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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 2023 ANNUAL RESULTS**

**FINANCIAL HIGHLIGHTS**

For the year ended 31st December 2023

- Revenues increased by 10.7% to HK\$487.1 million (2022: HK\$439.9 million).
- Loss for the year of HK\$164.4 million (2022: profit of HK\$385.5 million) included the fair value losses on investment properties (net of deferred income tax in the United States) of HK\$136.0 million (2022: corresponding gains of HK\$349.0 million).
- Excluding the property revaluation (losses)/gains and all related effects, the Group recorded an underlying loss of HK\$28.3 million, as compared to underlying profit of HK\$36.5 million for 2022.
- Final dividend proposed of HK6 cents per ordinary share.

The board of directors (the “Board”) of Tai Sang Land Development Limited (the “Company”) announced the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st December 2023 are as follows:

**1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Revenues	(3)(a)	<b>487,063</b>	439,858
Cost of sales	(4)	<b>(183,448)</b>	(148,154)
Gross profit		<b>303,615</b>	291,704
Fair value (losses)/gains on investment properties		<b>(190,019)</b>	286,179
Other gains, net	(5)	<b>4,155</b>	838
Administrative expenses	(4)	<b>(184,726)</b>	(176,282)
Operating (loss)/profit		<b>(66,975)</b>	402,439
Finance income	(6)	<b>2,125</b>	1,038
Finance costs	(6)	<b>(145,743)</b>	(71,225)
Finance costs, net		<b>(143,618)</b>	(70,187)
(Loss)/profit before income tax		<b>(210,593)</b>	332,252
Income tax credit	(7)	<b>46,227</b>	53,258
(Loss)/profit for the year		<b>(164,366)</b>	385,510
(Loss)/profit attributable to:			
Owners of the Company		<b>(185,656)</b>	360,115
Non-controlling interests		<b>21,290</b>	25,395
		<b>(164,366)</b>	385,510
(Loss)/earnings per share (basic and diluted)	(8)	<b>HK\$(0.65)</b>	HK\$1.25

**2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss)/profit for the year	<u>(164,366)</u>	<u>385,510</u>
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	(700)	(1,880)
Exchange translation difference	<u>20</u>	<u>(78)</u>
Other comprehensive income for the year	<u>(680)</u>	<u>(1,958)</u>
Total comprehensive income for the year	<u><u>(165,046)</u></u>	<u><u>383,552</u></u>
Total comprehensive income attributable to:		
Owners of the Company	(186,432)	359,022
Non-controlling interests	<u>21,386</u>	<u>24,530</u>
	<u><u>(165,046)</u></u>	<u><u>383,552</u></u>

**3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31ST DECEMBER 2023**

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,990,657</b>	1,964,857
Investment properties		<b>9,621,524</b>	9,857,923
Financial assets at fair value through other comprehensive income		<b>15,145</b>	15,845
Prepayments for non-current assets		<b>50</b>	1,094
		<u><b>11,627,376</b></u>	<u>11,839,719</u>
<b>Current assets</b>			
Properties for sale		<b>110,473</b>	109,072
Other inventories		<b>212</b>	342
Debtors and prepayments	<i>(10)</i>	<b>42,426</b>	39,676
Current income tax recoverable		<b>2,133</b>	3,105
Cash and cash equivalents		<b>108,364</b>	134,135
		<u><b>263,608</b></u>	<u>286,330</u>
Assets classified as held for sale		<u>-</u>	<u>7,800</u>
Total current assets		<u><b>263,608</b></u>	<u>294,130</u>
<b>Total assets</b>		<u><b>11,890,984</b></u>	<u>12,133,849</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>417,321</b>	417,321
Reserves		<b>8,205,605</b>	8,426,557
		<u><b>8,622,926</b></u>	<u>8,843,878</u>
<b>Non-controlling interests</b>		<u><b>289,774</b></u>	<u>271,242</u>
<b>Total equity</b>		<u><b>8,912,700</b></u>	<u>9,115,120</u>

**3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31ST DECEMBER 2023 (Continued)**

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Long term bank loans – secured		<b>1,065,397</b>	1,601,727
Deferred income tax liabilities		<b>252,081</b>	301,675
Lease liabilities		<b>543</b>	794
		<u><b>1,318,021</b></u>	<u>1,904,196</u>
<b>Current liabilities</b>			
Rental and other deposits		<b>97,596</b>	97,213
Creditors and accruals	<i>(11)</i>	<b>46,027</b>	43,980
Current income tax liabilities		<b>1,778</b>	780
Short term bank loans		<b>371,400</b>	280,000
Current portion of long term bank loans – secured		<b>1,143,206</b>	692,310
Lease liabilities		<b>256</b>	250
		<u><b>1,660,263</b></u>	<u>1,114,533</u>
<b>Total liabilities</b>		<u><b>2,978,284</b></u>	<u>3,018,729</u>
<b>Total equity and liabilities</b>		<u><b>11,890,984</b></u>	<u>12,133,849</u>

Notes:

## (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 which are measured at fair value.

The Group had net current liabilities of HK\$1,396,655,000 as at 31st December 2023 (2022: HK\$820,403,000). The current liabilities mainly included short term bank loans of HK\$371,400,000 (2022: HK\$280,000,000) and current portion of long term bank loans of HK\$1,143,206,000 (2022: HK\$692,310,000). Based on the Group’s history of generating cash from operations, history of refinancing, its available banking facilities and its assets backing, the directors consider that the Group will be able to obtain sufficient financial resources so as to enable it to operate and meet its liabilities as and when they fall due. In January 2024, the Group has renewed a long term loan facility in the amount of HK\$1,018,391,000 which will expire within one year, to be matured in December 2026. The directors believe that the Group will continue as a going concern and consequently prepared the consolidated financial statements on a going concern basis.

### Changes in accounting policy and disclosures

#### (i) Amended standards adopted by the Group

The following amended standards are relevant and mandatory to the Group for the first time for the financial year beginning on or after 1st January 2023:

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred tax related to Assets and Liabilities arising from a Single Transaction
HKAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules

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

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

The following amended standards and interpretations are relevant and mandatory to the Group for the accounting period beginning on or after 1st January 2024 and have not been early adopted by the Group:

		Effective for accounting year beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1st January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1st January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause	1st January 2024

The Group has already commenced an assessment of the impact of adopting the above amended standards and interpretations. 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 and interpretations when they become effective.

**(2) Requirement in connection with publication of “non-statutory accounts” under Section 436 of the Hong Kong Companies Ordinance Cap. 622**

The financial information relating to the years ended 31st December 2023 and 2022 included in this preliminary announcement of annual results for the year ended 31st December 2023 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

- The Company has delivered the financial statements for the year ended 31st December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31st December 2023 in due course.
- The Company’s auditor has reported on the financial statements of the Group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

**(3) Revenues and segment information**

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

	<b>2023</b>	2022
	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>
Revenues from external customers		
Property rental		
– investment properties	<b>325,653</b>	312,742
– properties for sale	<b>24,830</b>	27,795
Property related services ( <i>note (i)</i> )	<b>29,476</b>	27,588
Hotel operations ( <i>note (i)</i> )	<b>86,602</b>	57,819
Catering operations ( <i>note (ii)</i> )	<b>20,502</b>	13,914
	<b><u>487,063</u></b>	<u>439,858</u>

*Notes:*

- (i) The Group’s revenue from property related services and hotel operations are recognised over-time as the services are preformed.
  - (ii) The Group’s revenue from catering operations are recognised at a point in time.
- (b) The chief operating decision-maker (“CODM”) has been identified as the executive directors of the Company. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The CODM considers the business from a geographic perspective and has identified the operating segments of the Group 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 US), 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.

## (c) Operating segments

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the year ended 31st December 2023</b>			
Segment revenues			
Property rental	280,373	70,110	350,483
Property related services	29,476	-	29,476
Hotel operations	86,602	-	86,602
Catering operations	20,502	-	20,502
Total segment revenues	<u>416,953</u>	<u>70,110</u>	<u>487,063</u>
Segment results – underlying loss			
– Property rental and related services	(37,178)	11,773	(25,405)
– Hotel and catering operations	(2,912)	-	(2,912)
Fair value gains/(losses) on investment properties	22,642	(212,661)	(190,019)
Deferred income tax, net	-	53,970	53,970
Loss for the year	<u>(17,448)</u>	<u>(146,918)</u>	<u>(164,366)</u>
Included in segment results:			
Finance income	1,892	233	2,125
Finance costs	(139,327)	(6,416)	(145,743)
Income tax expense ( <i>note</i> )	(7,730)	(13)	(7,743)
Depreciation	<u>(46,500)</u>	<u>(1,694)</u>	<u>(48,194)</u>
Capital expenditure	<u>20,565</u>	<u>15,905</u>	<u>36,470</u>
<b>At 31st December 2023</b>			
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>

## (c) Operating segments (Continued)

	Hong Kong HK\$'000	North America HK\$'000	Total 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	<u>366,394</u>	<u>73,464</u>	<u>439,858</u>
Segment results – underlying profit			
– Property rental and related services	32,612	20,108	52,720
– Hotel and catering operations	(16,234)	-	(16,234)
Fair value gains/(losses) on investment properties	530,330	(244,151)	286,179
Deferred income tax, net	-	62,845	62,845
Profit/(loss) for the year	<u>546,708</u>	<u>(161,198)</u>	<u>385,510</u>
Included in segment results:			
Finance income	901	137	1,038
Finance costs	(67,844)	(3,381)	(71,225)
Income tax expense (note)	(9,574)	(13)	(9,587)
Depreciation	(52,450)	(2,289)	(54,739)
Capital expenditure	<u>35,222</u>	<u>11,713</u>	<u>46,935</u>
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)	<u>11,058,839</u>	<u>765,035</u>	<u>11,823,874</u>
Non-current financial assets at fair value through other comprehensive income	15,845	-	15,845
Current assets	231,175	55,155	286,330
Assets classified as held for sale	7,800	-	7,800
Segment assets	<u>11,313,659</u>	<u>820,190</u>	<u>12,133,849</u>
Current liabilities	1,096,236	18,297	1,114,533
Non-current liabilities	1,662,936	241,260	1,904,196
Segment liabilities	<u>2,759,172</u>	<u>259,557</u>	<u>3,018,729</u>

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

**(4) Cost and expenses**

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Auditors' remuneration		
– audit services	<b>2,819</b>	2,768
– non-audit services	<b>1,476</b>	1,085
Depreciation	<b>48,194</b>	54,739
Amortisation of capitalised letting fees	<b>5,110</b>	5,425
Provision for impairment of trade debtors	<b>2,401</b>	2,359
Donations	<b>2,734</b>	3,629
Outgoings, in respect of <i>(note (a))</i>		
– investment properties	<b>72,668</b>	56,310
– properties for sale	<b>6,303</b>	6,525
– property related services <i>(note (c))</i>	<b>26,835</b>	24,794
– property, plant and equipment	<b>3,040</b>	3,664
Outgoings, in respect of <i>(note (b))</i>		
– hotel and catering operations <i>(note (c))</i>	<b>69,477</b>	51,153
Other employee benefit expenses, net <i>(note (d))</i>	<b>84,484</b>	77,546
Government subsidies <i>(note (d))</i>	-	(3,110)
Others	<b>42,633</b>	37,549
Total cost of sales and administrative expenses	<b>368,174</b>	324,436

*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.
- (c) The employee benefit expenses included in outgoings, in respect of

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
– property related services	<b>638</b>	31
– hotel and catering operations	<b>42,746</b>	32,734
	<b>43,384</b>	32,765

- (d) In 2022, government subsidies, totalling HK\$3,110,000, related to hotel and food sectors and property management sector in Hong Kong were HK\$1,900,000 and HK\$1,210,000 respectively. Wages subsidies under Employment Support Scheme of HK\$4,451,000 were net off with employee benefit expenses for the year ended 31st December 2022. There were no unfulfilled conditions or other contingencies attaching to these subsidies.

**(5) Other gains, net**

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividend income from financial assets at fair value through other comprehensive income	<b>948</b>	941
Gain/(loss) on disposal of property, plant and equipment, net	<b>127</b>	(103)
Gain on disposal of investment properties	<b>1,080</b>	-
Gain on disposal of assets classified as held for sale	<b>2,000</b>	-
	<u><b>4,155</b></u>	<u>838</u>

**(6) Finance income and costs**

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Finance income		
Interest income from bank deposits	<b>2,125</b>	1,038
Finance costs		
Interest expenses on bank loans	<u><b>(145,743)</b></u>	<u>(71,225)</u>
Finance costs, net	<u><b>(143,618)</b></u>	<u>(70,187)</u>

**(7) Income tax credit**

Hong Kong Profits Tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the year. Except for the minimum US state tax which has been paid during the year, no overseas taxation (2022: Nil) has been provided as there is no estimated taxable profit for the overseas subsidiaries for the year.

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current income tax		
– Hong Kong Profits Tax	<b>3,700</b>	5,722
– United States taxation	<b>13</b>	13
– Over provision in prior year	<u><b>(346)</b></u>	<u>(985)</u>
	<u><b>3,367</b></u>	<u>4,750</u>
Deferred income tax		
– Hong Kong	<b>4,376</b>	4,837
– United States	<u><b>(53,970)</b></u>	<u>(62,845)</u>
	<u><b>(49,594)</b></u>	<u>(58,008)</u>
	<u><b>(46,227)</b></u>	<u>(53,258)</u>

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

The calculation of basic loss per share is based on loss attributable to owners of the Company of HK\$185,656,000 (2022: profit of HK\$360,115,000) and on 287,670,000 (2022: 287,670,000) ordinary shares in issue during the year.

As there are no dilutive potential ordinary shares for the year ended 31st December 2023 and 2022, the diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share.

## (9) Dividends

The interim dividend paid in 2023 and 2022 were HK\$17,260,000 (HK6 cents per share) and HK\$40,274,000 (HK14 cents per share) respectively. At a meeting held on 22nd March 2024, 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 2024 upon the approval by the Company's shareholders.

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interim, paid, of HK6 cents (2022: HK14 cents) per ordinary share	<b>17,260</b>	40,274
Final, proposed, of HK6 cents (2022: HK6 cents) per ordinary share	<u><b>17,260</b></u>	<u>17,260</u>
	<u><b>34,520</b></u>	<u>57,534</u>

## (10) Debtors and prepayments

Included in debtors and prepayments are trade debtors, net, of HK\$2,618,000 (2022: HK\$3,527,000) and the ageing analysis of the trade debtors based on invoice date was as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0-30 days	<b>1,833</b>	1,584
31-60 days	<b>405</b>	147
61-90 days	<b>156</b>	110
Over 90 days	<u><b>224</b></u>	<u>1,686</u>
	<u><b>2,618</b></u>	<u>3,527</u>

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

**(11) Creditors and accruals**

Included in creditors and accruals are trade creditors of HK\$9,713,000 (2022: HK\$13,817,000) and the ageing analysis of the trade creditors based on invoice date was as follows:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0-30 days	<b>9,232</b>	11,540
31-60 days	<b>425</b>	1,167
61-90 days	<b>34</b>	379
Over 90 days	<b>22</b>	731
	<b><u>9,713</u></b>	<u>13,817</u>

## CHAIRMAN'S STATEMENT

### Result

I am pleased to report that the Group's core property leasing business remained stable, with the gross revenue from rental with a slight year-to-year rise of 2.9%. While the revenue from hotel and catering business was boosted up by HK\$35.4 million or 49.3%. The total revenue of the Group for the year increased by HK\$47.2 million or 10.7% to HK\$487.1 million (2022: HK\$439.9 million). With the exclusion of the fair value losses on investment properties, the earnings before interest, tax, depreciation and amortisation ("EBITDA") for the year ended 31st December 2023 was HK\$173.4 million (2022: HK\$172.0 million).

Nevertheless, the Group recorded a consolidated loss for the year ended 31st December 2023 of HK\$164.4 million, as compared to the consolidated profit of HK\$385.5 million for 2022. Loss per share for 2023 was HK\$0.65 (2022: earnings per share HK\$1.25). The consolidated loss for 2023 included the fair value losses on investment properties (net of deferred income tax in the United States) of HK\$136.0 million, as compared to the corresponding fair value gains of HK\$349.0 million for 2022.

Excluding the fair value (losses)/gains on investment properties (net of deferred income tax in the United States), the Group recorded an underlying loss for 2023 of HK\$28.3 million, as compared to the underlying profit of HK\$36.5 million for 2022, mainly due to the significant increase in interest expenses of the Group as a result of prevailing high interest rate during 2023. The Group's total interest expenses for the year were HK\$145.7 million, increased by HK\$74.5 million or 104.6%, as compared to HK\$71.2 million for 2022.

As at 31st December 2023, the valuation of the investment properties of the Group was HK\$9,621.5 million (2022: HK\$9,857.9 million), decreased by HK\$236.4 million or 2.4% for the year. Total equity amounted to HK\$8,912.7 million (2022: HK\$9,115.1 million).

### Final Dividend

The board of directors have resolved to recommend a final dividend of HK6 cents (2022: HK6 cents) per ordinary share.

## **Prospects**

Throughout 2023, Hong Kong economy, alongside with most parts of the world, was still adversely affected by global economic factors including trade tensions, geopolitical events and changes in global financial conditions. Following the advocacy of mega events economics, initiatives to attract international capital and talent and the recent lifting of property demand-side management measures by the Government of the Hong Kong Special Administrative Region, we may expect the continuing improvement in inbound tourism and investment market sentiment.

Market expects the U.S. Federal funds interest rate to stabilize or drop in the coming three to six months. Under the Hong Kong-US dollars peg, hopefully the interest rate in Hong Kong would start to drop in the second half of 2024, which would in turn trigger an upsurge of economy growth for Hong Kong.

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.

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 also like to express my sincere gratitude towards our shareholders, customers and business partners for their longstanding support and recognition.

**William Ma Ching Wai**

*Chairman*

Hong Kong, 22nd March 2024

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

In Hong Kong, the gross rental income for 2023 was HK\$280.4 million, increased by HK\$13.3 million or 5.0% as compared to 2022. The increase was mainly attributable to the increase in rental contribution from Gateway ts as a result of new tenancies and renewal of existing tenancies. We expect a gentle pick-up in the rental market for shops and residential units in 2024.

The room tariff income and catering income from our hotels for 2023 were HK\$107.1 million, increased significantly by HK\$35.4 million or 49.3% as compared to the corresponding figure of HK\$71.7 million for 2022. The average occupancy rate of the Arca Hotel and the Figo Hotel for 2023 was 85.0% (2022: 76.5%) and 93.1% (2022: 92.4%) respectively. The average daily room rate (ADR) of the Arca Hotel and the Figo Hotel for 2023 was HK\$1,142 (2022: HK\$869) and HK\$1,278 (2022: HK\$806) respectively. The EBITDA of the Arca Hotel and the Figo Hotel for 2023 was HK\$17.0 million (2022: HK\$5.0 million) and HK\$6.3 million (2022: HK\$2.8 million) respectively. The retuning of tourists from Mainland China and the Hong Kong festival promotion activities boost up both the occupancy rate and ADR for hotel operations during 2023, and is likely to continue into 2024.

In the USA, the gross rental income from Montgomery Plaza was HK\$70.1 million for 2023, decreased by HK\$3.4 million or 4.6%, as compared to 2022. The office space occupancy rate of Montgomery Plaza retrenched to 65% as at the year end of 2023. The office leasing market in San Francisco continued to struggle in 2023 as evidenced by a continuation of declining rents, increasing vacancy and negative net absorption. We will however continue with the upgrading and up-keeping of Montgomery Plaza in the coming years.

During the year 2023, the Group disposed two properties at Shing Wah Building, Kwai Chung at total sale proceeds of HK\$17.5 million and total gains on disposal were HK\$3.1 million for the year. The sale proceeds were utilised to enhance the Group's working capital. The Group will review the property portfolio from time to time and will manage resources so as to provide sufficient internal generated funding to fulfil the payments of interest and loan repayment when they fall due.

### Liquidity and financial resources

As at 31st December 2023, the Group's total bank borrowings increased by HK\$6.0 million to HK\$2,580.0 million (2022: HK\$2,574.0 million), including outstanding long-term bank loans of HK\$2,208.6 million (2022: HK\$2,294.0 million) as at 31st December 2023. The total equity decreased by HK\$202.4 million to HK\$8,912.7 million (2022: HK\$9,115.1 million). The gearing ratio (total debt to equity ratio) as at 31st December 2023 was 28.9% (2022: 28.2%).

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. As at 31st December 2023, included in current portion of long-term bank loans – secured of HK\$1,143.2 million was a loan facility in the amount of HK\$1,018.4 million which has been successfully renewed in January 2024 and will be matured in December 2026.

## Capital expenditure

Capital expenditure for the year ended 31st December 2023 amounted to HK\$36.5 million (2022: HK\$46.9 million) and capital commitments as at 31st December 2023 amounted to HK\$19.3 million (2022: HK\$14.1 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 of 31st December 2023, the Group did not have any foreign currency hedging activity.

## Secured bank borrowings and pledge of assets

Bank borrowings amounted to HK\$2,562.0 million (2022: HK\$2,574.0 million) of the Group were secured by certain investment properties and land and buildings with an aggregate carrying amount of HK\$8,102.4 million (2022: HK\$8,372.4 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 31st December 2023 is summarised as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
– within one year	<b>1,143,206</b>	692,310
– in the second year	<b>323,000</b>	1,222,876
– in the third to fifth year	<b>742,397</b>	378,851
	<b><u>2,208,603</u></b>	<u>2,294,037</u>

### Contingent liabilities

As at 31st December 2023, the Group has no significant contingent liabilities or guarantees (2022: Nil).

### Segment information

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

### Employees and emolument policy

As at 31st December 2023, the Group employed a total of 253 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 31st December 2023.

### Future plans for material investments and capital assets

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

## **PURCHASE, SALE OR 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.

## **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") throughout the year ended 31st December 2023, except the following:

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the Company's code of conduct regarding directors' securities transactions. On specific enquiries made, all directors have confirmed that they have complied with the Model Code during the year ended 31st December 2023.

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

An interim dividend of HK6 cents (2022: HK14 cents) per share was paid to shareholders on 29th September 2023. The directors of the Company have resolved to recommend to shareholders at the annual general meeting the payment of a final dividend of HK6 cents (2022: HK6 cents) per share to the shareholders whose names appear on the register of members of the Company at the close of business on 29th May 2024 ("Record Date"). The total distribution for the financial year ended 31st December 2023 will be HK12 cents (2022: HK20 cents) per share. The proposed final dividend will be paid on 18th June 2024 following approval at the annual general meeting. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 29th May 2024.

## **ANNUAL GENERAL MEETING**

It is proposed that the annual general meeting of the shareholders of the Company will be held on 24th May 2024 (the "2024 AGM"). Notice of the 2024 AGM will be published and dispatched to the shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 21st May 2024 to Friday, 24th May 2024 (both dates inclusive), during the period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2024 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 20th May 2024.

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

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on the preliminary announcement.

## **AUDIT COMMITTEE'S REVIEW**

The Audit Committee has reviewed, in the presence of the external auditor, PwC, the Group's principal accounting policies and the consolidated financial statements for the year ended 31st December 2023.

## **ANNUAL REPORT**

The 2023 Annual Report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website at [www.tsld.com](http://www.tsld.com).

By Order of the Board  
**William Ma Ching Wai**  
*Chairman*

Hong Kong, 22nd March 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 nine directors, of which Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Philip Ma Ching Yeung, Mr. Alfred Ma Ching Kuen and Ms. Amy Ma Ching Sau are executive directors; Mr. Edward Cheung Wing Yui is non-executive director; and Mr. Kevin Chau Kwok Fun, Mr. Yiu Kei Chung and Mr. Aaron Tan Leng Cheng are independent non-executive directors.*