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大生地產發展有限公司
TAI SANG LAND DEVELOPMENT LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock code : 89)

ANNOUNCEMENT OF 2024 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

For the six months ended 30th June 2024

- Revenues increased by 4.5% to HK\$240.6 million (30th June 2023: HK\$230.3 million).
- Excluding the property revaluation (losses)/gains, the earnings before interest, tax, depreciation and amortisation was HK\$85.0 million (30th June 2023: HK\$86.0 million).
- Loss for the period of HK\$162.6 million (30th June 2023: profit of HK\$146.5 million) included the fair value losses on investment properties (net of deferred tax in the United States) of HK\$144.2 million (30th June 2023: corresponding gains of HK\$152.0 million).
- Excluding the property revaluation (losses)/gains and all related effects, the Group recorded an underlying loss of HK\$18.4 million (30th June 2023: HK\$5.5 million).
- Interim dividend declared of HK4 cents (2023: HK6 cents) per ordinary share.

The board of directors (the “Board”) of Tai Sang Land Development Limited (the “Company”) announced the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June 2024 as follows:

**1. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30TH JUNE 2024 – UNAUDITED**

	<i>Notes</i>	For the six months ended 30th June	
		2024	2023
		HK\$'000	HK\$'000
Revenues	(2)(a)	240,589	230,280
Cost of sales	(3)	(101,499)	(98,791)
Gross profit		139,090	131,489
Fair value (losses)/gains on investment properties		(129,824)	130,580
Other gains, net	(4)	1,047	3,729
Administrative expenses	(3)	(79,560)	(73,800)
Operating (loss)/profit		(69,247)	191,998
Finance income	(5)	1,395	564
Finance costs	(5)	(77,114)	(62,848)
Finance costs, net		(75,719)	(62,284)
(Loss)/profit before income tax		(144,966)	129,714
Income tax (expense)/credit	(6)	(17,601)	16,809
(Loss)/profit for the period		(162,567)	146,523
(Loss)/profit attributable to:			
Owners of the Company		(158,181)	123,594
Non-controlling interests		(4,386)	22,929
		(162,567)	146,523
(Loss)/earnings per share (basic and diluted)	(7)	HK\$(0.55)	HK\$0.43

**2. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30TH JUNE 2024 – UNAUDITED**

	For the six months ended 30th June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the period	(162,567)	146,523
Other comprehensive income		
<u>Items that will not be reclassified to profit or loss</u>		
Changes in fair value of financial assets at fair value through other comprehensive income	(1,276)	(610)
Exchange translation difference	(9)	29
Other comprehensive income for the period	(1,285)	(581)
Total comprehensive income for the period	(163,852)	145,942
Total comprehensive income attributable to:		
Owners of the Company	(158,896)	123,291
Non-controlling interests	(4,956)	22,651
	(163,852)	145,942

**3. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2024 - UNAUDITED**

	<i>Notes</i>	As at 30th June 2024 <i>HK\$'000</i>	As at 31st December 2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,973,195	1,990,657
Investment properties		9,492,815	9,621,524
Financial assets at fair value through other comprehensive income		13,869	15,145
Prepayments for non-current assets		320	50
		<u>11,480,199</u>	<u>11,627,376</u>
Current assets			
Properties for sale		110,473	110,473
Other inventories		192	212
Debtors and prepayments	(9)	42,155	42,426
Current income tax recoverable		1,966	2,133
Cash and cash equivalents		96,023	108,364
		<u>250,809</u>	<u>263,608</u>
Total assets		<u>11,731,008</u>	<u>11,890,984</u>
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital		417,321	417,321
Reserves		8,029,449	8,205,605
		8,446,770	8,622,926
Non-controlling interests		<u>282,022</u>	<u>289,774</u>
Total equity		<u>8,728,792</u>	<u>8,912,700</u>

	<i>Notes</i>	As at 30th June 2024 HK\$'000	As at 31st December 2023 HK\$'000
Non-current liabilities			
Long term bank loans – secured		1,878,535	1,065,397
Deferred income tax liabilities		268,128	252,081
Lease liabilities		503	543
		<u>2,147,166</u>	<u>1,318,021</u>
Current liabilities			
Rental and other deposits		95,923	97,596
Creditors and accruals	<i>(10)</i>	28,880	46,027
Current income tax liabilities		2,040	1,778
Short term bank loans		404,800	371,400
Current portion of long term bank loans – secured		323,133	1,143,206
Lease liabilities		274	256
		<u>855,050</u>	<u>1,660,263</u>
Total liabilities		<u>3,002,216</u>	<u>2,978,284</u>
Total equity and liabilities		<u>11,731,008</u>	<u>11,890,984</u>

Notes:

(1) Basis of preparation and accounting policies

This unaudited condensed consolidated interim financial information of the Group for the six months ended 30th June 2024 (the “Condensed Consolidated Interim Financial Information”) has been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through other comprehensive income at fair value, and in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the year ended 31st December 2023 that is included in the Condensed Consolidated Interim Financial Information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

- The Company has delivered the financial statements for the year ended 31st December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).
- The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

The Group had net current liabilities of HK\$604,241,000 as at 30th June 2024 (31st December 2023: HK\$1,396,655,000). The current liabilities mainly included short term bank loans of HK\$404,800,000 (31st December 2023: HK\$371,400,000) and current portion of long term bank loans of HK\$323,133,000 (31st December 2023: HK\$1,143,206,000). 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 within one year. The directors believe that the Group will continue as a going concern and consequently prepared the Condensed Consolidated Interim Financial Information on a going concern basis.

Except as described below, the accounting policies and methods of computation used in the preparation of the Condensed Consolidated Interim Financial Information are consistent with those used in the annual report for the year ended 31st December 2023 (the “2023 Annual Report”). The Condensed Consolidated Interim Financial Information should be read in conjunction with the 2023 Annual Report, and any public announcement made by the Group during the interim reporting period, which has been prepared in accordance with Hong Kong Financial Reporting Standards.

The following amended standards and revised interpretations are relevant and mandatory to the Group for the accounting period beginning on 1st January 2024:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause

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

(2) Revenues and Segment information

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

	For the six months ended 30th June	
	2024	2023
	HK\$'000	HK\$'000
Revenues from external customers		
Property rental		
– investment properties	164,119	157,575
– properties for sale	13,791	12,139
Property related services (note (i))	14,710	14,217
Hotel operations (note (i))	39,587	37,767
Catering operations (note (ii))	8,382	8,582
	<u>240,589</u>	<u>230,280</u>

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) 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 (loss)/profit, which is measured by (loss)/profit after income tax excluding fair value changes on investment properties (net of deferred income tax in the United States), and their segment assets and segment liabilities which is measured in a manner consistent with that in the Condensed Consolidated Interim Financial Information.

There are no sales between the operating segments.

(c) Operating segments

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30th June 2024			
Segment revenues			
Property rental	147,067	30,843	177,910
Property related services	14,710	-	14,710
Hotel operations	39,587	-	39,587
Catering operations	8,382	-	8,382
Total segment revenues	<u>209,746</u>	<u>30,843</u>	<u>240,589</u>
Segment results – underlying (loss)/profit			
– Property rental and related services	(16,341)	3,910	(12,431)
– Hotel and catering operations	(5,963)	-	(5,963)
Fair value (losses)/gains on investment properties	(179,375)	49,551	(129,824)
Deferred income tax, net	-	(14,349)	(14,349)
(Loss)/profit for the period	<u>(201,679)</u>	<u>39,112</u>	<u>(162,567)</u>
Included in segment results:			
Finance income	1,135	260	1,395
Finance costs	(73,798)	(3,316)	(77,114)
Income tax expense (note)	(3,239)	(13)	(3,252)
Depreciation	(22,588)	(409)	(22,997)
Capital expenditure	<u>8,223</u>	<u>2,349</u>	<u>10,572</u>
At 30th June 2024			
Property, plant and equipment	1,967,619	5,576	1,973,195
Investment properties	8,881,860	610,955	9,492,815
Prepayments for non-current assets	320	-	320
Non-current assets (excluding financial assets at fair value through other comprehensive income)	<u>10,849,799</u>	<u>616,531</u>	<u>11,466,330</u>
Non-current financial assets at fair value through other comprehensive income	13,869	-	13,869
Current assets	<u>219,655</u>	<u>31,154</u>	<u>250,809</u>
Segment assets	<u>11,083,323</u>	<u>647,685</u>	<u>11,731,008</u>
Current liabilities	841,799	13,251	855,050
Non-current liabilities	<u>1,947,343</u>	<u>199,823</u>	<u>2,147,166</u>
Segment liabilities	<u>2,789,142</u>	<u>213,074</u>	<u>3,002,216</u>

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30th June 2023			
Segment revenues			
Property rental	138,759	30,955	169,714
Property related services	14,217	-	14,217
Hotel operations	37,767	-	37,767
Catering operations	8,582	-	8,582
Total segment revenues	<u>199,325</u>	<u>30,955</u>	<u>230,280</u>
Segment results – underlying (loss)/profit			
– Property rental and related services	(5,286)	4,875	(411)
– Hotel and catering operations	(5,046)	-	(5,046)
Fair value gains/(losses) on investment properties	210,001	(79,421)	130,580
Deferred income tax, net	-	21,400	21,400
Profit/(loss) for the period	<u>199,669</u>	<u>(53,146)</u>	<u>146,523</u>
Included in segment results:			
Finance income	491	73	564
Finance costs	(59,792)	(3,056)	(62,848)
Income tax expense (note)	(4,578)	(13)	(4,591)
Depreciation	<u>(23,187)</u>	<u>(847)</u>	<u>(24,034)</u>
Capital expenditure	<u>8,962</u>	<u>9,325</u>	<u>18,287</u>
At 31st December 2023			
Property, plant and equipment	1,984,672	5,985	1,990,657
Investment properties	9,061,640	559,884	9,621,524
Prepayments for non-current assets	50	-	50
Non-current assets (excluding financial assets at fair value through other comprehensive income)	<u>11,046,362</u>	<u>565,869</u>	<u>11,612,231</u>
Non-current financial assets at fair value through other comprehensive income	15,145	-	15,145
Current assets	<u>233,440</u>	<u>30,168</u>	<u>263,608</u>
Segment assets	<u>11,294,947</u>	<u>596,037</u>	<u>11,890,984</u>
Current liabilities	1,556,071	104,192	1,660,263
Non-current liabilities	<u>1,219,648</u>	<u>98,373</u>	<u>1,318,021</u>
Segment liabilities	<u>2,775,719</u>	<u>202,565</u>	<u>2,978,284</u>

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

(3) Cost and expenses

For the six months ended 30th June

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	22,997	24,034
Amortisation of capitalised letting fees	2,320	2,501
Provision for impairment of trade debtors	102	888
Donations	2,826	2,402
Outgoings, in respect of (note (a))		
– investment properties	34,045	33,025
– properties for sale	2,973	2,986
– property related services	13,159	13,125
– property, plant and equipment	1,494	1,503
Outgoings, in respect of (note (b))		
– hotel and catering operations	35,098	31,814
Other employee benefit expenses	40,344	40,574
Others	25,701	19,739
Total cost of sales and administrative expenses	<u>181,059</u>	<u>172,591</u>

Notes:

- (a) Outgoings mainly included building management fee, government rent and rates, repairs and maintenance and employee benefits.
- (b) Outgoings mainly included food cost, commission expenses, electricity charge, cleaning fee and employee benefits.

(4) Other gains, net

For the six months ended 30th June

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend income from financial assets at fair value through other comprehensive income	670	688
Gain on disposal of investment properties	-	1,080
Gain on disposal of assets classified as held for sale	-	2,000
Gain/(loss) on disposal of property, plant and equipment, net	377	(39)
	<u>1,047</u>	<u>3,729</u>

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		
Interest income from banks deposits	1,395	564
Finance costs		
Interest expenses on bank loans	<u>(77,114)</u>	<u>(62,848)</u>
Finance costs, net	<u>(75,719)</u>	<u>(62,284)</u>

(6) Income tax (expense)/credit

Hong Kong Profits Tax has been provided at the rate of 16.5% (30th June 2023: 16.5%) on the estimated assessable profits for the period. Except for the minimum United States state tax which has been paid during the period, no overseas taxation (30th June 2023: Nil) has been provided as there is no estimated taxable profit for the overseas subsidiaries for the period.

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

For the six months ended 30th June

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
– Hong Kong Profits Tax	(1,541)	(2,786)
– United States taxation	<u>(13)</u>	<u>(13)</u>
	<u>(1,554)</u>	<u>(2,799)</u>
Deferred income tax		
– Hong Kong	(1,698)	(1,792)
– United States	<u>(14,349)</u>	<u>21,400</u>
	<u>(16,047)</u>	<u>19,608</u>
	<u>(17,601)</u>	<u>16,809</u>

(7) (Loss)/earnings per share

The calculation of basic loss per share is based on loss attributable to owners of the Company of HK\$158,181,000 (30th June 2023: profit of HK\$123,594,000) and on 287,670,000 (30th June 2023: 287,670,000) ordinary shares in issue during the period.

As there are no dilutive potential ordinary shares for the six months ended 30th June 2024 and 2023, the diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share.

(8) Dividend

For the six months ended 30th June

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim, declared, of HK4 cents (2023: HK6 cents) per ordinary share	<u>11,507</u>	<u>17,260</u>

At a meeting held on 26th August 2024, the directors declared an interim dividend of HK4 cents per ordinary share for the year ending 31st December 2024. This declared dividend is not reflected as a dividend payable in this Condensed Consolidated Interim Financial Information, but will be reflected as an appropriation of retained profits for the year ending 31st December 2024.

(9) Debtors and prepayments

Included in debtors and prepayments are trade debtors, net, of HK\$6,480,000 (31st December 2023: HK\$2,618,000) and the ageing analysis of the trade debtors based on invoice date was as follows:

	As at 30th June 2024 <i>HK\$'000</i>	As at 31st December 2023 <i>HK\$'000</i>
0-30 days	5,898	1,833
31-60 days	356	405
61-90 days	56	156
Over 90 days	<u>170</u>	<u>224</u>
	<u>6,480</u>	<u>2,618</u>

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

(10) Creditors and accruals

Included in creditors and accruals are trade creditors of HK\$3,824,000 (31st December 2023: HK\$9,713,000) and the ageing analysis of the trade creditors based on invoice date was as follows:

	As at 30th June 2024 <i>HK\$'000</i>	As at 31st December 2023 <i>HK\$'000</i>
0-30 days	3,436	9,232
31-60 days	177	425
61-90 days	11	34
Over 90 days	200	22
	<hr/> 3,824 <hr/>	<hr/> 9,713 <hr/>

CHAIRMAN'S STATEMENT

Result

I am pleased to report that the total revenue of the Group for the period increased by HK\$10.3 million or 4.5% to HK\$240.6 million (30th June 2023: HK\$230.3 million). The Group's core property leasing business remained stable, with the gross rental income slightly up 4.8% as compared to the same period last year. While the revenue from hotel and catering business also increased slightly by 3.5%. With the exclusion of the fair value losses on investment properties, the earnings before interest, tax, depreciation and amortisation ("EBITDA") for the six months ended 30th June 2024 was HK\$85.0 million (30th June 2023: HK\$86.0 million).

Nevertheless, the Group recorded a consolidated loss for the six months ended 30th June 2024 of HK\$162.6 million, as compared to the consolidated profit of HK\$146.5 million for the same period of last year. Loss per share for the period was HK\$0.55 (30th June 2023: earnings per share HK\$0.43). The consolidated loss for the period included the fair value losses on investment properties (net of deferred income tax in the United States ("US")) of HK\$144.2 million, as compared to the corresponding figure of gains of HK\$152.0 million for the same period of last year.

Excluding the fair value (losses)/gains on investment properties (net of deferred income tax in US), the Group recorded an underlying loss for the six months ended 30th June 2024 of HK\$18.4 million, as compared to HK\$5.5 million for the same period of last year, mainly due to the significant increase in interest expenses of the Group as a result of prevailing high interest rate during the period. The Group's total interest expenses for the period were HK\$77.1 million, increased by HK\$14.3 million or 22.7%, as compared to HK\$62.8 million for the same period of last year.

As at 30th June 2024, the valuation of the investment properties of the Group was HK\$9,492.8 million (31st December 2023: HK\$9,621.5 million), decreased by HK\$128.7 million or 1.3% for the period. Total equity amounted to HK\$8,728.8 million (31st December 2023: HK\$8,912.7 million).

Dividend

The board of directors (the "Board") have declared an interim dividend of HK4 cents (2023: HK6 cents) per ordinary share.

Outlook

The worldwide political strife and violent conflicts continue in year 2024, these developments have not yet led to wider regional conflicts, but the resilience of global system may be under stress. The heightened geopolitical tensions, escalating trade conflicts, and the US interest rate trend remaining not entirely clear may add uncertainties to economic sentiment and activities.

The changes in the consumption patterns of visitors and residents and the relatively strong Hong Kong dollar may continue to pose challenges to the Hong Kong economy. The boom in Hong Kong residents travelling to mainland China will continue before settling down and will inevitably adversely affect the local retail businesses.

Hopefully, the success in Belt and Road Initiative would start to materialise this year or the next, with trades with the Middle East and the Association of Southeast Asian Nations bringing in more travelers and trade opportunities to this part of the world; and the Central Government's various measures will benefit Hong Kong in particular the inbound tourism and private consumption.

Recent signals from the US Federal Reserve suggest that interest rate cut may be starting in the third quarter this year. It is no doubt that lower interest rates will benefit the Company and its performance as a whole.

Looking ahead, we are confident that our operations will remain stable and we will continue to be cautious and will make appropriate adjustments if the circumstance merit. Barring any unforeseen circumstances, the Group will continue to pursue a prudent policy.

William Ma Ching Wai

Chairman

Hong Kong, 26th August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In Hong Kong, the gross rental income for the first half of 2024 was HK\$147.1 million, increased by HK\$8.3 million or 6.0% as compared to the same period of last year. The increase was mainly attributable to the increase in rental contribution from Gateway ts, Floral Villas and Kam Yuen Mansion as a result of new tenancies and renewal of existing tenancies. We expect a gentle pick-up in the residential rentals in 2024.

The room tariff income and catering income from our hotels for the first half of 2024 were HK\$48.0 million, increased by HK\$1.6 million or 3.5% as compared to the same period of last year. The average occupancy rate of the Arca Hotel and the Figo Hotel for the period was 75.5% (30th June 2023: 81.4%) and 91.0% (30th June 2023: 96.3%) respectively. The average daily room rate (ADR) of the Arca Hotel and the Figo Hotel for the period was HK\$1,144 (30th June 2023: HK\$1,065) and HK\$1,319 (30th June 2023: HK\$1,111) respectively. The EBITDA of the Arca Hotel and the Figo Hotel for the first half of 2024 was HK\$1.6 million (30th June 2023: HK\$4.6 million) and HK\$2.7 million (30th June 2023: HK\$2.5 million) respectively. The drop in occupancy rate of the Arca Hotel and the Figo Hotel during the first half of 2024, mainly attributable to the decrease in hotel guests from foreign visitors and Hongkongers who are looking for outbound destinations with pricing differentials and weaker currency. Compounding the challenges, more mainland visitors have changed their pattern in visiting Hong Kong and choose to spend the day in Hong Kong, but not stay overnight.

In US, the gross rental income from Montgomery Plaza was HK\$30.8 million for the first half of 2024, decreased by HK\$0.1 million or 0.4%, as compared to the same period of last year. The office space occupancy rate of Montgomery Plaza remained to 65% as at 30th June 2024. The office leasing market in San Francisco continued to struggle in 2023 and through June 2024, vacancies and space availability continued to increase. We will however continue with the upgrading and up-keeping of Montgomery Plaza in the coming years.

Liquidity and financial resources

As at 30th June 2024, the Group's total bank borrowings increased by HK\$26.5 million to HK\$2,606.5 million (31st December 2023: HK\$2,580.0 million), including outstanding long term bank loans of HK\$2,201.7 million (31st December 2023: HK\$2,208.6 million) as at 30th June 2024. The total equity decreased by HK\$183.9 million to HK\$8,728.8 million (31st December 2023: HK\$8,912.7 million). The gearing ratio (total debt to equity ratio) as at 30th June 2024 was 29.9% (31st December 2023: 28.9%).

The cash flow position and funding needs are closely reviewed and monitored to ensure that the Group has a good degree of financial flexibility and liquidity while optimising 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.

Capital expenditure

Capital expenditure for the first half of 2024 amounted to HK\$10.6 million (30th June 2023: HK\$18.3 million) and capital commitments as at 30th June 2024 amounted to HK\$15.6 million (31st December 2023: HK\$19.3 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 income, 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 at 30th June 2024, the Group did not have any foreign currency hedging activity.

Secured bank borrowings and pledge of assets

Secured bank borrowings amounted to HK\$2,606.5 million (31st December 2023: HK\$2,562.0 million) of the Group were secured by certain investment properties and land and buildings with an aggregate carrying amount of HK\$8,037.6 million (31st December 2023: HK\$8,102.4 million) and the rental income therefrom. Interests on the Group's bank borrowings were based on the floating interest rates, i.e. spread plus Hong Kong Inter-bank Offered Rate or US Secured Overnight Financing Rate.

The maturity of the Group's long term bank loans as at 30th June 2024 is summarised as follows:

	As at 30th June 2024 HK\$'000	As at 31st December 2023 HK\$'000
– within one year	323,133	1,143,206
– in the second year	55,338	323,000
– in the third to fifth year	1,823,197	742,397
	<u>2,201,668</u>	<u>2,208,603</u>

Contingent liabilities

As at 30th June 2024, the Group has no significant contingent liabilities or guarantees (31st December 2023: Nil).

Segment information

Details of segment information of the Group are set out in note (2)(c) to the condensed consolidated interim financial information in this announcement.

Employees and emolument policy

As at 30th June 2024, the Group employed a total of 257 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 to the Board's decision, 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 six months ended 30th June 2024.

Future plans for material investments and capital assets

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

INTERIM DIVIDEND AND RECORD DATE

The Board has resolved to declare an interim dividend of HK4 cents (2023: HK6 cents) per ordinary share, payable on 27th September 2024 to shareholders whose names standing on the register of members of the Company at the close of business on 11th September 2024 (the "Record Date"). In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 11th September 2024.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

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

CORPORATE GOVERNANCE

The Company complied with the code provisions of Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the period, except the following:

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual to maintain an effective segregation of duties. Mr. William Ma Ching Wai, the Chairman of the Board (the “Chairman”) was appointed as the chief executive of the Company (the “Chief Executive”) on 15th June 2017, since then Mr. Ma holds both positions as the Chairman and Chief Executive. The Board believes that vesting the roles of both Chairman and Chief Executive 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 non-executive director and four independent non-executive directors on the Board offering their experience, expertise, independent advice and views from different perspectives.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as the Company’s code of conduct regarding directors’ securities transactions. On specific enquires made, all directors have confirmed that they have complied with the Model Code during the period.

INDEPENDENT REVIEW

The audit committee of the Company (the “Audit Committee”) has reviewed, in the presence of the external auditor, PricewaterhouseCoopers (“PwC”), the Group’s principal accounting policies and the condensed consolidated interim financial information for the six months ended 30th June 2024, with no disagreement by the Audit Committee. The condensed consolidated interim financial information of the Group for the six months ended 30th June 2024 are unaudited, but have been reviewed by PwC, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A Report on Review of Interim Financial Information is included in the interim report to be sent to shareholders.

INTERIM REPORT

The 2024 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the Stock Exchange’s website and the Company’s website at www.tsld.com in due course.

By Order of the Board
William Ma Ching Wai
Chairman

Hong Kong, 26th August 2024

Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong

As at the date of this announcement, the Board comprised of ten directors, of which Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Philip Ma Ching Yeung, Mr. Alfred Ma Ching Kuen and Ms. Amy Ma Ching Sau are executive directors, Mr. Edward Cheung Wing Yui is non-executive director, and Mr. Kevin Chau Kwok Fun, Mr. Yiu Kei Chung, Mr. Aaron Tan Leng Cheng and Mr. Ho Chi Keung are independent non-executive directors.