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

(incorporated in Hong Kong with limited liability)

(Stock Code: 89)

ANNOUNCEMENT OF 2004 RESULTS

1. **Results**

The audited consolidated results of Tai Sang Land Development Limited (the "Company") and its subsidiary companies (collectively the "Group") for the year ended 31st December 2004 are as follows:

	Note	**2004** *HK$'million*	**2003** *HK$'million*
TURNOVER	2	**203.5**	212.8
COST OF SALES		**(55.9)**	(67.4)
GROSS PROFIT		**147.6**	145.4
ADMINISTRATIVE EXPENSES		**(36.3)**	(40.3)
OTHER OPERATING EXPENSES (NET)		**(35.9)**	(24.3)
OPERATING PROFIT	3	**75.4**	80.8
FINANCE COSTS	4	**(15.4)**	(19.4)
PROFIT BEFORE TAXATION		**60.0**	61.4
TAXATION	5	**(5.4)**	(12.8)
PROFIT AFTER TAXATION		**54.6**	48.6
MINORITY INTERESTS		**(1.8)**	(6.1)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		**52.8**	42.5
DIVIDENDS	6	**31.6**	27.3
EARNINGS PER SHARE	7	**HK18.4 cents**	HK14.8 cents

Note:

(1) **Discontinued operation**

On 21st June 2004, the Board of Directors of the Company passed a resolution approving the discontinuance of the business of Montgomery Golf Corporation ("MGC"), a wholly owned subsidiary company, which was incorporated in the United States of America. MGC's principal activity is trading of golf related products.

The discontinuance of MGC's business is consistent with the Company's long term strategy to focus on its core business and invest in profitable projects whenever arising in the future.

At 31st December 2004, the carrying amounts of the MGC's assets were HK$1,391,925 and of its liabilities were HK$2,865,306. During the year, MGC earned revenue of HK$5,419,752, incurred expenses of HK$16,882,871 and incurred an operating loss of HK$11,463,119. During the year, MGC's net cash outflow from operating activities was HK$65,013 and net cash outflow from investing activities was HK$19,305.

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

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

Business segments:

	2004					
	Continuing operations				**Discontinued operation**	
	Property rental *HK$'000*	**Property sales** *HK$'000*	**Property related services** *HK$'000*	**Other investments** *HK$'000*	**Sales of golf related products** *HK$'000*	**Group** *HK$'000*
Turnover						
Total revenue	**155,357**	**12,800**	**13,017**	**21,243**	**5,420**	**207,837**
Inter-segment revenue	**—**	**—**	**(4,329)**	**—**	**—**	**(4,329)**
External revenue	**155,357**	**12,800**	**8,688**	**21,243**	**5,420**	**203,508**
Segment results	**87,063**	**8,551**	**4,506**	**21,243**	**(11,463)**	**109,900**
Unallocated income						**1,819**
Unallocated costs						**(36,254)**
Operating profit						**75,465**
Finance costs						**(15,416)**
Profit before taxation						**60,049**

	2003					
	Continuing operations				**Discontinued operation**	
	Property rental HK$'000	**Property sales** HK$'000	**Property related services** HK$'000	**Other investments** HK$'000	**Sales of golf related products** HK$'000	**Group** HK$'000
Turnover						
Total revenue	167,119	10,450	13,083	12,381	12,964	215,997
Inter-segment revenue	—	—	(3,143)	—	—	(3,143)
External revenue	167,119	10,450	9,940	12,381	12,964	212,854
Segment results	106,219	5,732	5,828	4,281	(14,391)	107,669
Unallocated income						13,447
Unallocated costs						(40,326)
Operating profit						80,790
Finance costs						(19,397)
Profit before taxation						61,393

Geographical segments:

	Turnover		Segment results	
	2004	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong				
- continuing operations	**148,853**	149,089	**96,516**	95,816
North America				
- continuing operations	**49,235**	50,801	**24,847**	26,244
- discontinued operation	**5,420**	12,964	**(11,463)**	(14,391)
	54,655	63,765	**13,384**	11,853
	203,508	212,854	**109,900**	107,669

(3) **Operating profit**

	2004	2003
	HK$'million	*HK$'million*
Operating profit is stated after crediting and charging the following:		
Crediting:		
Gross rental income from		
- investment properties	**138.7**	153.3
- land and buildings for resale	**16.7**	13.8
Dividend from		
- listed investments	**0.8**	1.1
- unlisted investments	**20.4**	—
Gain on disposal of investment properties (including realisation on investment properties revaluation reserve)	**8.6**	3.3
Gain on disposal of listed investments	**—**	6.4
Realisation of deferred gain	**1.8**	13.4
Charging:		
Amortisation and impairment of goodwill		
- discontinued operation	**—**	4.8
Cost of goods sold		
- discontinued operation	**2.7**	7.4
Depreciation		
- continuing operations	**6.1**	5.6
- discontinued operation	**0.1**	0.4
Impairment of investment securities	**—**	3.2
Impairment of other fixed assets		
- discontinued operation	**0.9**	—
Loss on disposal of other fixed assets	**0.1**	0.2
Provision for doubtful debts		
- discontinued operation	**0.6**	—
Provision for inventories		
- discontinued operation	**6.3**	2.5
Staff costs (excluding directors' emoluments)		
- continuing operations	**21.9**	22.3
- discontinued operation	**1.1**	7.7

(4) **Finance costs**

	2004	2003
	HK$'million	*HK$'million*
Interest expenses		
- bank loans and overdrafts wholly repayable within five years	**15.0**	19.6
- bank loans not wholly repayable within five years	**0.1**	—
Other incidental borrowing costs	**1.0**	0.7
	16.1	20.3
Amount capitalised in properties under development	**(0.7)**	(0.9)
	15.4	19.4

(5) **Taxation**

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits for the year. No overseas taxation has been provided as there is no estimated taxable profit for the overseas subsidiary companies for the year (2003: Nil).

The amount of taxation charged to the consolidated profit and loss account represents:

	2004	2003
	HK$'million	*HK$'million*
Current		
Current year provision	**5.9**	7.0
(Over)/under provision in prior years	**(1.4)**	0.1
Deferred	**0.9**	5.7
	5.4	12.8

(6) **Dividends**

	2004	2003
	HK$'million	*HK$'million*
Interim, paid, of HK 5 cents (2003: HK 4.5 cents) per ordinary share	**14.4**	12.9
Final, proposed, of HK 6 cents (2003: HK 5 cents) per ordinary share	**17.2**	14.4
	31.6	27.3

Note:

At a meeting held on 4th April 2005, the directors declared a final dividend of HK 6 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in the accounts, but will be reflected as an appropriation of retained profits for the year ending 31st December 2005.

(7) **Earnings per share**

The calculation of earnings per share is based on profit attributable to shareholders of HK$52,849,068 (2003: HK$42,480,319) and on 287,669,676 (2003: 287,669,676) ordinary shares in issue during the year.

2. **Proposed Final Dividends**

An interim dividend of HK 5 cents (2003: HK 4.5 cents) per share were paid to shareholders on 8th October 2004. The directors of the Company have resolved to recommend to shareholders at the Annual General Meeting the payment of a final dividend of HK 6 cents (2003: HK 5 cents) per share making a total distribution of HK 11 cents per share for the financial year ended 31st December 2004. The proposed final dividend is expected to be made payable to the shareholders whose names appear on the register of members of the Company on 20th May 2005 ("Record Date") and the dividend cheques therefor are expected to be dispatched on 27th May 2005.

3. **Closure of Register of Members**

The register of members of the Company will be closed from Friday, 13th May 2005 to Friday, 20th May 2005, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares must be accompanied by the relevant share certificates and lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Thursday, 12th May 2005.

4. **Chairman's Statement**

(a) **Business Review**

In Hong Kong, the gross income maintained at about HK$149 million similar to last year despite the loss of rent from Tai Sang Container and Godown Centre, during the balcony incident period in summer of 2004 as reported at the time. The matter was resolved and remedial works were made and further additional improvement would be carried out in 2005. The impact of this rental loss was alleviated by the general rental strengthening of the residential and retail sector. This improvement trend of rental income will continue into 2005.

The Town Planning Board ("TPB") has approved the use of 43 Heung Yip Road be changed to hotel. New application has been made to the TPB to increase the intensity of development. In Tso Wo Hang, Sai Kung, the final phase of Floral Villas will be carried out once approval is obtained from the District Lands Office. It is expected to be completed in 2006. No. 1 Barker Road will be completed in 2005 and pre-completion leasing promotion campaign is being carried out. Feasibility studies are carried out to change the use of certain properties of the Group.

In the USA, the occupancy of Montgomery Plaza has improved to about 91% but the average rental rate has declined slightly resulting in a rental income decrease of about 3% to HK$ 49.2 million. I expect the market will stabilise in 2005.

The sports equipment and software business in the USA has been discontinued in light of the continuous unsatisfactory result in the past years.

The Group will continue its proportion of investments in venture capital fund which has shown satisfactory results.

(b) **Cash flow**

The Group generated cash inflow of approximately HK$34.0 million from operating activities after the service of interest of HK$15.1 million and profits tax of HK$6.8 million. The Group received dividends of HK$21.2 million and a proceed of HK$12.8 million from disposal of investment property. The Group applied the fund for addition of fixed assets of HK$9 million and made further investment in investment securities of HK$2.8 million and an unlisted investment of HK$6 million during the year. After repayment of loans amounting HK$25.7 million and dividends of HK$31.9 million, the balance of cash and cash equivalents decreased by HK$8.5 million to HK$15.7 million. The cash flows were also funded by long term and short term borrowings.

(c) **Loan financing**

The bank loan of US$18.3 million of a subsidiary company in the USA was rearranged during the year and the interest rate was changed to a floating rate. The construction loan for the development of No. 1 Barker Road was extended to HK$100 million during the year and will be due for repayment upon completion of the project and re-financing of the same will then be sought.

(d) **Prospects**

As envisaged in last year's review, the economy of Hong Kong has rebounded resultant from CEPA, Individual Visit Scheme and the devaluation of the US Dollar. Upon opening of the Disneyland, tourism and in turn, the economy of Hong Kong shall be further benefited.

Although interest rate is expected to rise in 2005, the effect to the Group will not be significant as finance arrangement has been made to minimise its effect.

With expected steady growth of both the economy of Hong Kong as well as China, I am optimistic over our future and the Group shall maintain steady growth in 2005.

Barring any unforeseen circumstances, the Group will continue to pursue its prudent policy and maintain stable earnings for the coming year.

5. **Management Discussion and Analysis**

(a) **The Group's liquidity and financial resources**

During the year, the Group's total bank borrowings decreased by HK$26.9 million to HK$452 million. The shareholders' funds increased by HK$228 million to HK$1,925 million and long term bank loans outstanding amounted HK$434 million as at 31st December 2004 (2003: HK$415 million). The debt to equity ratio was 23.5% (2003: 28%). The banking facilities available are sufficient for the Group's working capital. The Group's financial flexibility remains healthy.

(b) **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:

	2004	2003
	HK$'million	*HK$'million*
within one year	**77.1**	223.3
in the second year	**27.7**	32.5
in the third to fifth years inclusive	**203.1**	159.0
after the fifth year	**126.2**	—
	434.1	414.8

The Group's total bank borrowings are secured by certain properties with an aggregate net book value of HK$1,495.6 million (2003: HK$1,452.1 million) and rental income thereon.

(c) **Significant investment held and their performance and future prospects**

The Group holds 12% equity interest in The Yangtze Ventures Limited and The Yangtze Ventures II Limited (collectively "Yangtze"). During the year, the Group has made a further investment of HK$6 million in Yangtze.

During the year, Yangtze disposed of two-third of its shareholdings in Solomon Systech (International) Limited (Stock Code: 2878) and declared and paid dividends to the Group in an aggregate of HK$20.4 million. The other promising investment that Yangtze held is a stake in China Infrastructure Group ("CIG"). CIG disposed of a container port in Zhapu and all the proceeds received was re-invested in the container port in Wuhan. Listing of container port in Wuhan is now under progress. Yangtze has made further investment during the year in a company actively participating as a radio communication monitoring system provider in China.

(d) **Details of number and remuneration of employees**

Including the directors of the Group as at 31st December 2004, the Group employed a total of 170 full-time employees. In addition to salary payment, other benefits include discretionary bonus, insurance, medical schemes and mandatory provident fund schemes.

(e) **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.

6. **Purchase, Sale or Redemption of Shares**

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

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

During the year ended 31st December 2004, 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 ("Listing Rules") except that the 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.

8. **Audit Committee**

The Audit Committee which was established pursuant to the requirements of the Listing Rules comprising Mr. Kevin Chau Kwok Fun, Mr. Edward Cheung Wing Yui, Mr. Tan Soo Kiu and Mr. William Wong Hing Kwok. The Audit Committee met twice in the year and has reviewed matters which formed the basis of the Company's financial statements.

9. **Full Details of Financial Information**

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) 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, 4th April 2005

As at the date of this announcement, the executive directors are Mr. Ma Ching Wai, William, Mr. Ma Ching Hang, Patrick, Mr. Ma Ching Kuen, Alfred, Ms. Ma Ching Sau, Amy, Ms. Ma Ching Man, Katy, Ms. Ma Ching Keung, Ruth, Ms. Ma Ching Kwai, Ida, Mr. Ma Ching Yeung, Philip; the non-executive director is Mr. Cheung Wing Yui, Edward; and the independent non-executive directors are Mr. Chau Kwok Fun, Kevin, Mr. Tan Soo Kiu and Mr. Wong Hing Kwok, William.

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