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

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*

## ANNOUNCEMENT OF 2002 INTERIM RESULTS

### 1. Group Interim Results

The Board of Directors of Tai Sang Land Development Limited (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th June 2002 are as follows:

| | Note | Unaudited For six months ended 30th June 2002 *HK$'000* | 2001 *HK$'000* |
|---|---|---|---|
| TURNOVER | 1 | 100,164 | 106,547 |
| COST OF SALES | | (23,075) | (19,244) |
| GROSS PROFIT | | 77,089 | 87,303 |
| ADMINISTRATIVE EXPENSES | | (24,408) | (18,765) |
| OTHER OPERATING EXPENSES (NET) | | (16,836) | (13,120) |
| OPERATING PROFIT | 2 | 35,845 | 55,418 |
| FINANCE COSTS | 3 | (11,170) | (15,567) |
| PROFIT BEFORE TAXATION | | 24,675 | 39,851 |
| TAXATION | 4 | (3,467) | (2,840) |
| PROFIT AFTER TAXATION | | 21,208 | 37,011 |
| MINORITY INTERESTS | | (1,368) | (1,575) |
| PROFIT ATTRIBUTABLE TO SHAREHOLDERS | | 19,840 | 35,436 |
| INTERIM DIVIDEND | 5 | 17,260 | 25,890 |
| EARNINGS PER SHARE | 6 | HK 6.9 cents | HK 12.3 cents |

*Note:*

(1) **Turnover, revenue and segment information**

The Group is principally engaged in investment holding, property investment, property rental, property development, estate management and agency and distribution of golf accessories. An analysis of the Group's revenue and results for the period by business and geographical segments is as follows:

*Business segments:*

| | For the six months ended 30th June 2002 | | | | |
|---|---|---|---|---|---|
| | **Property rental** | **Property related services** | **Property sales** | **Others** | **Group** |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Turnover | | | | | |
| Total revenue | 90,413 | 6,552 | — | 4,846 | 101,811 |
| Inter-segment revenue | — | (1,647) | — | — | (1,647) |
| External revenue | 90,413 | 4,905 | — | 4,846 | 100,164 |
| Segment results | 60,618 | 2,692 | — | (3,057) | 60,253 |
| Unallocated costs | | | | | (24,408) |
| Operating profit | | | | | 35,845 |
| Finance costs | | | | | (11,170) |
| Profit before taxation | | | | | 24,675 |

| | For the six months ended 30th June 2001 | | | | |
|---|---|---|---|---|---|
| | **Property rental** | **Property related services** | **Property sales** | **Others** | **Group** |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Turnover | | | | | |
| Total revenue | 93,191 | 6,745 | 6,600 | 2,073 | 108,609 |
| Inter-segment revenue | — | (2,062) | — | — | (2,062) |
| External revenue | 93,191 | 4,683 | 6,600 | 2,073 | 106,547 |
| Segment results | 63,871 | 2,076 | 6,163 | 2,073 | 74,183 |
| Unallocated costs | | | | | (18,765) |
| Operating profit | | | | | 55,418 |
| Finance costs | | | | | (15,567) |
| Profit before taxation | | | | | 39,851 |

*Geographical segments:*

| | For the six months ended 30th June | | | |
|---|---|---|---|---|
| | **Turnover** | | **Segment results** | |
| | **2002** | **2001** | **2002** | **2001** |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Hong Kong | 65,493 | 74,050 | 42,276 | 52,989 |
| North America | 34,671 | 32,497 | 17,977 | 21,194 |
| | 100,164 | 106,547 | 60,253 | 74,183 |

(2) **Operating profit**

Operating profit is stated after crediting and charging the following:

| | For the six months ended 30th June | |
|---|---|---|
| | **2002** | **2001** |
| | *HK$'000* | *HK$'000* |
| Crediting | | |
| Dividend from listed investments | 669 | 648 |
| Interest income | 338 | 1,426 |
| Gain on disposal of investment property, including realisation on investment properties revaluation reserve | — | 6,163 |
| Charging | | |
| Amortisation of goodwill | 808 | — |
| Cost of goods sold | 2,147 | — |
| Provision for doubtful debts | 2,527 | 53 |
| Depreciation | 2,663 | 2,788 |
| Staff costs (including directors' emoluments and retirement benefit costs) | 21,385 | 16,353 |

(3) **Finance costs**

| | For the six months ended 30th June | |
|---|---|---|
| | **2002** | **2001** |
| | *HK$'000* | *HK$'000* |
| Interest expenses | | |
| - bank loans and overdrafts wholly repayable within five years | 9,682 | 8,331 |
| - bank loans not wholly repayable within five years | 1,614 | 6,809 |
| Other incidental borrowing costs | 437 | 427 |
| | 11,733 | 15,567 |
| Amount capitalised in properties under development | (563) | — |
| | 11,170 | 15,567 |

(4) **Taxation**

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the period. No overseas taxation has been provided as there is no estimated taxable profit of the overseas subsidiaries for the period.

| | For the six months ended 30th June | |
|---|---|---|
| | **2002** | **2001** |
| | *HK$'000* | *HK$'000* |
| Hong Kong profits tax | 3,467 | 2,840 |

(5) **Interim dividend**

| | For the six months ended 30th June | |
|---|---|---|
| | **2002** | **2001** |
| | *HK$'000* | *HK$'000* |
| Interim, proposed, of HK 6 cents (2001: HK 9 cents) per ordinary share | 17,260 | 25,890 |

(6) **Earnings per share**

The calculation of earnings per share is based on profit attributable to shareholders of HK$19,840,000 (2001: HK$35,436,000) and on 287,669,676 (2001: 287,669,676) ordinary shares in issue during the period.

## 2. Interim Dividend and Record Date

The Board of Directors has resolved to declare an interim dividend of HK 6 cents (2001: HK 9 cents) per share, payable on 7th October 2002 to shareholders whose names standing on the register of members at the close of business on 30th September 2002 (the "Record Date"). In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Monday, 30th September 2002.

## 3. Management Discussion and Analysis

a) *Business Review and Prospects*

For the first half of 2002, the Group achieved a profit of HK$19.8 million as compared to HK$35.4 million for the same period last year. The profit before taxation reduced by HK$15.2 million attributable mainly to the lack of gain from disposal of property during the period (the respective gain was HK$6.2 million in the same period last year) and there was a net operating loss of HK$6 million incurred for the new golf equipment trading business in the USA during the period.

In Hong Kong, except for commercial properties, nearly full occupancy on all properties was maintained. On a competitive rental strategy, our recurrent rental income dropped slightly by HK$1.7 million or 2.7% as compared to the same period last year. The rental income for the next half will remain steady.

In the USA, property occupancy rates remained high at over 95%, but there was a downturn at rates of rental renewed during 2002. The office market in the USA is still searching for the bottom. Although the rental income of Montgomery Plaza for the period only dropped HK$1.1 million or 3.5%, major tenants tend to re-negotiate new leases at a rent reduction.

b) *The Group's liquidity and financial resources*

During the relevant period, the Group's total bank borrowings increased by HK$0.8 million to HK$495.9 million. The shareholders' funds decreased by HK$93.4 million to HK$1,867.8 million and long term bank loans outstanding as at 30th June 2002 amounted HK$448.4 million (at 31st December 2001: HK$393.8 million). The debt to equity ratio was 27% (at 31st December 2001: 25%). The banking facilities available are sufficient for the Group's working capital. The Group's financial flexibility remains healthy.

c) *Capital structure of the Group*

The capital structure of the Group had not changed materially from the last annual report. The Group borrowings are primarily denominated in Hong Kong and United States 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 2002** *HK$'000* | **As at 31st December 2001** *HK$'000* |
|---|---|---|
| - within one year | 29,152 | 29,058 |
| - in the second year | 30,464 | 29,277 |
| - in the third to fifth years | 351,508 | 290,961 |
| - after the fifth year | 37,250 | 44,500 |
| | 448,374 | 393,796 |

The Group's total bank borrowings are secured by certain properties with an aggregate net book value of HK$1,566 million (at 31st December 2001: HK$1,648 million) and rental income thereon.

d) *Significant investments held and their performance and future prospects*

The Yangtze Ventures Limited, which the Group has held 12% equity interest, has acquired an equity interest in a Hong Kong company engaged in developing and manufacturing of display integrated circuit for telecommunication market during the period.

e) *Details of number and remuneration of employees*

Including the directors of the Group as at 30 June 2002, the Group employed a total of 180 full-time employees. In addition to salary payment, other benefits include discretionary bonus, insurance, medical schemes and mandatory provident fund schemes.

f) *Details of future plans for material investments*

In continuous pursuit of a conservative and prudent business policy, the Group will consider to invest in profitable projects wherever arising in the future.

4. **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 subsidiary companies has purchased or sold any of the Company's issued shares during the period.

5. **Compliance with the Code of Best Practice**

Throughout the period, the Company was in compliance with the Code of Best Practice as set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except as detailed below.

The independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at Annual General Meeting of the Company in accordance with the Company's Articles of Association.

6. **Audit Committee**

Mr. Edward Cheung Wing Yui and Mr. Kevin Chau Kwok Fun, both of whom are independent non-executive directors, have been appointed as committee members of the Audit Committee which was established on 9th April 1999. The Audit Committee has reviewed the unaudited interim financial report of the Company for the six months ended 30th June 2002.

7. **Full Details of Financial Information**

A detailed results announcement containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the web-site of The Stock Exchange of Hong Kong Limited in due course.

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

Hong Kong, 6th September 2002

**Registrar and Transfer office**
Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong

Please also refer to the published version of this announcement in The Standard.