



**大生地產發展有限公司**  
**TAI SANG LAND DEVELOPMENT LIMITED**

(Stock code: 89)

---

**2020 INTERIM REPORT**

---

## Contents

	Page
Corporate Information	2
Condensed Consolidated Statement of Financial Position	3
Condensed Consolidated Statement of Profit or Loss	5
Condensed Consolidated Statement of Comprehensive Income	6
Condensed Consolidated Statement of Cash Flows	7
Condensed Consolidated Statement of Changes in Equity	8
Notes to the Condensed Consolidated Interim Financial Information	9
Report on Review of Interim Financial Information	29
Chairman's Statement	30
Management Discussion and Analysis	31
Interim Dividend and Record Date	33
Directors' and Chief Executive's Interests in Shares	33
Substantial Shareholders	35
Purchase, Sale or Redemption of Shares	35
Corporate Governance	36
Independent Review	36

## Corporate Information

### Executive directors

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

### Non-executive director

Edward Cheung Wing Yui, BBS

### Independent non-executive directors

Kevin Chau Kwok Fun  
Tan Soo Kiu  
Yiu Kei Chung

### Audit Committee

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

### Remuneration Committee

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

### Nomination Committee

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

### Bankers

The Bank of East Asia, Limited  
Hang Seng Bank Limited  
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

### Auditor

PricewaterhouseCoopers

### Registered Office

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

### Registrar and Transfer Office

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

### Website Address

[www.tsld.com](http://www.tsld.com)  
[www.irasia.com/listco/hk/taisangland/index.htm](http://www.irasia.com/listco/hk/taisangland/index.htm)

## Condensed Consolidated Statement of Financial Position

*As at 30th June 2020 – Unaudited*

	<i>Note</i>	<b>As at 30th June 2020 <i>HK\$'000</i></b>	<b>As at 31st December 2019 <i>HK\$'000</i></b>
<b>Non-current assets</b>			
Property, plant and equipment	6	1,987,372	1,922,917
Investment properties	6	8,705,126	8,627,547
Financial assets at fair value through other comprehensive income		18,053	25,168
Prepayments for non-current assets		20,418	4,254
		<b>10,730,969</b>	10,579,886
<b>Current assets</b>			
Properties for sale		109,596	109,596
Debtors and prepayments	7	36,706	37,955
Current income tax recoverable		119	90
Cash and cash equivalents		246,532	111,644
		<b>392,953</b>	259,285
<b>Total assets</b>		<b>11,123,922</b>	10,839,171
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	8	417,321	417,321
Reserves		7,537,109	7,553,615
		<b>7,954,430</b>	7,970,936
<b>Non-controlling interests</b>		<b>230,594</b>	232,462
<b>Total equity</b>		<b>8,185,024</b>	8,203,398
<b>Non-current liabilities</b>			
Long term bank loans – secured	9	1,420,160	1,326,100
Deferred income tax liabilities	10	331,104	345,698
Lease liabilities		527	579
		<b>1,751,791</b>	1,672,377

## Condensed Consolidated Statement of Financial Position (Continued)

As at 30th June 2020 – Unaudited

	<i>Note</i>	As at 30th June 2020 <i>HK\$'000</i>	As at 31st December 2019 <i>HK\$'000</i>
<b>Current liabilities</b>			
Rental and other deposits		86,159	90,265
Creditors and accruals	11	102,374	66,337
Current income tax liabilities		5,880	4,297
Short term bank loans	12	478,957	287,854
Current portion of long term bank loans – secured	9	513,543	514,464
Lease liabilities		194	179
		<u>1,187,107</u>	<u>963,396</u>
<b>Total equity and liabilities</b>		<u><u>11,123,922</u></u>	<u><u>10,839,171</u></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 2020 – Unaudited*

		<b>For the six months ended 30th June</b>	
	<i>Note</i>	<b>2020</b>	2019
		<b>HK\$'000</b>	<b>HK\$'000</b>
Revenues	5(a)	<b>174,563</b>	184,602
Cost of sales	13	<b>(33,787)</b>	(43,661)
<b>Gross profit</b>		<b>140,776</b>	140,941
Fair value (losses)/gains on investment properties	6	<b>(192,940)</b>	162,111
Other gains, net	14	<b>603</b>	432
Administrative expenses	13	<b>(60,213)</b>	(58,817)
Other operating expenses	13	<b>(8,828)</b>	(2,572)
<b>Operating (loss)/profit</b>		<b>(120,602)</b>	242,095
Finance income	15	<b>637</b>	352
Finance costs	15	<b>(22,565)</b>	(21,300)
Finance costs, net		<b>(21,928)</b>	(20,948)
<b>(Loss)/profit before income tax</b>		<b>(142,530)</b>	221,147
Income tax credit/(expense)	16	<b>8,988</b>	(24,270)
<b>(Loss)/profit for the period</b>		<b>(133,542)</b>	196,877
<b>(Loss)/profit attributable to:</b>			
Owners of the Company		<b>(135,749)</b>	188,054
Non-controlling interests		<b>2,207</b>	8,823
		<b>(133,542)</b>	196,877
<b>(Loss)/earnings per share (basic and diluted)</b>	17	<b>(HK\$0.47)</b>	HK\$0.65

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 2020 – Unaudited*

	<b>For the six months ended 30th June</b>	
	<b>2020</b>	2019
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>(Loss)/profit for the period</b>	<b>(133,542)</b>	196,877
<b>Other comprehensive income</b>		
<u>Item that will not be reclassified to profit or loss</u>		
Changes in the fair value of financial assets at fair value through other comprehensive income	(7,115)	(2,347)
Revaluation surplus upon transfer from property, plant and equipment	158,557	–
<b>Other comprehensive income for the period</b>	<b>151,442</b>	(2,347)
<b>Total comprehensive income for the period</b>	<b>17,900</b>	194,530
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	18,014	185,412
Non-controlling interests	(114)	9,118
	<b>17,900</b>	194,530

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 2020 – Unaudited*

	<b>For the six months ended 30th June</b>	
	<b>2020</b>	<b>2019</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash flows from operating activities</b>		
Net cash generated from operations	78,591	86,530
Hong Kong profits tax paid	(4,040)	(944)
United States taxation paid	(12)	(13)
Letting fees paid	(880)	–
	<b>73,659</b>	<b>85,573</b>
<b>Net cash generated from operating activities</b>	<b>73,659</b>	<b>85,573</b>
<b>Cash flows from investing activities</b>		
Additions of property, plant and equipment	(127,928)	(117,225)
Additions of investment properties	(22,787)	(34,639)
Proceeds on disposal of property, plant and equipment	85	402
Interest received	637	352
Dividends received	685	682
	<b>(149,308)</b>	<b>(150,428)</b>
<b>Net cash used in investing activities</b>	<b>(149,308)</b>	<b>(150,428)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(36,560)	(38,014)
Drawn down of bank loans	417,400	543,300
Repayments of bank loans	(133,921)	(395,921)
Repayments to lease liabilities	(108)	–
Dividends paid to shareholders	(34,520)	(34,520)
Dividends paid to non-controlling shareholders of subsidiaries	(1,754)	(2,005)
	<b>210,537</b>	<b>72,840</b>
<b>Net cash generated from financing activities</b>	<b>210,537</b>	<b>72,840</b>
<b>Net increase in cash and cash equivalents</b>	<b>134,888</b>	<b>7,985</b>
Cash and cash equivalents at 1st January	<b>111,644</b>	<b>54,248</b>
<b>Cash and cash equivalents at 30th June</b>	<b>246,532</b>	<b>62,233</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	246,532	69,379
Bank overdrafts	–	(7,146)
	<b>246,532</b>	<b>62,233</b>

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 2020 – 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 2020	417,321	549,850	(23,227)	7,232	7,019,760	7,553,615	232,462	8,203,398
<b>Comprehensive income</b>								
Loss for the period	-	-	-	-	(135,749)	(135,749)	2,207	(133,542)
<b>Other comprehensive income</b>								
Net fair value loss on financial assets at fair value through other comprehensive income	-	-	(4,794)	-	-	(4,794)	(2,321)	(7,115)
Revaluation surplus upon transfer from property, plant and equipment	-	158,557	-	-	-	158,557	-	158,557
<b>Total comprehensive income for the period</b>	-	158,557	(4,794)	-	(135,749)	18,014	(114)	17,900
<b>Transaction with owners</b>								
Dividend paid	-	-	-	-	(34,520)	(34,520)	(1,754)	(36,274)
At 30th June 2020	<u>417,321</u>	<u>708,407</u>	<u>(28,021)</u>	<u>7,232</u>	<u>6,849,491</u>	<u>7,537,109</u>	<u>230,594</u>	<u>8,185,024</u>
At 1st January 2019	417,321	549,850	(18,538)	7,232	6,646,747	7,185,291	225,209	7,827,821
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	188,054	188,054	8,823	196,877
<b>Other comprehensive income</b>								
Net fair value loss on financial assets at fair value through other comprehensive income	-	-	(2,642)	-	-	(2,642)	295	(2,347)
<b>Total comprehensive income for the period</b>	-	-	(2,642)	-	188,054	185,412	9,118	194,530
<b>Transaction with owners</b>								
Dividend paid	-	-	-	-	(34,520)	(34,520)	(2,005)	(36,525)
At 30th June 2019	<u>417,321</u>	<u>549,850</u>	<u>(21,180)</u>	<u>7,232</u>	<u>6,800,281</u>	<u>7,336,183</u>	<u>232,322</u>	<u>7,985,826</u>

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 and hotel operation. The address of its registered office is 15th Floor, TS Tower, 43 Heung Yip Road, Wong Chuk Hang, 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 2020 (the “Condensed Consolidated Interim Financial Information”) was approved by the board of directors on 21st August 2020. 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 2019 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 2019 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.

The Group had net current liabilities of HK\$794,154,000 as at 30th June 2020. The current liabilities mainly included short term bank loans of HK\$478,957,000 and current portion of long term bank loans of HK\$513,543,000. 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 2019 (the “2019 Annual Report”). The Condensed Consolidated Interim Financial Information should be read in conjunction with the 2019 Annual Report, which has been prepared in accordance with the Hong Kong Financial Reporting Standards.

The following amended standards and revised conceptual framework are relevant and mandatory to the Group for the accounting period beginning on 1st January 2020:

HKFRS 1 and HKAS 8 (Amendment) Conceptual Framework for Financial Reporting 2018	Definition of Material Revised Conceptual Framework for Financial Reporting
--	---

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

### 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 2019 Annual Report.

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

(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 2020 and 31st December 2019.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Financial assets at fair value through other comprehensive income			
<b>At 30th June 2020</b>	<b>15,053</b>	<b>–</b>	<b>3,000</b>
At 31st December 2019	20,168	–	5,000

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

### 3 Financial risk management (Continued)

#### (b) Fair value estimation (Continued)

For the six months ended 30th June 2020, 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 2020, other than the impact as disclosed in note 3(c), there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets.

#### (c) Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 instruments for the six months ended 30th June 2020:

	<b>Unlisted equity securities (note) HK\$'000</b>
At 31st December 2019	5,000
Losses recognised in other comprehensive income	(2,000)
	<hr/>
<b>At 30th June 2020</b>	<b>3,000</b>
	<hr/> <hr/>

Note: Unlisted equity securities were denominated in Hong Kong dollar, represented approximately 12% equity interests each in The Yangtze Ventures Limited, The Yangtze Ventures II Limited and Yangtze China Investment Limited. The underlying investments of these entities mainly comprise of equity investments in companies which engaged in Chinese medical products and environmental friendly product in China, and a provider of expansion capital to China-based enterprises. The fair value of the investments was determined based on expected future cashflow.

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

### 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 2019 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	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenues from external customers		
Property rental		
– investment properties	<b>149,892</b>	153,114
– properties for sale	<b>12,958</b>	12,379
Property related services (note)	<b>11,010</b>	11,287
Hotel operations (note)	<b>703</b>	7,822
	<b>174,563</b>	184,602

Note: The Group's revenue from property related services and hotel operations 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:

	<b>As at 30th June 2020 HK\$'000</b>	<b>As at 31st December 2019 HK\$'000</b>
Not later than one year	<b>280,867</b>	289,776
Later than one year but not later than five years	<b>535,692</b>	565,597
Later than five years	<b>155,528</b>	202,368
	<b>972,087</b>	1,057,741
	<b>972,087</b>	1,057,741

(c) Operating segments

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 in Hong Kong and North America.

The CODM assesses the performance of the operating segments based on their underlying profit, which is measured by profit after income tax excluding fair value changes on investment properties (net of deferred income tax in the United States), and their segment assets and segment liabilities which is measured in a manner consistent with that in the 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)

	<b>Hong Kong</b> <i>HK\$'000</i>	<b>North</b> <i>America</i> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>For the six months ended</b>			
<b>30th June 2020</b>			
Segment revenues			
Property rental	124,680	38,170	162,850
Property related services	11,010	–	11,010
Hotel operations	703	–	703
	<u>136,393</u>	<u>38,170</u>	<u>174,563</u>
Total segment revenues	<u>136,393</u>	<u>38,170</u>	<u>174,563</u>
Segment results – underlying profit			
– Property rental and related services	28,309	15,591	43,900
– Hotel operations	(1,160)	–	(1,160)
Fair value losses on investment properties	(116,650)	(76,290)	(192,940)
Deferred income tax, net	–	16,658	16,658
	<u>(89,501)</u>	<u>(44,041)</u>	<u>(133,542)</u>
Loss for the period	<u>(89,501)</u>	<u>(44,041)</u>	<u>(133,542)</u>
Included in segment results:			
Finance income	440	197	637
Finance costs	(20,959)	(1,606)	(22,565)
Income tax expense (note)	(7,658)	(12)	(7,670)
Depreciation	(9,009)	(1,584)	(10,593)
	<u>(27,186)</u>	<u>(3,005)</u>	<u>(30,191)</u>
Capital expenditure	<u>180,396</u>	<u>7,808</u>	<u>188,204</u>

**Notes to the Condensed Consolidated Interim Financial Information (Continued)**

**5 Revenues and segment information (Continued)**

(c) Operating segments (Continued)

	<b>Hong Kong</b> <i>HK\$'000</i>	<b>North</b> <b>America</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>At 30th June 2020</b>			
Property, plant and equipment	1,973,564	13,808	1,987,372
Investment properties	7,754,080	951,046	8,705,126
Prepayments for non-current assets	20,418	–	20,418
Non-current assets (excluding financial assets at fair value through other comprehensive income)	9,748,062	964,854	10,712,916
Non-current financial assets at fair value through other comprehensive income	18,053	–	18,053
Current assets	336,844	56,109	392,953
Segment assets	<u>10,102,959</u>	<u>1,020,963</u>	<u>11,123,922</u>
Current liabilities	1,048,406	138,701	1,187,107
Non-current liabilities	1,559,767	192,024	1,751,791
Segment liabilities	<u>2,608,173</u>	<u>330,725</u>	<u>2,938,898</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>
For the six months ended 30th June 2019			
Segment revenues			
Property rental	129,229	36,264	165,493
Property related services	11,287	–	11,287
Hotel operations	7,822	–	7,822
	<u>148,338</u>	<u>36,264</u>	<u>184,602</u>
Total segment revenues	<u>148,338</u>	<u>36,264</u>	<u>184,602</u>
Segment results – underlying profit			
– Property rental and related services	36,725	11,768	48,493
– Hotel operations	846	–	846
Fair value gains on investment properties	121,845	40,266	162,111
Deferred income tax, net	–	(14,573)	(14,573)
	<u>159,416</u>	<u>37,461</u>	<u>196,877</u>
Profit for the period	<u>159,416</u>	<u>37,461</u>	<u>196,877</u>
Included in segment results:			
Finance income	155	197	352
Finance costs	(18,583)	(2,717)	(21,300)
Income tax expense (note)	(9,684)	(13)	(9,697)
Depreciation	(6,987)	(1,784)	(8,771)
	<u>156,646</u>	<u>8,055</u>	<u>164,701</u>
Capital expenditure	<u>156,646</u>	<u>8,055</u>	<u>164,701</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 2019			
Property, plant and equipment	1,907,525	15,392	1,922,917
Investment properties	7,607,651	1,019,896	8,627,547
Prepayments for non-current assets	4,254	–	4,254
	<u>9,519,430</u>	<u>1,035,288</u>	<u>10,554,718</u>
Non-current assets (excluding financial assets at fair value through other comprehensive income)	9,519,430	1,035,288	10,554,718
Non-current financial assets at fair value through other comprehensive income	25,168	–	25,168
Current assets	210,984	48,301	259,285
	<u>9,755,582</u>	<u>1,083,589</u>	<u>10,839,171</u>
Segment assets	<u>9,755,582</u>	<u>1,083,589</u>	<u>10,839,171</u>
Current liabilities	822,767	140,629	963,396
Non-current liabilities	1,463,696	208,681	1,672,377
	<u>2,286,463</u>	<u>349,310</u>	<u>2,635,773</u>
Segment liabilities	<u>2,286,463</u>	<u>349,310</u>	<u>2,635,773</u>

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>
<b>Net book value or valuation</b>			
At 1st January 2020	1,922,917	8,627,547	10,550,464
Additions	161,788	26,416	188,204
Transfer (out)/in	(86,573)	86,573	–
Revaluation surplus	–	158,557	158,557
Capitalised letting fees	–	880	880
Amortisation of capitalised letting fees	–	(1,907)	(1,907)
Depreciation	(10,593)	–	(10,593)
Disposals and write-off	(167)	–	(167)
Fair value losses	–	(192,940)	(192,940)
	<b>1,987,372</b>	<b>8,705,126</b>	<b>10,692,498</b>
At 30th June 2020	<b>1,987,372</b>	<b>8,705,126</b>	<b>10,692,498</b>
At 1st January 2019	1,693,970	8,158,136	9,852,106
Additions	134,416	30,285	164,701
Depreciation	(8,771)	–	(8,771)
Disposals and write-off	(652)	–	(652)
Fair value gains	–	162,111	162,111
	1,818,963	8,350,532	10,169,495
At 30th June 2019	1,818,963	8,350,532	10,169,495
Additions	114,096	37,726	151,822
Capitalised letting fees	–	17,306	17,306
Amortisation of capitalised letting fees	–	(3,223)	(3,223)
Depreciation	(9,349)	–	(9,349)
Disposals and write-off	(793)	–	(793)
Fair value gains	–	225,206	225,206
	1,922,917	8,627,547	10,550,464
At 31st December 2019	<b>1,922,917</b>	<b>8,627,547</b>	<b>10,550,464</b>

**6 Capital expenditure (Continued)**

- (a) The valuations of the investment properties at 30th June 2020 and 31st December 2019 were carried out by independent professional property valuers, Jones Lang LaSalle Limited and Martorana Bohegian & 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.

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

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

- (b) The Group's property, plant and equipment included additions of HK\$13,062,000 (2019: HK\$17,498,000) (note 15) being interest expenses capitalised for the development projects.

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

### 7 Debtors and prepayments

Included in debtors and prepayments are trade debtors of HK\$1,197,000 (at 31st December 2019: HK\$1,813,000) and their ageing analysis of the trade debtors based on invoice date are as follows:

	<b>As at 30th June 2020 HK\$'000</b>	<b>As at 31st December 2019 HK\$'000</b>
0–30 days	1,197	1,771
31–60 days	–	42
	<b>1,197</b>	<b>1,813</b>
	<b>1,197</b>	<b>1,813</b>

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.

### 8 Share capital

Ordinary shares, issued and fully paid:

	<b>Number of shares (thousands)</b>	<b>Share capital HK\$'000</b>
At 1st January 2020, 30th June 2020 and 31st December 2019	<b>287,670</b>	<b>417,321</b>
	<b>287,670</b>	<b>417,321</b>

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

### 9 Long term bank loans – secured

	<b>As at 30th June 2020 HK\$'000</b>	<b>As at 31st December 2019 HK\$'000</b>
Bank loans	1,933,703	1,840,564
Amounts due within one year included under current liabilities	<u>(513,543)</u>	<u>(514,464)</u>
	<b><u>1,420,160</u></b>	<b><u>1,326,100</u></b>
The maturity of the long term bank loans is as follows:		
– within one year	513,543	514,464
– in the second year	22,000	22,000
– in the third to fifth year	<u>1,398,160</u>	<u>1,304,100</u>
	<b><u>1,933,703</u></b>	<b><u>1,840,564</u></b>

The 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 certain property, plant and equipment in Hong Kong with an aggregate carrying value of HK\$7,417,583,000 (at 31st December 2019: HK\$7,176,611,000) 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:

	<b>For the six months ended 30th June</b>		For the year ended 31st December
	<b>2020</b>	2019	2019
	<b>HK\$'000</b>	HK\$'000	HK\$'000
At the beginning of the period/year (Credited)/charged to profit or loss (note 16)	<b>345,698</b>	298,890	298,890
	<b>(14,594)</b>	22,013	46,808
At the end of the period/year	<b>331,104</b>	320,903	345,698

### 11 Creditors and accruals

Included in creditors and accruals are trade creditors of HK\$6,188,000 (at 31st December 2019: HK\$10,308,000) and their ageing analysis is as follows:

	<b>As at 30th June 2020</b>	As at 31st December 2019
	<b>HK\$'000</b>	HK\$'000
0–30 days	<b>5,747</b>	10,069
31–60 days	<b>388</b>	114
61–90 days	<b>28</b>	82
Over 90 days	<b>25</b>	43
	<b>6,188</b>	10,308

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

### 12 Short term bank loans

	<b>As at 30th June 2020 HK\$'000</b>	<b>As at 31st December 2019 HK\$'000</b>
Short term bank loans		
– secured	443,960	162,863
– unsecured	34,997	124,991
	478,957	287,854

Certain short term bank loans are secured by certain investment properties and certain property, plant and equipment 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

	<b>For the six months ended 30th June</b>	
	<b>2020 HK\$'000</b>	<b>2019 HK\$'000</b>
Depreciation	10,593	8,771
Amortisation of capitalised letting fees	1,907	–
Outgoings, in respect of (note)		
– investment properties	16,851	24,072
– properties for sale	5,931	4,145
– property related services	8,221	8,085
– property, plant and equipment	1,048	1,089
– hotel operations	612	5,141
Operating lease rental for office premises to a related company (note 20(b))	1,262	1,884
Other employee benefit expense	37,090	34,409
Others	19,313	17,454
Total cost of sales, administrative expenses and other operating expenses	102,828	105,050

Note: Outgoings mainly included building management fee, government rent and rates, repair and maintenance and employee benefit.

**Notes to the Condensed Consolidated Interim Financial Information (Continued)**

**14 Other gains, net**

	<b>For the six months ended 30th June</b>	
	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend income from financial assets at fair value through other comprehensive income	<b>685</b>	682
Loss on disposal of property, plant and equipment, net	<b>(82)</b>	(250)
	<b>603</b>	432
	<b>603</b>	432

**15 Finance income and costs**

	<b>For the six months ended 30th June</b>	
	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		
Interest income from banks	<b>637</b>	352
	<b>637</b>	352
Finance costs		
Interest expenses on bank loans and overdrafts	<b>(35,627)</b>	(38,798)
Less: Amount capitalised in property, plant and equipment (note 6(b))	<b>13,062</b>	17,498
	<b>(22,565)</b>	(21,300)
	<b>(22,565)</b>	(21,300)
Finance costs, net	<b>(21,928)</b>	(20,948)

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

### 16 Income tax credit/(expense)

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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 (2019: HK\$Nil) has been provided as there is no estimated taxable profit for the overseas subsidiaries for the period.

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

	For the six months ended 30th June	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	(5,594)	(2,244)
– United States taxation	(12)	(13)
	(5,606)	(2,257)
Deferred income tax credit/(expense) (note 10)		
– Hong Kong	(2,064)	(7,440)
– United States	16,658	(14,573)
	14,594	(22,013)
	8,988	(24,270)

### 17 (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on loss attributable to owners of the Company of HK\$135,749,000 (2019: profit of HK\$188,054,000) and on 287,670,000 (2019: 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 2020 and 2019, the diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share.

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

### 18 Dividend

	<b>For the six months ended 30th June</b>	
	<b>2020</b>	2019
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interim, declared, of HK10 cents (2019: HK10 cents) per ordinary share	<b>28,767</b>	28,767

At a meeting held on 21st August 2020, the directors declared an interim dividend of HK10 cents per ordinary share for the year ending 31st December 2020. 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 2020.

### 19 Capital commitments

	<b>As at 30th June 2020 <i>HK\$'000</i></b>	As at 31st December 2019 <i>HK\$'000</i>
Contracted but not provided for		
– investment properties	15,770	28,116
– property, plant and equipment	183,892	270,672
	<b>199,662</b>	298,788

## 20 Related parties transactions

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

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

Property rental and property related services revenue in note 5(a) included amounts of HK\$564,000 (2019: HK\$610,000) and HK\$311,000 (2019: HK\$269,000) respectively from related companies and persons based on prices and terms as agreed by the parties involved.

- (b) Operating lease rental for office premises to a related company

Operating lease rental for office premises to a related company in note 13 was HK\$1,262,000 (2019: HK\$1,884,000). The transaction was entered with a company with common key management personnel and based on prices and terms as agreed by the parties involved.

- (c) Key management remuneration

Remuneration for key management includes amounts paid to the Company's directors (executive and non-executive) and senior management is as follows:

	<b>For the six months ended 30th June</b>	
	<b>2020</b>	2019
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Fees	<b>114</b>	114
Salaries	<b>9,366</b>	9,732
Housing and other allowances, benefits in kind	<b>9,259</b>	8,205
Retirement benefit costs	<b>63</b>	63
	<b>18,802</b>	18,114

# 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 2020 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 information 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 Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this 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, 21st August 2020

## Chairman's Statement

### Result

The Group's core property leasing business remained stable with 1.6% period-on-period drop whereas a significant decrease in the hotel room tariff was recorded due to renovation which commenced in mid-March this year. The revenue of the Group for the first half of 2020 decreased 5.4% to HK\$174.6 million (2019: HK\$184.6 million).

The Group recorded a consolidated loss of HK\$133.5 million (2019: profit of HK\$196.9 million) for the first half of 2020, due to property revaluation loss, particularly on the shops and commercial properties. Loss per share for the period was HK\$0.47 (2019: earnings per share HK\$0.65).

When excluding the effect of the property revaluation loss (net of the deferred tax in the United States) in the amount of HK\$176.2 million (2019 corresponding figure: gain of HK\$147.6 million), the underlying profit for the first half of 2020 was approximately HK\$42.7 million, decreased by HK\$6.6 million or 13.4% as compared to the corresponding figure of HK\$49.3 million for the same period of 2019.

As at 30th June 2020, the investment properties of the Group were revalued at HK\$8,705.1 million (at 31st December 2019: HK\$8,627.5 million), increased by HK\$77.6 million or 0.9% for the first half of 2020. The valuation of HK\$8,705.1 million has included additional properties into the investment properties portfolio due to the reclassification of property under development of HK\$283.3 million upon completion. Total equity amounted to HK\$8,185.0 million (at 31st December 2019: HK\$8,203.4 million).

### Dividend

The directors have declared an interim dividend of HK10 cents (2019: HK10 cents) per ordinary share.

### Outlook

The COVID-19 pandemic is not yet under control globally and will continue to adversely affect our domestic economy which is further affected by the current Sino-US relationship which is at a deadlock. It is expected that our Group's investment properties revaluation will continue to be so affected. Nevertheless, with ample supply of money, interest rates may stay at low levels in medium term without significant changes.

Hopefully by the end of this year, there will be vaccines for COVID-19 and the economic recovery of China will benefit the Greater Bay Area including Macau and Hong Kong. The recent enforcement of National Security Law in Hong Kong may have positive effect on the political and economic stabilization in Hong Kong in coming years.

The Group remains confident in Hong Kong and will continue to be cautious and will pay attention to the development of the current situations and will make appropriate adjustments if the circumstance merits. Barring any unforeseen circumstances, the Group will continue to pursue a prudent policy.

**William Ma Ching Wai**  
*Chairman*

Hong Kong, 21st August 2020

## Management Discussion and Analysis

### Business review

In Hong Kong, the gross rental income for the first half of 2020 was HK\$124.7 million, decreased by HK\$4.5 million or 3.5% as compared to the same period last year. The decrease was partly attributable to the rental concession given to tenants, mainly of shops and commercial units, and partly due to the slow-down in taking up new tenancies for vacant units.

Due to the renovation of Hotel LBP, the hotel room tariff for the first half of 2020 dropped by 91% as compared to the same period last year, to about HK\$0.7 million.

The office floors of the hotel-office mixed-use development at 43 Heung Yip Road have been completed by the end of March this year. The Group has since then occupied two office floors as office premises and will keep the remaining three office floors for rental purposes. Subject to the completion of the fitting out works of the hotel and the issuance of the hotel licence, the hotel may be put into operation by the end of this year or early next year.

In the USA, the gross rental income from Montgomery Plaza was HK\$38.2 million for the first half of 2020, increased by HK\$1.9 million or 5.2%, as compared to the same period last year. The office space occupancy rate of Montgomery Plaza was 91% as at the half year end of 2020.

### Liquidity and financial resources

During the relevant period, the Group's total bank borrowings increased by HK\$284.3 million to HK\$2,412.7 million (at 31st December 2019: HK\$2,128.4 million), including outstanding long-term bank loans of HK\$1,933.7 million (as at 31st December 2019: HK\$1,840.6 million). The total equity decreased by HK\$18.4 million to HK\$8,185.0 million (at 31st December 2019: HK\$8,203.4 million). The debt to equity ratio was 29.5% (at 31st December 2019: 25.9%).

The cash flows 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 requirement. The Group's financial position remains healthy.

There is 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.

## 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.

Bank borrowings amount to about HK\$2,377.7 million (at 31st December 2019: HK\$2,003.4 million) of the Group are secured by certain properties with an aggregate carrying amount of HK\$7,417.6 million (at 31st December 2019: HK\$7,176.6 million) and the rental income therefrom. Except for the overdraft facilities, interest on the Group's bank borrowings is based on the floating interest rate, i.e. spread plus HIBOR or LIBOR, whereas interest on the overdraft facilities is based on the Hong Kong bank's best lending rate and now is 5%.

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

	As at 30th June 2020 <i>HK\$'000</i>	As at 31st December 2019 <i>HK\$'000</i>
– within one year	513,543	514,464
– in the second year	22,000	22,000
– in the third to fifth year	1,398,160	1,304,100
	<u>1,933,703</u>	<u>1,840,564</u>

### Details of number and remuneration of employees

As at 30th June 2020, the Group employed a total of 159 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 (2019: HK10 cents) per ordinary share, payable on 24th September 2020 to shareholders whose names standing on the register of members at the close of business on 8th September 2020 (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 Tuesday, 8th September 2020.

## Directors’ and Chief Executive’s Interests in Shares

At 30th June 2020, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of the Securities and Futures Ordinance (“SFO”)), as recorded in the register maintained by the Company under Section 352 of Part XV of SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited were as follows:

### Number of ordinary shares held at 30th June 2020

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

All interests stated above represent long positions.

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

Notes:

- (a) Kam Chan & Company, Limited (“Kam Chan & Co”, in which Mr. William Ma Ching Wai held 62.30% interests) and its associates and Holston Investment Limited (in which Mr. William Ma Ching Wai held 77.20% interests) directly or indirectly owned 138,998,248 and 21,138,237 ordinary shares in the Company respectively.
- (b) Tai Sang International Limited (in which Mr. Patrick Ma Ching Hang held 100% interests) directly owned 8,732,013 ordinary shares in the Company.
- (c) Mr. Alfred Ma Ching Kuen beneficially held 9,886 shares (or 0.1765%) in the total number of issued shares of a subsidiary of the Company, Tai Sang Cold Storage & Godown Company Limited.
- (d) Mr. Patrick Ma Ching Hang and Ms. Katy Ma Ching Man jointly and beneficially held 47 shares (or 0.94%); Mr. William Ma Ching Wai and Mr. Patrick Ma Ching Hang jointly and beneficially held 1 share (or 0.02%); and Mr. Alfred Ma Ching Kuen beneficially held 23 shares (or 0.46%) in the total number of issued shares of a subsidiary of the Company, Kam Hang Company Limited.
- (e) In addition, certain directors of the Company held non-beneficial interests in subsidiaries of the Company in trust to the absolute benefit of the Company, the details of which are available for inspection at the Company's registered office.
- (f) Other than as stated above, as at 30th June 2020, no directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation.
- (g) At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors and chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares, underlying shares or debentures of the Company or any of its specified undertakings or its other associated corporations.

## Substantial Shareholders

At 30th June 2020, the interest and short position of substantial shareholders in the shares or underlying shares of the Company, as recorded in the register maintained by the Company under Section 336 of Part XV of the SFO were as follows:

### Number of ordinary shares held at 30th June 2020

	Capacity		Total	Percentage
	Personal interest	Corporate interests (note (a))		
Substantial shareholders:				
Kam Chan & Co	112,248,758	26,749,490	138,998,248	48.3187%
Holston Investment Limited	21,138,237	–	21,138,237	7.3481%
Gold Fortune Investment Company Limited	15,488,636	–	15,488,636	5.3842%

All interests stated above represent long positions.

Notes:

- (a) Gold Fortune Investment Company Limited, Suremark Limited (beneficially interested in 5,854,432 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 & Co. The aggregate shareholdings of these three companies are deemed to be the corporate interest of Kam Chan & Co in the ordinary shares in the Company.
- (b) Save as disclosed above, as at 30th June 2020, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register maintained by the Company under section 336 of part XV of the SFO.

## 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 to 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. 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 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”) set out in Appendix 10 to the Listing Rules as the Company’s code of conduct regarding directors’ securities transactions. On specific enquires made, all directors have confirmed that they have complied with the Model Code during the period.

## Independent Review

The interim results have been reviewed by the Audit Committee of the Company. The interim results for the six months ended 30th June 2020 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, 21st August 2020