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TAI SANG LAND DEVELOPMENT LIMITED

大生地產發展有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 89)

ANNOUNCEMENT OF 2016 RESULTS

FINANCIAL HIGHLIGHTS

For the year ended 31st December 2016

- Revenue decreased by 1.0% to HK\$276.0 million.
- Profit for the year increased by 35.3% to HK\$382.5 million.
- Underlying profit increased by 3.8% to HK\$66.3 million.
- Final dividend proposed of HK6 cents per ordinary share.

The board of directors 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 2016 are as follows:

**1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenues	(3)	276,033	278,891
Cost of sales	(4)	<u>(83,951)</u>	<u>(82,633)</u>
Gross profit		192,082	196,258
Fair value gains on investment properties		356,169	240,598
Other (losses)/gains, net	(5)	(660)	8,114
Administrative expenses	(4)	(110,347)	(104,465)
Other operating expenses	(4)	<u>(10,477)</u>	<u>(9,653)</u>
Operating profit		<u>426,767</u>	<u>330,852</u>
Finance income	(6)	45	28
Finance costs	(6)	<u>(15,922)</u>	<u>(12,553)</u>
Finance costs, net		<u>(15,877)</u>	<u>(12,525)</u>
Profit before income tax		410,890	318,327
Income tax expense	(7)	<u>(28,370)</u>	<u>(35,578)</u>
Profit for the year		<u>382,520</u>	<u>282,749</u>
Attributable to:			
Owners of the Company		373,607	263,268
Non-controlling interests		<u>8,913</u>	<u>19,481</u>
		<u>382,520</u>	<u>282,749</u>
Earnings per share (basic and diluted)	(8)	<u>HK\$1.30</u>	<u>HK\$0.92</u>

**2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2016**

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit for the year	<u>382,520</u>	<u>282,749</u>
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net fair value loss on available-for-sale financial assets	(500)	(3,171)
Recycle to profit or loss upon disposal and impairment of available-for-sale financial assets	1,008	(7,996)
Exchange translation differences	<u>(15)</u>	<u>–</u>
	493	(11,167)
Items that will not be reclassified subsequently to profit or loss		
Revaluation surplus upon transfer from property, plant and equipment	<u>–</u>	<u>549,850</u>
Other comprehensive income for the year	<u>493</u>	<u>538,683</u>
Total comprehensive income for the year	<u>383,013</u>	<u>821,432</u>
Total comprehensive income attributable to:		
Owners of the Company	374,315	803,603
Non-controlling interests	<u>8,698</u>	<u>17,829</u>
	<u>383,013</u>	<u>821,432</u>

**3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2016**

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,339,535	1,319,481
Investment properties		6,918,146	6,381,584
Available-for-sale financial assets		51,373	53,100
Prepayments		10,868	13,894
		<u>8,319,922</u>	<u>7,768,059</u>
Current assets			
Properties for sale		101,740	101,713
Inventory		32	23
Debtors and prepayments	<i>(10)</i>	18,550	21,294
Current income tax recoverable		124	289
Cash and cash equivalents		72,382	57,501
		<u>192,828</u>	<u>180,820</u>
Total assets		<u>8,512,750</u>	<u>7,948,879</u>
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		417,321	417,321
Reserves		6,289,203	5,960,915
		<u>6,706,524</u>	<u>6,378,236</u>
Non-controlling interests		<u>199,383</u>	<u>194,290</u>
Total equity		<u>6,905,907</u>	<u>6,572,526</u>
Non-current liabilities			
Long term bank loans – secured		942,421	519,364
Deferred income tax liabilities		326,183	275,501
		<u>1,268,604</u>	<u>794,865</u>
Current liabilities			
Rental and other deposits		74,711	62,609
Creditors and accruals	<i>(11)</i>	66,284	47,193
Current income tax liabilities		1,402	27,038
Short term bank loans – secured		176,000	302,000
Current portion of long term bank loans – secured		19,842	142,648
		<u>338,239</u>	<u>581,488</u>
Total equity and liabilities		<u>8,512,750</u>	<u>7,948,879</u>

Notes:

(1) Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets at fair value.

The Group had net current liabilities of HK\$145,411,000 as at 31st December 2016. The current liabilities mainly included short term bank loans of HK\$176,000,000 and current portion of long term bank loans of HK\$19,842,000. Based on the Group’s history of refinancing, its available banking facilities and its assets backing, the directors consider that the Group will be able to obtain sufficient financial resources so as to enable it to operate and meet its liabilities as and when they fall due. The directors believe that the Group will continue as a going concern and consequently prepared the consolidated financial statements on a going concern basis.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are relevant and mandatory to the Group for the first time for the financial year beginning on or after 1st January 2016:

HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception
HKFRS 14	Regulatory Deferral Accounts
Annual Improvements Project	Annual Improvements 2012-2014 Cycle

The adoption of these revised standards did not result in substantial changes to the accounting policies of the Group.

(b) The following new standards and amendments to standards are mandatory for accounting period beginning on or after 1st January 2017 and have not been early adopted by the Group:

		Effective for accounting year beginning on or after
Amendments to HKAS 7	Disclosure Initiative	1st January 2017
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1st January 2017
HKFRS 9	Financial Instruments	1st January 2018
HKFRS 15	Revenue from Contracts with Customers	1st January 2018
HKFRS 16	Leases	1st January 2019

The Group has already commenced an assessment of the impact of adopting the above new and amended standards. The Group is not yet in position to state whether they will have a significant impact on the Group’s results of operations and financial position. The Group will adopt the above new and amended standards when they become effective.

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

The financial information relating to the years ended 31st December 2016 and 2015 included in this preliminary announcement of annual results for the year ended 31st December 2016 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 2015 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 2016 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

The executive directors of the Company are the Group’s chief operating decision-maker. The board of directors 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 board of directors considers the business from a geographic perspective and has identified the operating segments of the Group in Hong Kong and North America.

The board of directors 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), and their segment assets and segment liabilities which is measured in a manner consistent with that in the financial statements.

There are no sales between the operating segments.

Operating segments

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31st December 2016			
Segment revenues			
Property rental	189,020	55,853	244,873
Property related services	13,926	–	13,926
Hotel operations	15,430	–	15,430
Catering operations	1,804	–	1,804
Total segment revenues	<u>220,180</u>	<u>55,853</u>	<u>276,033</u>
Segment results – underlying profit			
– Property rental and related services	50,762	16,329	67,091
– Hotel operations	972	–	972
– Catering operations	(1,718)	–	(1,718)
Fair value gains on investment properties	315,603	40,566	356,169
Deferred income tax, net	–	(39,994)	(39,994)
Profit for the year	<u>365,619</u>	<u>16,901</u>	<u>382,520</u>
Included in segment results:			
Finance income	5	40	45
Finance costs	(12,811)	(3,111)	(15,922)
Income tax credit/(expense) <i>(note)</i>	11,638	(14)	11,624
Depreciation	(16,217)	(1,783)	(18,000)
Capital expenditure	<u>206,930</u>	<u>13,653</u>	<u>220,583</u>
At 31st December 2016			
Property, plant and equipment	1,326,085	13,450	1,339,535
Investment properties	6,116,150	801,996	6,918,146
Non-current prepayments	9,208	1,660	10,868
Non-current assets (excluding available-for-sale financial assets)	7,451,443	817,106	8,268,549
Non-current available-for-sale financial assets	51,373	–	51,373
Current assets	151,434	41,394	192,828
Segment assets	<u>7,654,250</u>	<u>858,500</u>	<u>8,512,750</u>
Current liabilities	327,200	11,039	338,239
Non-current liabilities	918,801	349,803	1,268,604
Segment liabilities	<u>1,246,001</u>	<u>360,842</u>	<u>1,606,843</u>

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31st December 2015			
Segment revenues			
Property rental	192,818	56,251	249,069
Property related services	12,832	–	12,832
Hotel operations	15,361	–	15,361
Catering operations	1,629	–	1,629
	<u>222,640</u>	<u>56,251</u>	<u>278,891</u>
Total segment revenues	<u>222,640</u>	<u>56,251</u>	<u>278,891</u>
Segment results – underlying profit			
– Property rental and related services	49,484	15,596	65,080
– Hotel operations	1,408	–	1,408
– Catering operations	(2,578)	–	(2,578)
Fair value gains on investment properties	198,061	42,537	240,598
Deferred income tax, net	–	(21,759)	(21,759)
	<u>246,375</u>	<u>36,374</u>	<u>282,749</u>
Profit for the year	<u>246,375</u>	<u>36,374</u>	<u>282,749</u>
Included in segment results:			
Finance income	7	21	28
Finance costs	(9,781)	(2,772)	(12,553)
Income tax expense (<i>note</i>)	(13,806)	(13)	(13,819)
Depreciation	(13,368)	(1,616)	(14,984)
	<u>242,366</u>	<u>589</u>	<u>242,955</u>
Capital expenditure	<u>242,366</u>	<u>589</u>	<u>242,955</u>
At 31st December 2015			
Property, plant and equipment	1,305,504	13,977	1,319,481
Investment properties	5,632,550	749,034	6,381,584
Non-current prepayments	4,669	9,225	13,894
	<u>6,942,723</u>	<u>772,236</u>	<u>7,714,959</u>
Non-current assets (excluding available-for-sale financial assets)	6,942,723	772,236	7,714,959
Non-current available-for-sale financial assets	53,100	–	53,100
Current assets	147,271	33,549	180,820
	<u>7,143,094</u>	<u>805,785</u>	<u>7,948,879</u>
Segment assets	<u>7,143,094</u>	<u>805,785</u>	<u>7,948,879</u>
Current liabilities	568,010	13,478	581,488
Non-current liabilities	483,331	311,534	794,865
	<u>1,051,341</u>	<u>325,012</u>	<u>1,376,353</u>
Segment liabilities	<u>1,051,341</u>	<u>325,012</u>	<u>1,376,353</u>

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

(4) Cost and expenses

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Auditors' remuneration		
–audit services	2,585	2,656
–non-audit services	560	647
Bad debts written off	–	2
Depreciation	18,000	14,984
Outgoings in respect of		
–investment properties	43,187	44,246
–properties for sale	8,201	7,407
–property related services	13,063	11,593
–property, plant and equipment	2,416	2,700
–hotel operations	11,022	10,398
–catering operations	3,766	4,057
Operating lease rental for office premises to a related company (<i>note</i>)	4,368	4,368
Employee benefit expense	85,247	79,567
Others	12,360	14,126
	<u>204,775</u>	<u>196,751</u>
Total cost of sales, administrative and other operating expenses	<u>204,775</u>	<u>196,751</u>

Note: The transaction was based on prices and terms as agreed by parties involved.

(5) Other (losses)/gains, net

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Dividend income from available-for-sale financial assets	2,555	1,419
Loss on disposal of property, plant and equipment, net	(981)	(1,083)
(Loss)/gain on disposal of available-for-sale financial assets	(57)	7,778
Impairment on available-for-sale financial assets	(2,177)	–
	<u>(660)</u>	<u>8,114</u>

(6) Finance income and costs

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Finance income		
Interest income from banks	45	28
Finance costs		
Interest expenses on bank loans and overdrafts wholly repayable within five years	(31,213)	(23,233)
Less: Amount capitalised in property under development and investment property	15,291	10,680
	(15,922)	(12,553)
Finance costs, net	(15,877)	(12,525)

(7) Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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 (2015: HK\$Nil) has been provided as there is no estimated taxable profit for the overseas subsidiaries for the year.

The amount of income tax charged to the consolidated statement of profit or loss represents:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current income tax		
–Hong Kong profits tax	(4,097)	(3,542)
–overseas taxation	(14)	(13)
	(4,111)	(3,555)
Deferred income tax	(34,703)	(32,280)
	(38,814)	(35,835)
Over provision in prior years from current income tax and deferred income tax, net	10,444	257
	(28,370)	(35,578)

(8) Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$373,607,000 (2015: HK\$263,268,000) and on 287,669,676 (2015: 287,669,676) ordinary shares in issue during the year.

As there are no dilutive potential ordinary shares as at 31st December 2016 and 2015, the diluted earnings per share is equal to the basic earnings per share.

(9) Dividends

The interim dividend paid in 2016 and 2015 were HK\$28,767,000 (HK10 cents per share) and HK\$28,767,000 (HK10 cents per share) respectively. At a meeting held on 22nd March 2017, 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 2017 upon the approval by the Company's shareholders.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interim, paid, of HK10 cents (2015: HK10 cents) per ordinary share	28,767	28,767
Final, proposed, of HK6 cents (2015: HK6 cents) per ordinary share	17,260	17,260
	<u>46,027</u>	<u>46,027</u>

(10) Debtors and prepayments

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade debtors	499	379
Prepayments, deposits and other debtors	18,051	20,915
	<u>18,550</u>	<u>21,294</u>

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

At 31st December 2016, the ageing analysis of the trade debtors was as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0-30 days	466	376
31-60 days	33	–
Over 90 days	–	3
	<u>499</u>	<u>379</u>

(11) Creditors and accruals

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade creditors	28,795	18,398
Other creditors	15,676	10,635
Accruals	21,813	18,160
	<hr/> 66,284 <hr/>	<hr/> 47,193 <hr/>

At 31st December 2016, the ageing analysis of the trade creditors was as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0-30 days	28,776	18,388
31-60 days	16	2
Over 90 days	3	8
	<hr/> 28,795 <hr/>	<hr/> 18,398 <hr/>

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 2016 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.

PROPOSED FINAL DIVIDEND AND RECORD DATE

An interim dividend of HK10 cents (2015: HK10 cents) per share was paid to shareholders on 27th September 2016. 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 (2015: HK6 cents) per share to the shareholders whose names appear on the register of members of the Company at the close of business on 1st June 2017 ("Record Date"). The total distribution for the financial year ended 31st December 2016 will be HK16 cents (2015: HK16 cents) per share. The proposed final dividend will be paid on 20th June 2017 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 Registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Thursday, 1st June 2017.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the shareholders of the Company will be held on 26th May 2017 (the "2017 AGM"). Notice of the 2017 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 Friday, 19th May 2017 to Friday, 26th May 2017 (both dates inclusive), during the period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2017 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Thursday, 18th May 2017.

CHAIRMAN'S STATEMENT

Result

I am pleased to report that the Group's consolidated profit for 2016 was HK\$382.5 million, an increase of HK\$99.8 million or 35.3% as compared to HK\$282.7 million for 2015. Earnings per share were HK\$1.30 (2015: HK\$0.92), a rise of 41.3% over last year. The consolidated profit for 2016 included fair value gains on investment properties (net of deferred income tax) of HK\$316.2 million (2015: HK\$218.8 million).

The Group's underlying profit for 2016, being the consolidated profit excluding the fair value gains on investment properties (net of deferred income tax), was approximately HK\$66.3 million, an increase of HK\$2.4 million or 3.8% as compared to the corresponding figure of HK\$63.9 million for 2015. The increase in the underlying profit was mainly attributable to the write back of tax provisions upon the clearance of the Hong Kong profits tax position of a subsidiary. Core operational profit net of the above tax and revaluation effects has however declined to HK\$42.4 million from HK\$56.1 million of 2015 due to the weakness of the retail market. This trend of decline may continue in 2017.

The revenues of the Group for 2016 was HK\$276.0 million, decreased HK\$2.9 million or 1.0% as compared to HK\$278.9 million for 2015.

As at 31st December 2016, the investment properties of the Group were revalued at HK\$6,918.1 million (31st December 2015: HK\$6,381.6 million). Total equity amounted to HK\$6,905.9 million (31st December 2015: HK\$6,572.5 million).

Dividend

The directors recommend the payment of a final dividend of HK6 cents (2015: HK6 cents) per ordinary share.

Prospects

In the USA, President Trump has continuously launched new administrative policies since his inauguration in January 2017, his further policies towards the international economical affair are yet to come and will likely have impact on the economy world-wide. The coming elections of presidents of various European countries may affect the economy of Europe.

The USA China policy will unavoidably affect this region including Hong Kong. The HKSAR Chief Executive Election will likely bring about changes to the economic and political conditions of Hong Kong. The downward trend of the retail sector of Hong Kong is explicit and will reflect in the economy of Hong Kong. The interest rate rise is undergoing, however, the total hike will likely be not excessive during 2017, and may not have too much significant impact on the Hong Kong economy.

The Group will, as in the past, maintain a prudent policy to minimize exposure to risks and endeavor to maintain a healthy business growth.

In closing, I wish to thank my fellow directors for their valuable contribution and to all staff members for their dedication and hard work.

William Ma Ching Wai

Chairman

Hong Kong, 22nd March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

In Hong Kong, the gross rental income for the year ended 31st December 2016 was HK\$189.0 million, a decrease of HK\$3.8 million or 2.0% as compared to last year. The drop in gross rental income was mainly attributable to the decrease in rental income from shops by HK\$9.3 million as the demand for shop spaces was sluggish, the drop was however partly compensated by the growth in the rental contributions from Gateway ts and the residential sectors.

Gateway ts has been undergoing modifications for few years into a multi-purposes building that to accommodate a wider range of clientele. In order to provide better amenities and services to our tenants, the Group will start up a canteen at Gateway ts to fulfill the requests of our tenants. In the light of the uniqueness of the positioning of Gateway ts, the rental renewal rates are encouraging.

The hotel room charge income of Hotel LBP for the year ended 31st December 2016 was HK\$15.4 million, almost same as last year. The occupancy rate for 2016 was stable at about 97% in average. The profit generated from the hotel operation for the year ended 31st December 2016 was HK\$1.0 million, a decrease of 28.6% or HK\$0.4 million as compared to last year due to the increase in operating cost. The occupancy rate of Hotel LBP will remain steady in the coming year.

The catering income from Gees for the year ended 31st December 2016 was HK\$1.8 million, increased HK\$0.2 million as compared to last year. The operating loss incurred by Gees for the year 2016 was HK\$1.7 million as compared to the operating loss of HK\$2.6 million for last year.

In the USA, the gross rental income from Montgomery Plaza for the year ended 31st December 2016 was HK\$55.9 million, a decrease of HK\$0.4 million or 0.7% as compared to last year. The office spaces occupancy rate of Montgomery Plaza was 89% by the year end of 2016 and the weighted average office rent per square feet per annum was US\$52.6. During 2016, San Francisco's office market fundamentals remained buoyant, however, the market showed definite signs of cooling compared to the past few years. The vacancy rate edged up, rent decreased slightly and net absorption and leasing volume decreased as well.

Development Projects

By the fourth quarter of 2015, a revised plan to develop the site at No. 43 Heung Yip Road, Wong Chuk Hang into a combo of hotel, offices and eating places has been submitted to the Town Planning Board. The revised plan application has been approved by the Town Planning Board and subsequently by the Buildings Department. Superstructure work contract has been awarded by the end of 2016. The development was estimated to be completed by 2019.

The building located at No. 20 and No. 22 Severn Road, the Peak was demolished by the end of 2016. The development plan for the site has been submitted and pending for approval by the Buildings Department.

Financial Resources

During the year, the Group's total bank borrowings increased by HK\$174.3 million to HK\$1,138.3 million (2015: HK\$964.0 million). The total equity increased by HK\$333.4 million to HK\$6,905.9 million (2015: HK\$6,572.5 million) and the long term bank loans outstanding as at 31st December 2016 was HK\$962.3 million (2015: HK\$662.0 million). The debt to equity ratio was 16.5% (2015: 14.7%).

There are sufficient committed banking facilities available for the Group's current funding needs and future business requirements. The Group's financial position remains healthy. There are no exposure to foreign exchange risk as the bank borrowings are in either Hong Kong or US dollars and the repayment of principal and interest will be made by the respective lending currency.

The Group has adopted and maintained the policy of reliance on short-term finances which is more economical because of lower interest rate. In light of the low debt ratio and long term harmonious relationship with our bankers, the Group considers that this policy will continue to be used to lower the operation cost and the current policy will not impose any liquidity risks.

Capital structure of the Group

The capital structure of the Group had not changed materially from the last annual report. The Group borrowings are primarily denominated in Hong Kong and US dollars. The Group therefore has no significant exposure to foreign exchange fluctuation.

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

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
– within one year	19,842	142,648
– in the second year	496,278	5,842
– in the third to fifth years	446,143	513,522
	<u>962,263</u>	<u>662,012</u>

The Group's bank borrowings of HK\$1,088.3 million (2015: HK\$964.0 million) are secured by certain properties with an aggregate carrying amount of HK\$5,107.2 million (2015: HK\$4,722.8 million) and the rental income thereon.

Details of number and remuneration of employees

As at 31st December 2016, the Group employed a total of 178 full-time employees which included the Directors of the Company. In addition to salary payment, other benefits include discretionary bonus, insurance, medical schemes and mandatory provident fund schemes.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE

The Company complied with the code provisions of Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31st December 2016.

The Board of the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules and all directors have confirmed that throughout 2016, they have complied with the provision of such Model Code.

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 2016.

ANNUAL REPORT

The 2016 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.

By Order of the Board
William Ma Ching Wai
Chairman

Hong Kong, 22nd March 2017

Registrar and Transfer office

Computershare Hong Kong Investor Services Limited
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. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau and Mr. Philip Ma Ching Yeung are executive directors; Mr. Edward Cheung Wing Yui is non-executive director; and Mr. Kevin Chau Kwok Fun, Mr. Tan Soo Kiu and Mr. Yiu Kei Chung are independent non-executive directors.