and write-off	–	–	(2,113)	–	–	–	(2,113)
At 31st December 2022	16,063	115,562	93,089	894	–	–	225,608
Net book value							
At 31st December 2022	919,355	1,010,549	33,919	1,034	–	–	1,964,857
Cost							
At 1st January 2021	577,840	313,408	111,786	1,114	390,248	872,676	2,267,072
Additions	–	–	5,512	162	773	29,882	36,329
Transfer to investment properties (note 7)	–	–	–	–	(37,243)	(90,804)	(128,047)
Transfer in/(out)	353,778	803,869	7,885	–	(353,778)	(811,754)	–
Disposals and write-off	–	–	(3,727)	–	–	–	(3,727)
At 31st December 2021	931,618	1,117,277	121,456	1,276	–	–	2,171,627
Accumulated depreciation							
At 1st January 2021	6,516	60,481	63,184	389	–	–	130,570
Depreciation charge	4,102	24,010	16,948	247	–	–	45,307
Disposals and write-off	–	–	(2,895)	–	–	–	(2,895)
At 31st December 2021	10,618	84,491	77,237	636	–	–	172,982
Net book value							
At 31st December 2021	921,000	1,032,786	44,219	640	–	–	1,998,645

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(a) The Group's freehold land and building located in the US with net book value of HK$5,031,000 (2021: HK$5,704,000) together with an investment property located in the US (note 7) have been pledged to a financial institution to secure a credit facility of the Group in the US totalling HK$106,791,000 (2021: HK$109,200,000) of which HK$90,725,000 (2021: HK$92,897,000) was utilised as at 31st December 2022.

(b) The Group's right-of-use in land and building located in Hong Kong with net book value of HK$1,209,470,000 (2021: HK$1,228,538,000), together with investment property located in Hong Kong with fair value of HK$471,960,000 (2021: HK$491,720,000) have been pledged to a financial institution to secure a credit facility of the Group in Hong Kong of HK$1,064,391,000 (2021: HK$1,430,000,000) of which HK$1,063,069,000 (2021: HK$1,198,780,000) was utilised as at 31st December 2022.

(c) In 2021, the Group's property under development included additions of HK$5,193,000 (note 22) being interest expenses with an effective interest rate per annum at the end of capitalisation period of 1.34% capitalised for the development project.

7 INVESTMENT PROPERTIES

	2022	2021
	HK$'000	HK$'000
At 1st January	9,554,052	8,656,258
Additions	30,210	68,376
Transfer (to)/from property, plant and equipment (note 6)	(5,000)	128,047
Transfer to assets classified as held for sale (note 12)	(7,800)	–
Revaluation surplus at transfer	–	85,013
Capitalised letting fees	5,707	4,403
Amortisation of capitalised letting fees	(5,425)	(5,171)
Fair value gains	286,179	617,126
At 31st December (note)	9,857,923	9,554,052

Note: As at 31st December 2022, the fair value of the investment property under development is HK$1,000,000,000 (2021: HK$1,023,000,000).

Direct operating expenses recognised in the consolidated statement of profit or loss include HK$2,201,000 (2021: HK$1,010,000) relating to investment property that was unlet.

All the investment properties of the Group measured at fair value are categorised as Level 3 in the fair value hierarchy. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfer between Levels 1, 2 and 3 during the year.

7 INVESTMENT PROPERTIES (Continued)

Fair value measurement using significant unobservable inputs

The change in Level 3 fair value of investment properties for the year ended 31st December 2022 and 2021 are as follows:

	Hong Kong			North America	
	Industrial properties	Commercial properties	Residential properties	Commercial property	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January 2022	5,005,816	1,050,640	2,506,450	991,146	9,554,052
Additions	7,836	9,034	2,349	10,991	30,210
Transfer to property, plant and equipment	–	–	(5,000)	–	(5,000)
Transfer to assets classified as held for sale	–	(7,800)	–	–	(7,800)
Capitalised letting fees	3,748	18	256	1,685	5,707
Amortisation of capitalised letting fees	(2,557)	(43)	(511)	(2,314)	(5,425)
Fair value gains/(losses)	520,973	(44,599)	53,956	(244,151)	286,179
At 31st December 2022	5,535,816	1,007,250	2,557,500	757,357	9,857,923
At 1st January 2021	4,632,400	849,130	2,208,550	966,178	8,656,258
Additions	61,918	771	2,857	2,830	68,376
Transfer from property, plant and equipment	–	128,047	–	–	128,047
Revaluation surplus at transfer	–	85,013	–	–	85,013
Capitalised letting fees	1,428	73	531	2,371	4,403
Amortisation of capitalised letting fees	(2,076)	(93)	(571)	(2,431)	(5,171)
Fair value gains/(losses)	312,146	(12,301)	295,083	22,198	617,126
At 31st December 2021	5,005,816	1,050,640	2,506,450	991,146	9,554,052

Valuation processes

The Group measures its investment properties at fair value. As at 31st December 2022 and 2021, the fair value of the investment properties of the Group in Hong Kong were valued by Jones Lang LaSalle Limited and the Group's North America investment property was valued by Martorana Bohegian & Company. They are independent qualified valuers not related to the Group, who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued.

The Group assigns a team to review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the assigned team:

- verifies all major inputs to the independent valuation reports;
- assess property valuations movements when compared to the prior year valuation reports; and
- holds discussions with the independent valuers.

7 INVESTMENT PROPERTIES (Continued)

Valuation techniques

For completed properties, the income capitalisation method was used. For income capitalisation method, the valuers apply assumptions for capitalisation rates and notional income, which are influenced by the prevailing market yields and comparable market transactions, as well as discount rates, to arrive at the final valuation.

For properties under development, the residual method is used, whereby the valuation is derived from the gross development value of the project upon completion (estimated using a direct comparison method) less estimated development costs and allowance for developer's profit.

There were no changes to the valuation techniques during the year.

Significant unobservable inputs used to determine fair value

Capitalisation rates are estimated by valuers based on the risk profile of the investment properties being valued. The higher the rates, the lower the fair value. Fair value per square feet ("sq.ft") for properties under development are estimated based on valuers' view of recent market transactions for comparable properties. The lower the fair value per sq.ft, the lower the fair value of property under development.

The following capitalisation rates are used for the completed properties in respective locations valued under income capitalisation method and fair value per sq.ft are used for properties under development valued under residual method:

	Hong Kong	North America
2022		
Completed properties – valued under the income capitalisation method		
Capitalisation rates used for:		
Industrial properties	2.5% to 4.0%	N/A
Commercial properties	2.3% to 4.3%	6.7%
Residential properties	1.9% to 3.3%	N/A
Properties under development – valued under the residual method		
Fair values per sq.ft (HK$/sq.ft) used for:		
Residential property	HK$85,000	N/A
2021		
Completed properties – valued under the income capitalisation method		
Capitalisation rates used for:		
Industrial properties	2.6% to 4.3%	N/A
Commercial properties	2.2% to 4.5%	5.5%
Residential properties	1.9% to 3.2%	N/A
Properties under development – valued under the residual method		
Fair values per sq.ft (HK$/sq.ft) used for:		
Residential property	HK$85,000	N/A

7 INVESTMENT PROPERTIES (Continued)

Pledge of investment properties

The Group's investment property located in the US with a fair value of HK$757,357,000 (2021: HK$991,146,000) together with the freehold land and building located in the US have been pledged to a financial institution to secure a credit facility of the Group in the US (note 6(a)).

Certain of the Group's investment property located in Hong Kong with the fair value of HK$471,960,000 (2021: HK$491,720,000), together with right-of-use in land and building located in Hong Kong have been pledged to a financial institution to secure a credit facility of the Group in Hong Kong (note 6(b)).

Certain of the Group's investment properties located in Hong Kong with an aggregate fair value of HK$5,928,600,000 (2021: HK$5,428,000,000) have been pledged to financial institutions to secure credit facilities of the Group in Hong Kong totalling HK$1,351,060,000 (2021: HK$1,249,280,000) of which HK$1,300,244,000 (2021: HK$1,134,140,000) were utilised as at 31st December 2022.

Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the investment properties.

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity investments at fair value through other comprehensive income

	2022	2021
	HK$'000	HK$'000
At 1st January	17,725	15,775
Net fair value (loss)/gain (charged)/credited to equity	(1,880)	1,950
At 31st December	15,845	17,725

Financial assets at FVOCI include the following:

	2022	2021
Listed equity securities in Hong Kong (note (b))	14,983	16,863
Unlisted equity securities (note (c))	862	862
	15,845	17,725

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

Notes:

(a) Financial assets at fair value through other comprehensive income represent equity investments which are not held for trading, of which the Group has irrecoverably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

(b) Listed equity securities in Hong Kong, which were denominated in Hong Kong dollar, mainly represented securities listed in the Main Board of The Stock Exchange of Hong Kong Limited, which included conglomerates that are also engaged in property development and utility businesses.

(c) Unlisted equity securities were denominated in Hong Kong dollar, represented approximately 12% equity interests each in The Yangtze Ventures Limited, The Yangtze Ventures II Limited, and Yangtze China Investment Limited.

On disposal of these equity investments, any related balance within the investment revaluation reserve is reclassified to retained earnings.

9 PROPERTIES FOR SALE

The Group's interests in properties for sale at their net book values are analysed as follows:

	2022	2021
	HK$'000	HK$'000
Leasehold land	12,056	12,056
Development expenditures	97,016	97,016
	109,072	109,072

10 DEBTORS AND PREPAYMENTS

	2022	2021
	HK$'000	HK$'000
Trade debtors (note (a))	7,982	3,901
Less: provision for impairment	(4,455)	(2,096)
Trade debtors, net	3,527	1,805
Effective rent receivables	18,967	22,349
Prepayments	7,109	4,441
Deposits and other receivables	10,073	9,390
	39,676	37,985

Notes:

(a) 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 DEBTORS AND PREPAYMENTS (Continued)

Notes: (Continued)

(a) (Continued)

At 31st December 2022, the ageing analysis of the trade debtors, net based on invoice date was as follows:

	2022	2021
	HK$'000	HK$'000
0 – 30 days	1,584	1,446
31 – 60 days	147	137
61 – 90 days	110	131
Over 90 days	1,686	91
	3,527	1,805

At 31st December 2022, trade debtors of HK$24,000 (2021: HK$219,000) were fully performing. Trade debtors of HK$3,503,000 (2021: HK$1,586,000) were past due but not impaired and its due date analysis was as follows:

	2022	2021
	HK$'000	HK$'000
Past due:		
0 – 30 days	1,560	1,227
31 – 60 days	147	137
61 – 90 days	110	131
Over 90 days	1,686	91
	3,503	1,586

The Group applies the simplified approach to provide for expected credit losses for trade debtors and effective rent receivables prescribed by HKFRS 9 as disclosed in note 2.9(iv). At 31st December 2022 and 2021, provision for impairment of HK$4,455,000 (2021: HK$2,096,000) was recognised on trade debtors.

(b) The carrying amounts of debtors and prepayments approximated their fair values as at 31st December 2022 and 2021.

11 CASH AND CASH EQUIVALENTS

	2022	2021
	HK$'000	HK$'000
Bank balances and cash	134,135	112,184

12 ASSETS CLASSIFIED AS HELD FOR SALE

A commercial property held by a subsidiary of the Company in Hong Kong previously classified under investment properties, of HK$7,800,000, was reclassified to assets classified as held for sale following the entering into sale and purchase agreement between the subsidiary and a third party on 9th November 2022.

	2022	2021
	HK$'000	HK$'000
At 1st January	–	–
Transfer from investment properties (note 7)	7,800	–
At 31st December	7,800	–

13 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Number of shares	Share capital
	(thousands)	HK$'000
At 1st January 2022 and 31st December 2022	287,670	417,321
At 1st January 2021 and 31st December 2021	287,670	417,321

14 RESERVES

	Property revaluation reserve	Investment revaluation reserve	Exchange reserve	Retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January 2022	793,420	(29,184)	7,232	7,370,861	8,142,329
Comprehensive income					
Profit for the year	–	–	–	360,115	360,115
Other comprehensive income					
Net fair value loss on financial assets at fair value through other comprehensive income	–	(1,015)	–	–	(1,015)
Exchange translation difference	–	–	(78)	–	(78)
Total comprehensive income for the year	–	(1,015)	(78)	360,115	359,022
Transaction with owners					
Dividends paid					
2021 final dividend (note 25)	–	–	–	(34,520)	(34,520)
2022 interim dividend (note 25)	–	–	–	(40,274)	(40,274)
At 31st December 2022	793,420	(30,199)	7,154	7,656,182	8,426,557
Representing:					
Reserves	793,420	(30,199)	7,154	7,638,922	8,409,297
2022 final dividend proposed (note 25)	–	–	–	17,260	17,260
	793,420	(30,199)	7,154	7,656,182	8,426,557

14 RESERVES (Continued)

	Property revaluation reserve	Investment revaluation reserve	Exchange reserve	Retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January 2021	708,407	(30,237)	7,232	6,800,530	7,485,932
Comprehensive income					
Profit for the year	–	–	–	633,618	633,618
Other comprehensive income					
Net fair value gain on financial assets at fair value through other comprehensive income	–	1,053	–	–	1,053
Revaluation surplus upon transfer from property, plant and equipment to investment properties	85,013	–	–	–	85,013
Total comprehensive income for the year	85,013	1,053	–	633,618	719,684
Transaction with owners					
Dividends paid					
2020 final dividend	–	–	–	(34,520)	(34,520)
2021 interim dividend (note 25)	–	–	–	(28,767)	(28,767)
At 31st December 2021	793,420	(29,184)	7,232	7,370,861	8,142,329
Representing:					
Reserves	793,420	(29,184)	7,232	7,336,341	8,107,809
2021 final dividend proposed (note 25)	–	–	–	34,520	34,520
	793,420	(29,184)	7,232	7,370,861	8,142,329

15 LONG TERM BANK LOANS – SECURED

	2022	2021
	HK$'000	HK$'000
Bank loans – wholly repayable within five years	2,294,037	2,030,816
Amounts due within one year included under current liabilities	(692,310)	(85,561)
	1,601,727	1,945,255

15 LONG TERM BANK LOANS – SECURED (Continued)

The maturity of the long term bank loans is as follows:

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

The effective interest rates per annum at the end of reporting period were as follows:

	2022	2021
HK dollar bank loans	5.47%-6.35%	1.44%-2.19%
US dollar bank loan	6.25%	2%

The exposure to the long term bank loans to the contractual repricing dates is as follows:

	2022	2021
	HK$'000	HK$'000
1 month or less	2,294,037	2,030,816

The carrying amounts of the long term bank loans approximated their fair values as at 31st December 2022 and 2021. The fair values are based on cash flows discounted using a rate based on the borrowing rates in the range of 5.47% to 6.35% (2021: 1.44% to 2.19%) per annum.

The carrying amounts of the long term bank loans are denominated in the following currencies:

	2022	2021
	HK$'000	HK$'000
HK dollar	2,203,312	1,937,919
US dollar	90,725	92,897
	2,294,037	2,030,816

The long term bank loans are secured by the freehold land and building in the US (note 6(a)), the right-of-use in land and building (note 6(b)) and investment properties in the US and certain investment properties in Hong Kong (note 7) and the rental income thereon.

16 DEFERRED INCOME TAX LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2022	2021
	HK$'000	HK$'000
Deferred income tax liabilities	301,675	359,683

The movements on the net deferred tax liabilities are as follows:

	2022	2021
	HK$'000	HK$'000
At 1st January	359,683	341,817
(Credited)/charged to consolidated statement of profit or loss (note 23)	(58,008)	17,866
At 31st December	301,675	359,683

At 31st December 2022, the Company and its subsidiaries in Hong Kong had unrecognised tax losses in total of HK$438,877,000 (2021: HK$397,957,000) to carry forward against future taxable income. Such tax losses have no expiry date.

The movements in deferred income tax assets/(liabilities) (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

	Tax losses	
	2022	2021
	HK$'000	HK$'000
At 1st January	62,590	65,402
Credited/(charged) to consolidated statement of profit or loss	9,010	(2,812)
At 31st December	71,600	62,590

	Revaluation of properties		**Accelerated tax depreciation**	
	2022	2021	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January	(284,863)	(278,197)	(137,410)	(129,022)
Credited/(charged) to consolidated statement of profit or loss	67,639	(6,666)	(18,641)	(8,388)
At 31st December	(217,224)	(284,863)	(156,051)	(137,410)

17 CREDITORS AND ACCRUALS

	2022	2021
	HK$'000	HK$'000
Trade creditors	13,817	9,680
Other creditors	17,291	12,635
Accruals (note)	12,872	32,472
	43,980	54,787

Note: In 2022, there was no payables related to refurbishments and/or property development cost (2021: HK$21,674,000).

At 31st December 2022, the ageing analysis of the trade creditors was as follows:

	2022	2021
	HK$'000	HK$'000
0 – 30 days	11,540	9,159
31 – 60 days	1,167	182
61 – 90 day	379	7
Over 90 days	731	332
	13,817	9,680

The carrying amounts of creditors and accruals approximated their fair values as at 31st December 2022 and 2021.

18 SHORT TERM BANK LOANS

	2022	2021
	HK$'000	HK$'000
Short term bank loans		
– secured	280,000	395,000
– unsecured	–	85,000
	280,000	480,000

The effective interest rates per annum at the end of reporting period were as follows:

	2022	2021
Short term bank loans	5.60%-5.80%	1.44%-2.01%

18 SHORT TERM BANK LOANS (Continued)

The exposure to the short term bank loans to the contractual repricing dates is as follows:

	2022	2021
	HK$'000	HK$'000
1 month or less	280,000	480,000

The carrying amounts of the short term bank loans approximated their fair values as at 31st December 2022 and 2021.

Certain short term bank loans are secured by certain investment properties (note 7) in Hong Kong and the right-of-use in land and building (note 6(b)) and the rental income thereon. All the short term bank loans are denominated in Hong Kong dollar.

19 COST AND EXPENSES, NET

	2022	2021
	HK$'000	HK$'000
Auditors' remuneration		
– audit services	2,768	2,927
– non-audit services	1,085	980
Provision for impairment of trade debtors	2,359	1,569
Depreciation	54,739	45,307
Amortisation of capitalised letting fees	5,425	5,171
Donations	3,629	2,571
Outgoings, in respect of (note (a))		
– investment properties	56,310	68,110
– properties for sale	6,525	7,139
– property related services (note (b))	24,794	17,769
– property, plant and equipment	3,664	6,972
– hotel and catering operations (note (b))	51,153	36,448
Other employee benefit expense, net (note (c) and note 21)	77,546	78,794
Government grants (note (c))	(3,110)	–
Others	37,549	31,539
Total cost of sales, administrative expenses and other operating expenses, net	324,436	305,296

Notes:

(a) Outgoings mainly included building management fee, government rent and rates, repairs and maintenance and employee benefits.

19 COST AND EXPENSES, NET (Continued)

Notes: (Continued)

(b) The employee benefit expense (note 21) included in outgoings, in respect of

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

(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 were no unfulfilled conditions or other contingencies attaching to these subsidies.

20 OTHER GAINS, NET

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

21 EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2022 HK$'000	2021 HK$'000
Salaries	89,649	75,584
Housing and other allowances, benefits in kind	19,821	19,730
Bonuses	11,716	10,883
Retirement benefit costs	2,846	2,412
	124,032	108,609
Less: Intra-group rental expenses	(9,270)	(9,645)
Subsidies from Employment Support Scheme (note 19(c))	(4,451)	–
	(13,721)	(9,645)
	110,311	98,964

21 EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(a) Pensions – defined contribution plans

There was no forfeited contribution as at 31st December 2022 (2021: Nil). No forfeited contribution was utilised during the year (2021: Nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2021: four) directors whose emoluments are reflected in note 31(a). The emoluments payable to the remaining one (2021: one) individual during the year are as follows:

	2022	2021
	HK$'000	HK$'000
Salaries	2,113	2,072
Housing and other allowances, benefits in kind	1,104	1,111
Bonuses	452	475
Retirement benefit costs	18	18
	3,687	3,676

The emoluments fell with the following bands:

	Number of individuals	
	2022	2021
Emolument bands (in HK$)		
HK$3,500,001 – HK$4,000,000	1	1

During the year, no emolument was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. No directors waived or agreed to waive any emoluments during the year.

(c) Senior management remuneration

The emoluments fell with the following bands:

	Number of individuals	
	2022	2021
Emolument bands (in HK$)		
HK$3,500,001 – HK$4,000,000	1	1

22 FINANCE INCOME AND COSTS

	2022 HK$'000	2021 HK$'000
Finance income		
Interest income from banks	1,038	406
Finance costs		
Interest expenses on bank loans and overdrafts	(71,225)	(41,803)
Less: Amount capitalised in property under development (note 6(c))	–	5,193
	(71,225)	(36,610)
Finance costs, net	(70,187)	(36,204)

23 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:

	2022 HK$'000	2021 HK$'000
Current income tax		
– Hong Kong Profits Tax	5,722	11,368
– United States taxation	13	14
– Over provision in prior year	(985)	(233)
	4,750	11,149
Deferred income tax (credit)/charge (note 16)		
– Hong Kong	4,837	2,171
– United States	(62,845)	15,695
	(58,008)	17,866
	(53,258)	29,015

23 INCOME TAX (CREDIT)/EXPENSE (Continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong where the Company operates and the difference is set out as follows:

	2022 HK$'000	2021 HK$'000
Profit before income tax	332,252	683,441
Calculated at a taxation rate of 16.5% (2021: 16.5%)	54,822	112,768
Income not subject to tax	(106,912)	(109,834)
Expenses not deductible for tax purposes	23,686	13,958
Effect of different taxation rates in other countries	(29,668)	7,304
Over provision in prior year	(985)	(233)
Others	5,799	5,052
Income tax (credit)/expense	(53,258)	29,015

There was no income tax relating to components of other comprehensive income for the year ended 31st December 2022 and 2021.

24 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.

25 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.

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

26 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to net cash generated from operations

	2022	2021
	HK$'000	HK$'000
Profit before income tax	332,252	683,441
Finance income	(1,038)	(406)
Finance costs	71,225	36,610
Depreciation	54,739	45,307
Amortisation of capitalised letting fees	5,425	5,171
Provision for impairment of trade debtors	2,359	1,569
Fair value gains on investment properties	(286,179)	(617,126)
Loss on disposal of property, plant and equipment, net	103	131
Dividend income	(941)	(922)
Operating profit before working capital changes	177,945	153,775
Increase in other inventories	(10)	(332)
Increase in debtors and prepayments	(4,050)	(337)
Increase in rental and other deposits	2,498	4,698
Increase in creditors and accruals	5,612	1,821
Net cash generated from operations	181,995	159,625

(b) Bank loans reconciliation

During the year, movement of bank loans represented net cash inflow of HK$62,970,000 (2021: HK$76,349,000) and bank loan origination charges amortised of HK$251,000 (2021: HK$1,071,000).

27 FINANCIAL GUARANTEES

At 31st December 2022, the Company had provided guarantees to bankers for credit facilities granted to subsidiaries, of which HK$2,365,451,000 (2021: HK$2,370,072,000) were utilised as at 31st December 2022.

28 CAPITAL COMMITMENTS

	2022	2021
	HK$'000	HK$'000
Contracted but not provided for		
– investment properties	11,403	11,787
– property, plant and equipment	2,684	3,753
	14,087	15,540

29 RELATED PARTIES TRANSACTIONS

The Group entered into the following transactions with related parties during the year:

(a) Property rental and property related services transactions with related parties

Revenues from property rental and property related services in note 5(a) included amounts of HK$1,658,000 (2021: HK$1,269,000) and HK$555,000 (2021: HK$642,000) respectively from related companies and persons based on prices and terms as agreed by the parties involved.

(b) Key management remuneration

Remuneration for key management, including amounts paid to the Company's executive directors and senior management is as follows:

	2022	2021
	HK$'000	HK$'000
Fees	117	117
Salaries	17,185	18,920
Housing and other allowances, benefits in kind	19,274	19,333
Bonuses	4,831	5,159
Retirement benefit costs	108	126
	41,515	43,655

30 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

Statement of financial position of the Company as at 31st December 2022

	2022	2021
	HK$'000	HK$'000
Non-current assets		
Property, plant and equipment	17,823	30,096
Investment properties	372,000	395,000
Subsidiaries	549,987	579,085
Prepayments for non-current assets	–	1,026
	939,810	1,005,207
Current assets		
Debtors and prepayments	6,740	4,653
Amounts due from subsidiaries	786,238	558,596
Cash and cash equivalents	31,609	11,566
	824,587	574,815
Total assets	1,764,397	1,580,022
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	417,321	417,321
Reserves (note)	887,586	919,282
Total equity	1,304,907	1,336,603
Non-current liabilities		
Lease liabilities	5,763	11,508
Current liabilities		
Rental and other deposits	2,743	2,766
Creditors and accruals	7,876	6,849
Short term bank loan	120,000	50,000
Amounts due to subsidiaries	314,156	160,636
Lease liabilities	8,952	11,660
	453,727	231,911
Total equity and liabilities	1,764,397	1,580,022

The statement of financial position of the Company was approved by the board of directors on 24th March 2023 and were signed on its behalf.

William Ma Ching Wai
Director

Alfred Ma Ching Kuen
Director

30 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (Continued)

Note:

Reserves movement of the Company

	Retained profits
	HK$'000
At 1st January 2022	919,282
Total comprehensive income for the year	
Profit for the year	43,098
Transaction with owners	
Dividends paid	
2021 final dividend (note 25)	(34,520)
2022 interim dividend (note 25)	(40,274)
At 31st December 2022	887,586
Representing:	
Reserves	870,326
2022 final dividend proposed (note 25)	17,260
	887,586
At 1st January 2021	936,506
Total comprehensive income for the year	
Profit for the year	46,063
Transaction with owners	
Dividends paid	
2020 final dividend	(34,520)
2021 interim dividend (note 25)	(28,767)
At 31st December 2021	919,282
Representing:	
Reserves	884,762
2021 final dividend proposed (note 25)	34,520
	919,282

31 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking					
	Fees	Salaries	Discretionary bonuses	Housing and other allowances, benefit in kind	Employer's contribution to a retirement benefit scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31st December 2022						
Name of director						
William Ma Ching Wai (Chief Executive)	26	6,187	2,578	10,803	18	19,612
Patrick Ma Ching Hang	23	2,113	452	3,512	18	6,118
Philip Ma Ching Yeung	23	3,342	687	2,415	18	6,485
Alfred Ma Ching Kuen	23	1,062	207	720	18	2,030
Amy Ma Ching Sau	23	2,367	454	720	18	3,582
Edward Cheung Wing Yui	185	–	–	–	–	185
Kevin Chau Kwok Fun	185	–	–	–	–	185
Tan Soo Kiu	185	–	–	–	–	185
Yiu Kei Chung	185	–	–	–	–	185
	858	15,071	4,378	18,170	90	38,567
For the year ended 31st December 2021						
Name of director						
William Ma Ching Wai (Chief Executive)	26	6,066	2,527	11,190	18	19,827
Patrick Ma Ching Hang	23	2,072	445	3,013	18	5,571
Philip Ma Ching Yeung	23	3,277	676	2,489	18	6,483
Alfred Ma Ching Kuen	23	1,041	223	720	18	2,025
Amy Ma Ching Sau	23	2,320	467	720	18	3,548
Edward Cheung Wing Yui	185	–	–	–	–	185
Kevin Chau Kwok Fun	185	–	–	–	–	185
Tan Soo Kiu	185	–	–	–	–	185
Yiu Kei Chung	185	–	–	–	–	185
	858	14,776	4,338	18,132	90	38,194

31 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(b) Directors' retirement benefits

No retirement benefits are paid to or receivable by the directors for the year ended 31st December 2022 (2021: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits for the year ended 31st December 2022 (2021: Nil).

(d) Consideration provided to third parties for making available directors' services

For the year ended 31st December 2022, the Company does not pay consideration to any third parties for making available directors' services (2021: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by and connected entities with such directors

As at 31st December 2022, there are no loans, quasi-loans and other dealing arrangements in favour of directors, bodies corporate controlled by and connected entities with such directors (2021: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No other contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

32 EVENTS AFTER THE REPORTING PERIOD

On 2nd February 2023, a subsidiary of the Company has completed the transaction for sale of a commercial property under assets classified as held for sale as at 31st December 2022 for a total consideration of HK$9,800,000.

33 PRINCIPAL SUBSIDIARIES

At 31st December 2022, the Company had the following principal subsidiaries which, in the opinion of the directors, materially affect the results and/or assets of the Group. Montgomery Lands, Incorporated, Central Financial Management Company Inc. and Central Financial Management of Montana LLC are incorporated and operate in the United States of America. All other subsidiaries were incorporated and operate in Hong Kong.

Name	Percentage of issued shares held By the Company 2022	By the Company 2021	By subsidiary company 2022	By subsidiary company 2021	Issued ordinary shares	Principal activities
Arca Enterprise Limited	100	100	–	–	1 share	n
Ballington Limited	100	100	–	–	1,000 shares	e, j
Big Century Development Limited	–	–	95	95	1 share	l
Cambella Limited	100	100	–	–	1,000 shares	i
Capital Gold Investment Limited	–	–	100	100	1 share	j
Central Financial Management Company Inc.	–	–	100	100	10,000 shares of US$1 each	a
Central Financial Management of Montana LLC	–	–	100	100	N/A	g
Chi Ho Investment Company Limited	100	100	–	–	100 shares	e, j, l
China Gateway Emporium Limited	–	–	100	100	2 shares	l
Continental United Limited	–	–	95	95	1 share	l
East Gold Investment Limited	–	–	100	100	1 share	j
Etrema Company Limited	100	100	–	–	1,000 shares	l
F. V. Club House Limited	–	–	100	100	1 share	b
Figo Limited	100	100	–	–	1 share	n
Glory Gold Investment Limited	–	–	100	100	1 share	j
Gold Earth Investment Limited	–	–	100	100	1 share	j
Gold Express Investment Limited	–	–	100	100	1 share	j
Golden Ocean Corporation Limited	100	100	–	–	531,510 shares	j, l
Kam Cheung Investment Company Limited	75	75	–	–	1,200,000 shares	l
Kam Chung Industrial Company, Limited	100	100	–	–	1,149,430 shares	j
Kam Hang Company Limited	95	95	–	–	5,000 shares	e, l
Kam Yiu Company Limited	100	100	–	–	73,000 shares	l
King Dynasty Development Limited	–	–	95	95	1 share	l
La Bizplace Limited	100	100	–	–	2 shares	m
Montgomery Enterprises Limited	100	100	–	–	1,190,840 shares	d, e, j, l
Montgomery Lands, Incorporated	–	–	100	100	20,000 shares of US$1 each	e, l
New Century Development Limited	–	–	95	95	1 share	l
Ocean Gold Investment Limited	–	–	100	100	1 share	j
On Ah Enterprises, Limited	65	65	–	–	100,000 shares	l
Pentacontinental Land Investment Company Limited	53.6	53.6	–	–	2,000,000 shares	e, l

33 PRINCIPAL SUBSIDIARIES (Continued)

Name	Percentage of issued shares held By the Company 2022	By the Company 2021	By subsidiary company 2022	By subsidiary company 2021	Issued ordinary shares	Principal activities
Satvision Limited	100	100	–	–	1,000 shares	j, l
Silver Focus Investment Limited	–	–	100	100	1,000 shares	e, j
Silver Grand Investment Limited	–	–	100	100	1,000 shares	j
Smartwide Development Limited	–	–	95	95	1 share	l
Tai Fung Investment Company Limited	65	65	–	–	1,400,000 shares	l
Tai Land Finance Company Limited	100	100	–	–	100,000 shares	f
Tai Sang Cold Storage & Godown Company Limited	58	58	–	–	5,600,000 shares	e
Tai Sang Estate Agency Limited	100	100	–	–	100,000 shares	a, k
Tai Wing Investment Company Limited	100	100	–	–	1,523,590 shares	h
TSE (Floral Villas) Limited	–	–	100	100	100 shares	k
TSE (Kam Yuen Mansion) Limited	–	–	100	100	1,000 shares	k
TSL Construction and Engineering Limited	100	100	–	–	2 shares	j
Welldicker Industrial Limited	100	100	–	–	2 shares	e
Worldround Investment Company (Hong Kong) Limited	100	100	–	–	127,820 shares	m
Worldwide Pacific Limited	100	100	–	–	1 share	l
Xin Kuok Investments Limited	100	100	–	–	2 shares	h
Yulan Group Limited	100	100	–	–	1 share	c, k

Principal activities:

a = agency service
b = club house operation
c = hotel management service
d = hotel and catering operation
e = investment holding
f = money lender
g = motor vehicle holding
h = motor vehicle rental
i = property development
j = property for resale
k = property management service
l = property rental
m = restaurant licence holding
n = trade mark holding

Schedule of the Group's Significant Properties At 31st December 2022

A PROPERTIES FOR INVESTMENT

Description	Lot Number	Type#	Appro. G.F.A.* (M²)	Group's interest	Lease term
Hong Kong					
Gateway ts, 8 Cheung Fai Road, Tsing Yi	T.Y.T.L. 56	G & I	118,025	100%	Medium term
Heung Wah Industrial Building (portion), 12 Wong Chuk Hang Road, Aberdeen	A.I.L. 340	I	6,025	95%	Long term
Heung Wah Industrial Building (portion), 12 Wong Chuk Hang Road, Aberdeen	A.I.L. 340	I	671	100%	Long term
Chin Fat Factory Building (portion), 3 Tsat Po Street, San Po Kong	K.I.L. 4438 & 4439	I	966	65%	Medium term
House of Corona (portion), 50 Hung To Road, Kwun Tong	K.T.I.L. 284	I	699	65%	Medium term
Kam Yuen Mansion (portion), 3 Old Peak Road	I.L. 646 Sec. A & Sec. B	R	2,034	75%	Long term
Sea and Sky Court (portion), 92 Stanley Main Street, Stanley	S.I.L. 8	R	319	100%	Long term
Mercantile House, 186 & 190 Nathan Road, Tsim Sha Tsui	K.I.L.9735 & 2/70 shares of 8631	C	1,078	100%	Medium term
Continental Mansion (portion), 294-304 King's Road, North Point	R.P. of I.L. 7185	C & R	1,078	53.6%	Long term
Shing Wah Building (portion), 31 Shing Fong Street, Kwai Chung	K.C.T.L. 232	C	147	100%	Medium term
Kin Wah House (portion), 176-178 Tung Lo Wan Road	I.L. 3578, 3579 & 3581	C	590	100%	Long term
Viking Court (portion), 165-166 Connaught Road West, Western District	M.L. 342 & 343	C	585	100%	Long term
Kam Wah Building (portion), 23-25 Shek Yam Road and 2-14 Shek Yi Road, Kwai Chung	K.C.T.L. 171	C	262	95%	Medium term
Floral Villas (portion), 18 Tso Wo Road, Tso Wo Hang, Sai Kung	Lot 314 D.D. 252	C & R	4,838	100%	Medium term
TS Tower (portion), 43 Heung Yip Road, Wong Chuk Hang	R.P. of A.I.L. 353	C	3,215	100%	Long term
Sheung Wan Tai Sang Commercial Building (Hollywood Centre) (portion), 77-91 Queen's Road West, Sheung Wan	I.L. 3752 to 3758	C	54	100%	Long term
Overseas					
Montgomery Plaza, 456 Montgomery Street, San Francisco, the United States of America	–	C	15,638^	100%	Freehold

B PROPERTIES FOR SALE

Description	Lot Number	Type#	Appro. G.F.A.* (M²)	Group's interest
Hong Kong				
Floral Villas (portion), 18 Tso Wo Road, Tso Wo Hang, Sai Kung	Lot 314 D.D.252	R	3,798	100%
Sheung Wan Tai Sang Commercial Building (Hollywood Centre) (portion), 77-91 Queen's Road West, Sheung Wan	I.L. 3752 to 3758	C	4,006	100%
Kam Wah Building (portion), 23-25 Shek Yam Road and 2-14 Shek Yi Road, Kwai Chung	K.C.T.L. 171	C	1,724	100%

C PROPERTIES FOR HOTEL OPERATION

Description	Lot Number	Type#	Appro. G.F.A.* (M²)	Group's interest
Hong Kong				
Sheung Wan Tai Sang Commercial Building (Hollywood Centre) (portion), 77-91 Queen's Road West, Sheung Wan	I.L. 3752 to 3758	H	1,841	100%
TS Tower (portion), 43 Heung Yip Road, Wong Chuk Hang	R.P. of A.I.L. 353	H & F	13,633	100%

D PROPERTIES UNDER DEVELOPMENT

Description	Lot Number	Type#	Appro. site area (M²)	Group's interest	Stage of completion	Expected completion date
Hong Kong						
No.20 & No.22 Severn Road, The Peak	R.B.L. 1137	R	3,810	100%	Planning	N/A

E OTHER PROPERTIES

Properties for own operations

Description	Lot Number	Type #	Appro. G.F.A.* (M²)	Group's interest	Lease term
Hong Kong					
No.1 Barker Road, The Peak	R.B.L. 810	Q	1,352	100%	Medium term
Kam Yuen Mansion (portion), 3 Old Peak Road	I.L. 646 Sec. A & Sec. B	Q	910	75%	Long term
TS Tower (portion), 43 Heung Yip Road, Wong Chuk Hang	R.P. of A.I.L. 353	O	1,184	100%	Long term
Heung Wah Industrial Building (portion), 12 Wong Chuk Hang Road, Aberdeen	A.I.L. 340	O	922	95%	Long term

Type #

G	:	Godown
I	:	Industrial
R	:	Residential
C	:	Commercial
H	:	Hotel
F	:	Food and beverage
O	:	Own-occupied office
Q	:	Quarters for directors/staff
^	:	Net rentable area
*Appro. G.F.A.	:	Approximate gross floor area

Five-Year Financial Summary

	2018	2019	2020	2021	2022
RESULTS					
(HK$ thousand)					
Profit/(loss) attributable to:					
– Owners of the Company	492,803	436,300	(155,943)	633,618	360,115
– Non-controlling interests	18,890	10,080	2,962	20,808	25,395
	511,693	446,380	(152,981)	654,426	385,510
Earnings/(loss) per share	HK$1.71	HK$1.52	(HK$0.54)	HK$2.20	HK$1.25
ASSETS AND LIABILITIES					
(HK$ thousand)					
Total assets	10,098,642	10,839,171	11,107,247	11,832,924	12,133,849
Total liabilities	(2,270,821)	(2,635,773)	(2,973,852)	(3,023,352)	(3,018,729)
Total equity	7,827,821	8,203,398	8,133,395	8,809,572	9,115,120