



TAI SANG LAND DEVELOPMENT LIMITED

2018 INTERIM REPORT

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Corporate Information

Executive directors

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

Non-executive director

Edward Cheung Wing Yui, BBS

Independent non-executive directors

Kevin Chau Kwok Fun
Tan Soo Kiu
Yiu Kei Chung

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Bankers

The Bank of East Asia, Limited
Hang Seng Bank Limited
HSBC Realty Credit Corporation (USA)
The Hongkong and Shanghai Banking
Corporation Limited
Nanyang Commercial Bank, Limited
Tai Sang Bank Limited

Solicitors

Woo, Kwan, Lee & Lo

Auditors

PricewaterhouseCoopers

Registered Office

11th Floor, Tai Sang Bank Building,
130-132 Des Voeux Road Central,
Hong Kong

Registrar and Transfer Office

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

Website Address

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

Condensed Consolidated Statement of Financial Position

As at 30th June 2018 – Unaudited

	<i>Note</i>	As at 30th June 2018 <i>HK\$'000</i>	As at 31st December 2017 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	6	1,543,292	1,429,097
Investment properties	6	8,069,514	7,566,706
Financial assets at fair value through other comprehensive income		31,093	–
Available-for-sale financial assets		–	34,760
		9,643,899	9,030,563
Current assets			
Properties for sale		101,740	101,740
Inventory		–	50
Debtors and prepayments	7	47,313	41,737
Current income tax recoverable		188	91
Cash and cash equivalents		52,773	51,510
		202,014	195,128
Total assets		9,845,913	9,225,691
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	8	417,321	417,321
Reserves		7,164,998	6,747,553
		7,582,319	7,164,874
Non-controlling interests		224,124	211,013
Total equity		7,806,443	7,375,887
Non-current liabilities			
Long term bank loans – secured	9	830,144	734,210
Deferred income tax liabilities	10	263,981	247,906
		1,094,125	982,116

Condensed Consolidated Statement of Financial Position (Continued)

As at 30th June 2018 – Unaudited

		As at 30th June 2018 <i>HK\$'000</i>	As at 31st December 2017 <i>HK\$'000</i>
Current liabilities			
Rental and other deposits		85,568	86,921
Creditors and accruals	11	69,730	49,935
Current income tax liabilities		1,402	708
Short term bank loans – secured	12	326,000	345,991
Current portion of long term bank loans – secured	9	462,645	384,133
		<u>945,345</u>	<u>867,688</u>
Total equity and liabilities		<u>9,845,913</u>	<u>9,225,691</u>

The notes from pages 9 to 28 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th June 2018 – Unaudited

		For the six months ended 30th June	
	<i>Note</i>	2018	2017
		HK\$'000	HK\$'000
Revenues	5(a)	166,169	133,005
Cost of sales	13	(47,605)	(43,267)
Gross profit		118,564	89,738
Fair value gains on investment properties	6	434,067	78,301
Other gains, net	14	3,151	8,199
Administrative expenses	13	(55,548)	(52,916)
Other operating expenses	13	(7,033)	(3,307)
Operating profit		493,201	120,015
Finance income	15	91	36
Finance costs	15	(16,521)	(11,734)
Finance costs, net		(16,430)	(11,698)
Profit before income tax		476,771	108,317
Income tax (expense)/credit	16	(17,808)	9,863
Profit for the period		458,963	118,180
Profit attributable to:			
Owners of the Company		442,450	108,142
Non-controlling interests		16,513	10,038
		458,963	118,180
Earnings per share (basic and diluted)	17	HK\$1.54	HK\$0.38

The notes from pages 9 to 28 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June 2018 – Unaudited

	For the six months ended 30th June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	458,963	118,180
Other comprehensive income		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Net fair value gain on available-for-sale financial assets	–	2,069
Recycle to profit or loss upon disposal of available-for-sale financial assets	–	(4,773)
<u>Item that will not be reclassified to profit or loss</u>		
Changes in the fair value of equity investments at fair value through other comprehensive income	(3,655)	–
Other comprehensive income for the period	(3,655)	(2,704)
Total comprehensive income for the period	455,308	115,476
Total comprehensive income attributable to:		
Owners of the Company	440,459	104,999
Non-controlling interests	14,849	10,477
	455,308	115,476

The notes from pages 9 to 28 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June 2018 – Unaudited

	For the six months ended 30th June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities		
Net cash generated from operations	57,175	34,977
Hong Kong profits tax paid	(1,124)	(930)
Hong Kong profits tax refunded	–	35
Overseas taxation paid	(13)	(13)
	56,038	34,069
Net cash generated from operating activities	56,038	34,069
Cash flows from investing activities		
Additions of property, plant and equipment	(85,182)	(40,529)
Additions of investment properties	(73,427)	(126,191)
Proceeds on disposal of financial assets at fair value through other comprehensive income/ available-for-sale financial assets	12	18,127
Proceeds on disposal of property, plant and equipment	25	1,064
Interest received	91	36
Dividends received	3,169	3,484
	(155,312)	(144,009)
Net cash used in investing activities	(155,312)	(144,009)
Cash flows from financing activities		
Interest paid	(27,590)	(18,290)
Drawn down of bank loans	298,800	129,000
Repayments of bank loans	(145,921)	(4,921)
Dividends paid to shareholders	(23,014)	(17,260)
Dividends paid to non-controlling shareholders of subsidiaries	(1,738)	(3,017)
	100,537	85,512
Net cash generated from financing activities	100,537	85,512
Net increase/(decrease) in cash and cash equivalents	1,263	(24,428)
Cash and cash equivalents at 1st January	51,510	72,382
	52,773	47,954
Cash and cash equivalents at 30th June	52,773	47,954
Cash and cash equivalents comprises:		
Bank balances and cash	52,773	48,043
Bank overdrafts	–	(89)
	52,773	47,954
Cash and cash equivalents	52,773	47,954

The notes from pages 9 to 28 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2018 – Unaudited

	Attributable to owners of the Company							
	Share capital <i>HKS'000</i>	Property revaluation reserve <i>HKS'000</i>	Investment revaluation reserve <i>HKS'000</i>	Exchange reserve <i>HKS'000</i>	Retained profits <i>HKS'000</i>	Total reserves <i>HKS'000</i>	Non- controlling interests <i>HKS'000</i>	Total <i>HKS'000</i>
At 1st January 2018	417,321	549,850	12,731	7,232	6,177,740	6,747,553	211,013	7,375,887
Adoption of HKFRS 9	-	-	(28,001)	-	28,001	-	-	-
Restated total equity at 1st January 2018	417,321	549,850	(15,270)	7,232	6,205,741	6,747,553	211,013	7,375,887
Comprehensive income								
Profit for the period	-	-	-	-	442,450	442,450	16,513	458,963
Other comprehensive income								
Net fair value loss on financial assets at fair value through other comprehensive income	-	-	(1,991)	-	-	(1,991)	(1,664)	(3,655)
Transfer of loss on disposal of equity investment at fair value through other comprehensive income to retained profits	-	-	16	-	(16)	-	-	-
Total comprehensive income for the period	-	-	(1,975)	-	442,434	440,459	14,849	455,308
Transaction with owners								
- dividend paid	-	-	-	-	(23,014)	(23,014)	(1,738)	(24,752)
At 30th June 2018	417,321	549,850	(17,245)	7,232	6,625,161	7,164,998	224,124	7,806,443
At 1st January 2017	417,321	549,850	16,160	7,234	5,715,959	6,289,203	199,383	6,905,907
Comprehensive income								
Profit for the period	-	-	-	-	108,142	108,142	10,038	118,180
Other comprehensive income								
Net fair value gain on available-for-sale financial assets	-	-	1,630	-	-	1,630	439	2,069
Recycle to profit or loss upon disposal of available-for-sale financial assets	-	-	(4,773)	-	-	(4,773)	-	(4,773)
Total comprehensive income for the period	-	-	(3,143)	-	108,142	104,999	10,477	115,476
Transaction with owners								
- dividend paid	-	-	-	-	(17,260)	(17,260)	(3,017)	(20,277)
At 30th June 2017	417,321	549,850	13,017	7,234	5,806,841	6,376,942	206,843	7,001,106

The notes from pages 9 to 28 form an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 General information

Tai Sang Land Development Limited (the “Company”) and its subsidiaries (collectively the “Group”) are principally engaged in property investment, property rental, property development, estate management and agency, hotel operation and catering operation. The address of its registered office is 11th Floor, Tai Sang Bank Building, 130-132 Des Voeux Road Central, Hong Kong.

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

This unaudited condensed consolidated interim financial information of the Group for the six months ended 30th June 2018 (the “Condensed Consolidated Interim Financial Information”) was approved by the board of directors on 24th August 2018. The Condensed Consolidated Interim Financial Information is presented in Hong Kong dollar (“HK\$”), unless otherwise stated.

The financial information relating to the year ended 31st December 2017 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 2017 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).

2 Basis of preparation and accounting policies

This 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 and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2 Basis of preparation and accounting policies (Continued)

The Group had net current liabilities of HK\$743,331,000 as at 30th June 2018. The current liabilities mainly included short term bank loans of HK\$326,000,000 and current portion of long term bank loans of HK\$462,645,000. 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 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 2017 (the "2017 Annual Report"). The Condensed Consolidated Interim Financial Information should be read in conjunction with the 2017 Annual Report, which has been prepared in accordance with the Hong Kong Financial Reporting Standards.

The following new standards and amendments to standards are relevant to the Group for the accounting period beginning on 1st January 2018:

Annual Improvements Project HKAS 40 (Amendment) HKFRS 9 HKFRS 15	Annual Improvements 2014-2016 Cycle Transfers of Investment Property Financial Instruments Revenue from Contracts with Customers
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The impact of the adoption of HKFRS 9 and HKFRS 15 are disclosed in note 20 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

3 Financial risk management

(a) Financial risk factors

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

The Condensed Consolidated Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2017 Annual Report.

There have been no changes in any risk management policy since last year end.

3 Financial risk management (Continued)

(b) Fair value estimation

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

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

The following table presents the Group's financial assets that are measured at fair value as at 30th June 2018 and 31st December 2017:

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>
At 30th June 2018			
Financial assets at fair value through other comprehensive income (2017: Available-for-sale financial assets)	20,093	–	11,000
	20,093	–	11,000
At 31st December 2017			
Available-for-sale financial assets	23,760	–	11,000
	23,760	–	11,000

For the six months ended 30th June 2018, there were no transfers of financial assets of the Group between different levels of the fair value hierarchy.

For the six months ended 30th June 2018, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets.

For the six months ended 30th June 2018, there were reclassifications of financial assets of the Group after the adoption of HKFRS 9, as set out in note 20(a)(i) below.

4 Critical accounting estimates and judgments

Estimates and judgments used in preparing the Condensed Consolidated Interim Financial Information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Compared to the 2017 Annual Report, there were no material changes in the estimates and assumptions applied in the preparation of the Condensed Consolidated Interim Financial Information.

5 Revenues and segment information

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

	For the six months ended 30th June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenues		
Property rental		
– investment properties	134,673	104,729
– properties for sale	13,441	13,455
Property related services	10,506	6,325
Hotel operations	7,549	7,449
Catering operations	–	1,047
	166,169	133,005
	166,169	133,005

Property rental and property related services revenue above included amounts of HK\$640,000 (2017: HK\$869,000) and HK\$269,000 (2017: HK\$254,000) respectively from related companies and persons based on prices and terms as agreed by parties involved. Except for catering operations, all of the Group's revenues are recognised over-time as the services are performed.

5 Revenues and segment information (Continued)

(b) Operating lease arrangement

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

The future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	As at 30th June 2018 HK\$'000	As at 31st December 2017 HK\$'000
Not later than one year	253,611	233,795
Later than one year but not later than five years	633,490	420,061
Later than five years	307,376	300,217
	1,194,477	954,073
	1,194,477	954,073

(c) Operating segments

The chief operating decision-maker has been identified as the executive directors of the Company. 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 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.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 Revenues and segment information (Continued)

(c) Operating segments (Continued)

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30th June 2018			
Segment revenues			
Property rental	116,432	31,682	148,114
Property related services	10,506	–	10,506
Hotel operations	7,549	–	7,549
	<u>134,487</u>	<u>31,682</u>	<u>166,169</u>
Total segment revenues	<u>134,487</u>	<u>31,682</u>	<u>166,169</u>
Segment results – underlying profit			
– Property rental and related services	24,437	10,010	34,447
– Hotel operations	729	–	729
Fair value gains on investment properties	408,335	25,732	434,067
Deferred income tax, net	–	(10,280)	(10,280)
	<u>433,501</u>	<u>25,462</u>	<u>458,963</u>
Profit for the period	<u>433,501</u>	<u>25,462</u>	<u>458,963</u>
Included in segment results:			
Finance income	7	84	91
Finance costs	(14,212)	(2,309)	(16,521)
Income tax expense (<i>note</i>)	(7,515)	(13)	(7,528)
Depreciation	(7,439)	(1,584)	(9,023)
	<u>187,783</u>	<u>4,219</u>	<u>192,002</u>
Capital expenditure	<u>187,783</u>	<u>4,219</u>	<u>192,002</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 Revenues and segment information (Continued)

(c) Operating segments (Continued)

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30th June 2018			
Property, plant and equipment	1,527,342	15,950	1,543,292
Investment properties	7,242,550	826,964	8,069,514
Non-current assets (excluding financial assets at fair value through other comprehensive income)	8,769,892	842,914	9,612,806
Non-current financial assets at fair value through other comprehensive income	31,093	–	31,093
Current assets	166,524	35,490	202,014
Segment assets	8,967,509	878,404	9,845,913
Current liabilities	929,947	15,398	945,345
Non-current liabilities	819,083	275,042	1,094,125
Segment liabilities	1,749,030	290,440	2,039,470

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 Revenues and segment information (Continued)

(c) Operating segments (Continued)

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30th June 2017			
Segment revenues			
Property rental	91,200	26,984	118,184
Property related services	6,325	–	6,325
Hotel operations	7,449	–	7,449
Catering operations	1,047	–	1,047
	<u>106,021</u>	<u>26,984</u>	<u>133,005</u>
Total segment revenues			
	<u>106,021</u>	<u>26,984</u>	<u>133,005</u>
Segment results – underlying profit			
– Property rental and related services	20,629	5,669	26,298
– Hotel operations	419	–	419
– Catering operations	(2,377)	–	(2,377)
Fair value gains/(loss) on investment properties	120,474	(42,173)	78,301
Deferred income tax credit, net	–	15,539	15,539
	<u>139,145</u>	<u>(20,965)</u>	<u>118,180</u>
Profit/(loss) for the period			
	<u>139,145</u>	<u>(20,965)</u>	<u>118,180</u>
Included in segment results:			
Finance income	4	32	36
Finance costs	(9,953)	(1,781)	(11,734)
Income tax expense (note)	(5,663)	(13)	(5,676)
Depreciation	(7,175)	(1,127)	(8,302)
	<u>(12,787)</u>	<u>(1,878)</u>	<u>(14,665)</u>
Capital expenditure	156,938	16,940	173,878
	<u>156,938</u>	<u>16,940</u>	<u>173,878</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 Revenues and segment information (Continued)

(c) Operating segments (Continued)

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31st December 2017			
Property, plant and equipment	1,412,007	17,090	1,429,097
Investment properties	6,769,250	797,456	7,566,706
Non-current assets (excluding available-for-sale financial assets)	8,181,257	814,546	8,995,803
Non-current available-for-sale financial assets	34,760	–	34,760
Current assets	163,418	31,710	195,128
Segment assets	8,379,435	846,256	9,225,691
Current liabilities	849,673	18,015	867,688
Non-current liabilities	716,374	265,742	982,116
Segment liabilities	1,566,047	283,757	1,849,804

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

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6 Capital expenditure

	Property, plant and equipment <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
Net book value or valuation			
At 1st January 2018	1,429,097	7,566,706	8,995,803
Additions	123,261	68,741	192,002
Depreciation	(9,023)	–	(9,023)
Disposals and write-off	(43)	–	(43)
Fair value gains	–	434,067	434,067
	<hr/>	<hr/>	<hr/>
At 30th June 2018	<u>1,543,292</u>	<u>8,069,514</u>	<u>9,612,806</u>
At 1st January 2017	1,339,535	6,918,146	8,257,681
Additions	43,630	130,248	173,878
Depreciation	(8,302)	–	(8,302)
Disposals and write-off	(1,241)	–	(1,241)
Fair value gains	–	78,301	78,301
	<hr/>	<hr/>	<hr/>
At 30th June 2017	1,373,622	7,126,695	8,500,317
Additions	66,639	127,160	193,799
Depreciation	(9,536)	–	(9,536)
Disposals and write-off	(1,628)	–	(1,628)
Fair value gains	–	312,851	312,851
	<hr/>	<hr/>	<hr/>
At 31st December 2017	<u>1,429,097</u>	<u>7,566,706</u>	<u>8,995,803</u>

- (a) The valuations of the investment properties at 30th June 2018 and 31st December 2017 were carried out by independent professional property valuers, A A Property Services Limited and Martorana Bohagian & Company.

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

6 Capital expenditure (Continued)

For completed properties, the income capitalisation method and direct comparison method were used. For income capitalisation method, the valuers apply assumptions for capitalisation rates and notional income, which are influenced by the prevailing market yields and comparable market transactions, as well as discount rate, to arrive at the final valuation. For direct comparison method, the valuers apply assumption for the current prices in an active market, which are influenced by the different nature, condition or location, to arrive at the final valuation.

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

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

- (b) The Group's property, plant and equipment and investment property included additions of HK\$10,399,000 (2017: HK\$6,186,000) and HK\$Nil (2017: HK\$1,223,000) respectively (note 15) being interest expenses capitalised for the development projects and improvement works of investment property respectively.

7 Debtors and prepayments

Included in debtors and prepayments are trade debtors of HK\$486,000 (at 31st December 2017: HK\$690,000) and their ageing analysis is as follows:

	As at 30th June 2018 HK\$'000	As at 31st December 2017 HK\$'000
0-30 days	406	690
31-60 days	80	—
	486	690
	486	690

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 fees receivables.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

8 Share capital

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	Share capital HK\$'000
At 1st January 2018, 30th June 2018 and 31st December 2017	287,670	417,321

9 Long term bank loans – secured

	As at 30th June 2018 HK\$'000	As at 31st December 2017 HK\$'000
Bank loans	1,292,789	1,118,343
Amounts due within one year included under current liabilities	(462,645)	(384,133)
	830,144	734,210
The maturity of the Group's long term bank loans is as follows:		
– within one year	462,645	384,133
– in the second year	339,016	334,572
– in the third to fifth year	491,128	399,638
	1,292,789	1,118,343

The Group's long term bank loans together with certain short term bank loans (note 12) are secured by the freehold land and building and investment property in the US and certain investment properties and property under development in Hong Kong with an aggregate carrying value of HK\$6,200,515,000 (at 31st December 2017: HK\$5,734,596,000) and the rental income thereon.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

10 Deferred income tax liabilities

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

The movement on the deferred income tax liabilities is as follows:

	For the six months ended 30th June		For the year ended 31st December
	2018	2017	2017
	HK\$'000	HK\$'000	HK\$'000
At the beginning of the period/year	247,906	326,183	326,183
Charged/(credited) to profit or loss	16,075	(12,140)	(78,277)
	263,981	314,043	247,906
	263,981	314,043	247,906

11 Creditors and accruals

Included in creditors and accruals are trade creditors of HK\$6,254,000 (at 31st December 2017: HK\$6,941,000) and their ageing analysis is as follows:

	As at 30th June 2018	As at 31st December 2017
	HK\$'000	HK\$'000
0-30 days	6,239	6,896
31-60 days	7	4
61-90 days	–	2
Over 90 days	8	39
	6,254	6,941
	6,254	6,941

Notes to the Condensed Consolidated Interim Financial Information (Continued)

12 Short term bank loans – secured

Certain short term bank loans in the amount of HK\$105,000,000 (at 31st December 2017: HK\$134,991,000) are unsecured.

Certain short term bank loans of the Group are secured by certain investment properties in Hong Kong with carrying value of which is included in the disclosure in note 9 and the rental income thereon.

13 Cost and expenses

	For the six months ended 30th June	
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Depreciation	9,023	8,302
Outgoings in respect of		
– investment properties	24,966	22,238
– properties for sale	5,507	3,757
– property related services	10,049	6,478
– property, plant and equipment	877	981
– hotel operations	5,089	5,280
– catering operations	–	3,406
Operating lease rental for office premises to a related company (<i>note</i>)	2,244	1,559
Employee benefit expense	32,855	33,411
Others	19,576	14,078
	110,186	99,490
Total cost of sales, administrative expenses and other operating expenses		

Note: The transaction was entered with a company with common key management personnel and based on prices and terms as agreed between the parties involved.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

14 Other gains, net

	For the six months ended 30th June	
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Dividend income from financial assets at fair value through other comprehensive income/available-for-sale financial assets	3,169	3,484
Gain on disposal of available-for-sale financial assets	–	4,773
Loss on disposal of property, plant and equipment, net	(18)	(58)
	3,151	8,199

15 Finance income and costs

	For the six months ended 30th June	
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Finance income		
Interest income from banks	91	36
Finance costs		
Interest expenses on bank loans and overdrafts	(26,920)	(19,143)
Less: Amount capitalised in property, plant and equipment and investment property (note 6(b))	10,399	7,409
	(16,521)	(11,734)
Finance costs, net	(16,430)	(11,698)

Notes to the Condensed Consolidated Interim Financial Information (Continued)

16 Income tax (expense)/credit

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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 (2017: HK\$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	
	2018	2017
	HK\$'000	HK\$'000
Income tax (expense)/credit	<u>(17,808)</u>	<u>9,863</u>

17 Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$442,450,000 (2017: HK\$108,142,000) and on 287,670,000 (2017: 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 2018 and 2017, the diluted earnings per share is equal to the basic earnings per share.

18 Dividend

	For the six months ended 30th June	
	2018	2017
	HK\$'000	HK\$'000
Interim, declared, of HK10 cents (2017: HK8 cents) per ordinary share	<u>28,767</u>	<u>23,014</u>

At a meeting held on 24th August 2018, the directors declared an interim dividend of HK10 cents per ordinary share for the year ending 31st December 2018. 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 2018.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

19 Commitments

(a) Capital commitments

	As at 30th June 2018 HK\$'000	As at 31st December 2017 HK\$'000
Contracted but not provided for		
– investment properties	92,754	129,851
– investment properties under development	5,871	5,998
– property, plant and equipment	8,559	90
– property under development	358,583	462,012
	465,767	597,951
	465,767	597,951

(b) Commitments under operating leases

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 30th June 2018 HK\$'000	As at 31st December 2017 HK\$'000
Land and buildings		
– not later than one year	2,805	3,960
– later than one year but not later than five years	–	825
	2,805	4,785
	2,805	4,785

20 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's Condensed Consolidated Interim Financial Information and also discloses the new accounting policies that have been applied from 1st January 2018, where they are different to those applied in prior periods.

(a) HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The adoption of HKFRS 9 Financial Instruments from 1st January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the Condensed Consolidated Interim Financial Information. The new accounting policies are set out in note 20(b) below. In accordance with the transitional provisions in HKFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

(i) Classification and measurement

On 1st January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the financial assets at fair value through other comprehensive income ("FVOCI").

The Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI for all its available-for-sale financial assets. The Group has used modified retrospective approach while adopting HKFRS 9, without restating comparative information. As a result, listed and unlisted available-for-sale financial assets with a fair value of HK\$34,760,000 at 31st December 2017 were reclassified from available-for-sale financial assets to financial assets at FVOCI on 1st January 2018. A retained profits with HK\$28,001,000 were adjusted in the opening retained profits on 1st January 2018 to investment revaluation reserve to account for the restatement of the impairment of the investments in past years.

20 Changes in accounting policies (Continued)

(a) HKFRS 9 Financial Instruments – Impact of adoption (Continued)

(ii) Impairment of financial assets

The Group's trade receivables are subjected to HKFRS 9's new expected credit loss model. The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

The Group is continuing to assess the implications of applying the new impairment model. While the application of this new guidance represents a change in accounting, this is not expected to have a material impact on the Group's financial position and/or financial performance as, based on assessment today, the credit losses calculated pursuant to the new requirements for a number of the Group's operations are not expected to be significantly different from the amount recognised under their current credit loss provision practices.

(b) HKFRS 9 Financial Instruments – Accounting policies applied from 1st January 2018

(i) Classification

From 1st January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

20 Changes in accounting policies (Continued)

- (b) HKFRS 9 Financial Instruments – Accounting policies applied from 1st January 2018 (Continued)

(ii) Measurement

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

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

- (c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

HKFRS 15 replaces the provisions of HKAS 18, HKAS 11 and the related interpretations that relate to the recognition of revenues. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1st January 2018 which had no material effect on timing and amount of revenues recognised in the Condensed Consolidated Interim Financial Information.

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF TAI SANG LAND DEVELOPMENT LIMITED

(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 3 to 28, which comprise the interim condensed consolidated statement of financial position of Tai Sang Land Development Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th June 2018 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountant. The directors of the Company are responsible for the preparation and presentation of these interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review 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 review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24th August 2018

Chairman's Statement

Result

I am pleased to report that the Group's consolidated profit for the first half of 2018 was HK\$459.0 million, an increase of HK\$340.8 million or 288.3% as compared to HK\$118.2 million for 2017. Earnings per share for the first half of 2018 were HK\$1.54 (2017: HK\$0.38), a rise of 305.3% over the same period last year. The consolidated profit for the first half of 2018 included the fair value gains on investment properties (net of the deferred tax in the United States) of HK\$423.8 million, as compared to the fair value gains on investment properties (net of the deferred tax in the United States) of HK\$93.8 million for the same period last year.

Excluding the effect of the fair value gains on investment properties (net of the deferred tax in the United States), the Group's underlying profit for the first half of 2018 was approximately HK\$35.2 million, increased by HK\$10.8 million or 44.3% as compared to the corresponding figure of HK\$24.4 million for the same period of 2017. The increase in the underlying profit was attributable to the significant increase in the rental income from Gateway ts in Hong Kong and Montgomery Plaza in the USA.

The revenues of the Group for the first half of 2018 was HK\$166.2 million, increased by HK\$33.2 million or 25.0% as compared to HK\$133.0 million for the same period last year.

At 30th June 2018, the investment properties of the Group were revalued at HK\$8,069.5 million (at 31st December 2017: HK\$7,566.7 million), increased by HK\$502.8 million or 6.6% for the first half of 2018. Total equity amounted to HK\$7,806.4 million (at 31st December 2017: HK\$7,375.9 million).

Dividend

The directors have declared an interim dividend of HK10 cents (2017: HK8 cents) per ordinary share.

Outlook

The prospect of Gateway ts is promising. It is expected that the growth in rental income from Gateway ts will continue as the rental rate will rise upon renewal in the coming years. The rental rate and occupancy rate of Montgomery Plaza in the USA are also benefit from the USA Corporate Tax Reduction Policy.

The global economy is slowing down from the tariffs war recently, the inflation world-wide is alleviated and may cause the pace in the interest rate hike to slow down. Hopefully the tariffs war will settle soon, so not to affect the global economy.

Barring any unforeseen circumstances, the Group will continue to pursue the prudent policy. We remain cautiously optimistic in our operation.

William Ma Ching Wai
Chairman

Hong Kong, 24th August 2018

Management Discussion and Analysis

Business review and prospects

In Hong Kong, the gross rental income for the first half of 2018 was HK\$116.4 million, increased HK\$25.2 million or 27.6% as compared to the same period last year. These increment were attributable to the significant increase in gross rental income from Gateway ts, whereas rental contribution from other sectors remained stable.

The hotel room charge income of Hotel LBP for the first half of 2018 was HK\$7.5 million, remained stable with a slight increase of HK\$0.1 million as compared to the same period last year. The occupancy rate for the first half of 2018 was stable at about 96% in average. The profit generated from the hotel operation for the first half of 2018 was HK\$0.7 million, an increase of HK\$0.3 million as compared to the same period last year. The Group has stopped the operation of the restaurant Gees at the beginning of 2018 and the factory canteen operation for serving the tenants at Gateway ts will be contracted out in the third quarter of 2018.

In the USA, the gross rental income from Montgomery Plaza was HK\$31.7 million for the first half of 2018, increased by HK\$4.7 million or 17.4%, as compared to the same period last year. The office spaces occupancy rate of Montgomery Plaza was 97% as at the half year end of 2018.

The Group's liquidity and financial resources

During the relevant period, the Group's total bank borrowings increased by HK\$154.5 million to HK\$1,618.8 million (at 31st December 2017: HK\$1,464.3 million). The total equity increased by HK\$430.5 million to HK\$7,806.4 million (at 31st December 2017: HK\$7,375.9 million) and the long term bank loans outstanding was HK\$1,292.8 million (at 31st December 2017: HK\$1,118.3 million). The debt to equity ratio was 20.7% (at 31st December 2017: 19.9%).

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.

Management Discussion and Analysis (Continued)

Capital structure of the Group

The capital structure of the Group has not changed materially from the last annual report. The Group's 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:

	As at 30th June 2018 HK\$'000	As at 31st December 2017 HK\$'000
– within one year	462,645	384,133
– in the second year	339,016	334,572
– in the third to fifth year	491,128	399,638
	<u>1,292,789</u>	<u>1,118,343</u>

The Group's certain bank borrowings of HK\$1,513.8 million (at 31st December 2017: HK\$1,329.3 million) are secured by certain properties with an aggregate carrying amount of HK\$6,200.5 million (at 31st December 2017: HK\$5,734.6 million) and the rental income thereon.

Details of number and remuneration of employees

As at 30th June 2018, the Group employed a total of 169 full-time employees, including the directors. In addition to salary payment, other benefits include discretionary bonus, insurance, medical schemes and mandatory provident fund schemes.

Interim Dividend and Record Date

The board of directors has resolved to declare an interim dividend of HK10 cents (2017: HK8 cents) per ordinary share, payable on 24th September 2018 to shareholders whose names standing on the register of members at the close of business on 7th September 2018 (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 Friday, 7th September 2018.

Directors’ and Chief Executive’s Interests in Shares

At 30th June 2018, the interests and short positions of each director and chief executive in the shares or underlying shares of the Company, as recorded in the register maintained by the Company under Section 352 of Part XV of the Securities and Futures Ordinance (“SFO”) or as notified to the Company were as follows:

Number of ordinary shares held at 30th June 2018

	Capacity		Total	Percentage
	Personal interest	Corporate interests		
		<i>(notes (a) & (b))</i>		
Directors:				
William Ma Ching Wai <i>(Chairman and Chief Executive)</i>	4,608,354	160,134,973	164,743,327	57.2682%
Patrick Ma Ching Hang	46,256	8,732,013	8,778,269	3.0515%
Alfred Ma Ching Kuen	9,987	–	9,987	0.0035%
Amy Ma Ching Sau	347,942	–	347,942	0.1210%
Philip Ma Ching Yeung	127,741	–	127,741	0.0444%
Edward Cheung Wing Yui	–	–	–	–
Kevin Chau Kwok Fun	–	–	–	–
Tan Soo Kiu	–	–	–	–
Yiu Kei Chung	–	–	–	–

All interests stated above represent long positions.

Directors' and Chief Executive's Interests in Shares (Continued)

Notes:

- (a) Kam Chan & Company, Limited and its associates, and Holston Investment Limited directly or indirectly owned 138,996,736 and 21,138,237 ordinary shares in the Company respectively. Mr. William Ma Ching Wai is a substantial shareholder of these companies.
- (b) Tai Sang International Limited directly owned 8,732,013 ordinary shares in the Company. Mr. Patrick Ma Ching Hang is a substantial shareholder of this company.
- (c) Mr. Alfred Ma Ching Kuen beneficially held 9,886 shares (or 0.1765%) in the total number of issued shares of a subsidiary, Tai Sang Cold Storage & Godown Company Limited.
- (d) Mr. Patrick Ma Ching Hang and Ms. Katy Ma Ching Man jointly and beneficially held 47 shares (or 0.94%); Mr. William Ma Ching Wai and Mr. Patrick Ma Ching Hang jointly and beneficially held 1 share (or 0.02%); and Mr. Alfred Ma Ching Kuen beneficially held 23 shares (or 0.46%) in the total number of issued shares of a subsidiary, Kam Hang Company Limited.
- (e) In addition, certain directors of the Company held non-beneficial interests in subsidiaries in trust to the absolute benefit of the Company, the details of which are available for inspection at the Company's registered office.
- (f) Other than as stated above, no directors or chief executive of the Company had any interest or short position in the shares or underlying shares of the Company or any of its associated corporation.
- (g) At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors and the chief executive of the Company (including their spouse and children under 18 year of age) to acquire benefits by the acquisition of shares, or underlying shares of, the Company or its associated corporations.

Substantial Shareholders

At 30th June 2018, the interest and short position of substantial shareholders in the shares or underlying shares of the Company, as recorded in the register maintained by the Company under Section 336 of Part XV of the SFO or as notified to the Company were as follows:

Number of ordinary shares held at 30th June 2018

	Capacity		Total	Percentage
	Personal interest	Corporate interests		
		<i>(note)</i>		
Substantial shareholders:				
Kam Chan & Company, Limited	112,248,758	26,747,978	138,996,736	48.3182%
Holston Investment Limited	21,138,237	–	21,138,237	7.3481%
Gold Fortune Investment Co. Ltd	15,488,636	–	15,488,636	5.3842%

All interests stated above represent long positions.

Note:

Gold Fortune Investment Co. Ltd, Suremark Limited (beneficially interested in 5,852,920 shares in the Company) and Montgomery Securities Limited (beneficially interested in 5,406,422 shares in the Company) are the wholly owned subsidiaries of Kam Chan & Company, Limited. The aggregate shareholdings of these three companies are deemed to be the corporate interest of Kam Chan & Company, Limited in the ordinary shares in the Company.

Purchase, Sale or Redemption of Shares

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 has complied with the code provisions of Corporate Governance Code (the “CG 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 period, except the following:

Under code provision A.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 of Directors (the “Chairman”) was appointed the Chief Executive of the Company on 15th June 2017, since then Mr. William Ma holds both positions as the Chairman and Chief Executive of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive in the same person will enable the Company to have a stable and consistent leadership and also facilitate the planning and execution of the Company’s strategy and is hence for the interest of the Company and its shareholders.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Codes for Securities Transactions by Directors of Listed Issuers (the “Model Codes”) contained in Appendix 10 of the Listing Rules.

On specific enquires made, all directors have confirmed that, in respect of the accounting period covered by the interim report, they have complied with the required standard set out in the Model Codes and the Company’s code of conduct regarding directors’ securities transactions.

Independent Review

The interim results have been reviewed by the Audit Committee of the Company. The interim results for the six months ended 30th June 2018 are unaudited, but have also been reviewed by PricewaterhouseCoopers, the Company’s independent auditor, 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 set out on page 29.

By Order of the Board
William Ma Ching Wai
Chairman

Hong Kong, 24th August 2018