



TAI SANG LAND DEVELOPMENT LIMITED

2010 INTERIM REPORT

Contents

	Page
CONDENSED CONSOLIDATED BALANCE SHEET	2
CONDENSED CONSOLIDATED INCOME STATEMENT	4
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
CONDENSED CONSOLIDATED CASH FLOW STATEMENT	6
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION	8
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION	27
CHAIRMAN'S STATEMENT	28
MANAGEMENT DISCUSSION AND ANALYSIS	29
INTERIM DIVIDEND AND RECORD DATE	31
DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES	31
SUBSTANTIAL SHAREHOLDERS	33
PURCHASE, SALE OR REDEMPTION OF SHARES	33
CORPORATE GOVERNANCE	34
INDEPENDENT REVIEW	34

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Condensed Consolidated Balance Sheet

As at 30th June 2010 – Unaudited

	<i>Note</i>	As at 30th June 2010 HK\$'000	As at 31st December 2009 HK\$'000 (Restated)
Non-current assets			
Property, plant and equipment	6	169,242	174,288
Investment properties	6	3,330,038	3,104,423
Available-for-sale financial assets		55,437	56,702
		3,554,717	3,335,413
Current assets			
Properties for sale		96,428	96,428
Available-for-sale financial assets		8,000	11,960
Debtors and prepayments	7	18,995	20,948
Current income tax recoverable		154	124
Cash and cash equivalents		27,478	56,516
		151,055	185,976
Investment properties for sale	6	6,800	–
		157,855	185,976
Current liabilities			
Rental and other deposits		30,970	26,569
Creditors and accruals	8	24,647	27,495
Current income tax liabilities		28,746	27,864
Short term bank loans – secured	9	215,000	200,000
Bank overdrafts – secured	9	5,036	–
Current portion of long term bank loans – secured	10	1,859	1,859
		306,258	283,787
Net current liabilities		(148,403)	(97,811)

Condensed Consolidated Balance Sheet (Continued)

As at 30th June 2010 – Unaudited

	<i>Note</i>	As at 30th June 2010 HK\$'000	As at 31st December 2009 HK\$'000 (Restated)
Total assets less current liabilities		3,406,314	3,237,602
Non-current liabilities			
Long term bank loans – secured	10	(134,166)	(135,009)
Deferred income tax liabilities	11	(392,999)	(361,751)
		(527,165)	(496,760)
Net assets		2,879,149	2,740,842
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	287,670	287,670
Reserves		2,488,079	2,317,814
2009 final dividend proposed		–	20,137
2009 special dividend proposed		–	28,767
2010 interim dividend declared		8,630	–
		2,784,379	2,654,388
Non-controlling interests		94,770	86,454
Total equity		2,879,149	2,740,842

The notes from pages 8 to 26 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Income Statement

For the six months ended 30th June 2010 – Unaudited

	<i>Note</i>	For the six months ended 30th June	
		2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Revenues	5	78,357	85,325
Cost of sales	13	(24,516)	(21,320)
		53,841	64,005
Gross profit			
Fair value gains on investment properties	6	213,072	75,353
Other gains/(losses), net	14	653	(8,680)
Administrative expenses	13	(34,884)	(32,095)
Other operating expenses	13	(6,324)	(7,275)
		226,358	91,308
Operating profit		226,358	91,308
Finance income	15	21	80
Finance costs	15	(3,123)	(5,212)
		(3,102)	(5,132)
Finance costs, net		(3,102)	(5,132)
Profit before income tax		223,256	86,176
Income tax expense	16	(34,832)	(11,200)
		188,424	74,976
Profit for the period		188,424	74,976
Attributable to:			
Equity holders of the Company		179,434	59,539
Non-controlling interests		8,990	15,437
		188,424	74,976
		188,424	74,976
Dividends	17	8,630	17,260
Interim dividend per share	17	HK3 cents	HK3 cents
Special dividend per share	17	–	HK3 cents
Earnings per share (basic and diluted)	18	HK62 cents	HK21 cents

The notes from pages 8 to 26 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June 2010 – Unaudited

	For the six months ended 30th June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	188,424	74,976
Other comprehensive income		
Net fair value loss on available-for-sale financial assets	(1,265)	(1,481)
Impairment loss on available-for-sale financial assets transferred to income statement	1,144	9,457
Cash flow hedge	–	406
Other comprehensive income for the period	(121)	8,382
Total comprehensive income for the period	188,303	83,358
Total comprehensive income attributable to:		
Equity holders of the Company	178,895	67,723
Non-controlling interests	9,408	15,635
	188,303	83,358

The notes from pages 8 to 26 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Cash Flow Statement

For the six months ended 30th June 2010 – Unaudited

	For the six months ended 30th June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash from operating activities	3,810	10,064
Net cash from/(used in) investing activities	1,150	(5,817)
Net cash used in financing activities	(39,033)	(7,252)
Net decrease in cash and cash equivalents	(34,073)	(3,005)
Cash and cash equivalents at 1st January	56,515	28,430
Cash and cash equivalents at 30th June	22,442	25,425
 Analysis of the balances of cash and cash equivalents		
Bank balances and cash and restricted bank deposits	27,478	25,425
Bank overdrafts	(5,036)	–
	22,442	25,425

The notes from pages 8 to 26 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 2010 – Unaudited

	Attributable to equity holders of the Company						Non-controlling interests		
	Share capital	Investment		Exchange	Hedging	Retained	Total	interests	Total
	premium	revaluation	reserve	reserve	reserve	profits	reserves	interests	Total
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1st January 2010	287,670	129,651	22,754	7,162	–	2,207,151	2,366,718	86,454	2,740,842
Total comprehensive income for the period	–	–	(539)	–	–	179,434	178,895	9,408	188,303
Transactions with owners – dividends paid	–	–	–	–	–	(48,904)	(48,904)	(1,092)	(49,996)
At 30th June 2010	<u>287,670</u>	<u>129,651</u>	<u>22,215</u>	<u>7,162</u>	<u>–</u>	<u>2,337,681</u>	<u>2,496,709</u>	<u>94,770</u>	<u>2,879,149</u>
Representing:									
Capital, reserves and non-controlling interests	287,670	129,651	22,215	7,162	–	2,329,051	2,488,079	94,770	2,870,519
2010 interim dividend declared	–	–	–	–	–	8,630	8,630	–	8,630
	<u>287,670</u>	<u>129,651</u>	<u>22,215</u>	<u>7,162</u>	<u>–</u>	<u>2,337,681</u>	<u>2,496,709</u>	<u>94,770</u>	<u>2,879,149</u>
At 1st January 2009	287,670	129,651	8,554	7,162	(1,778)	1,915,723	2,059,312	86,812	2,433,794
Total comprehensive income for the period	–	–	7,778	–	406	59,539	67,723	15,635	83,358
Transactions with owners – dividends paid	–	–	–	–	–	(14,383)	(14,383)	(1,154)	(15,537)
At 30th June 2009	<u>287,670</u>	<u>129,651</u>	<u>16,332</u>	<u>7,162</u>	<u>(1,372)</u>	<u>1,960,879</u>	<u>2,112,652</u>	<u>101,293</u>	<u>2,501,615</u>
Representing:									
Capital, reserves and non-controlling interests	287,670	129,651	16,332	7,162	(1,372)	1,943,619	2,095,392	101,293	2,484,355
2009 interim dividend declared	–	–	–	–	–	8,630	8,630	–	8,630
2009 special dividend declared	–	–	–	–	–	8,630	8,630	–	8,630
	<u>287,670</u>	<u>129,651</u>	<u>16,332</u>	<u>7,162</u>	<u>(1,372)</u>	<u>1,960,879</u>	<u>2,112,652</u>	<u>101,293</u>	<u>2,501,615</u>

The notes from pages 8 to 26 form an integral part of this condensed consolidated interim financial information.

1 General information

Tai Sang Land Development Limited (the “Company”) and its subsidiary companies (collectively the “Group”) are principally engaged in property investment, property rental, property development, estate management and agency and investment holding. 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 main board of The Stock Exchange of Hong Kong Limited.

This unaudited condensed consolidated interim financial information of the Group for the six months ended 30th June 2010 (the “Condensed Consolidated Interim Financial Information”) was approved by the Board of Directors on 20th August 2010.

2 Basis of preparation and accounting policies

The Condensed Consolidated Interim Financial Information has been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets 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 (“HKICPA”) 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\$148,403,000 as at 30th June 2010. The current liabilities mainly consisted of short term bank loans of HK\$215,000,000, of which a loan of HK\$200,000,000 was renewed in December 2009 and was subject to future annual renewal. 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.

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 2009 (the “2009 Annual Report”). The Condensed Consolidated Interim Financial Information should be read in conjunction with the 2009 Annual Report, which has been prepared in accordance with the Hong Kong Financial Reporting Standards.

2 Basis of preparation and accounting policies (Continued)

In 2010, the Group adopted the following new/revised standards and amendments of Hong Kong Financial Reporting Standards (“HKFRSs”), which include all Hong Kong Accounting Standards (“HKASs”) and applicable Interpretations, which are effective for the accounting periods beginning on 1st January 2010 and relevant to its operation:

HKFRS 3 (Revised)	Business Combination
HKFRS 8 (Amendment)	Operating Segments
HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 17 (Amendment)	Leases
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement

Except that the adoption of HKAS 27 (Revised), HKFRS 3 (Revised) and HKAS 17 (Amendment) had resulted in a change in accounting policies as described below, the adoption of the other new HKFRSs in the current period did not have any significant effect on the Condensed Consolidated Interim Financial Information or result in any substantial changes in the Group’s significant accounting policies.

- HKAS 27 (Revised) required the effects of all transactions with non-controlling interests to be recorded in equity if there was no change in control. These transactions would no longer result in goodwill or gains and losses. When control over a previous subsidiary company was lost, any remaining interest in the entity was remeasured to fair value and the resulting gain or loss was recognised in the income statement.
- HKFRS 3 (Revised) continued to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business were to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There was a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. When a business combination was achieved in stages, the acquirer should remeasure its previously held interest in the acquiree at its fair value at the date of control is obtained, recognising a gain or loss in the income statement. All acquisition-related costs should be expensed.

2 Basis of preparation and accounting policies (Continued)

The changes in the accounting policy in respect of the adoption of HKAS 27 (Revised) and HKFRS 3 (Revised) had been applied prospectively to transactions during the year ending 31st December 2010. It was not expected to have any significant effect on the Condensed Consolidated Interim Financial Information.

- HKAS 17 (Amendment) removed the specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of the standard. The change in the accounting policy in respect of the adoption of HKAS 17 (Amendment) had been applied retrospectively.

The Group made reassessment of the existing leasehold land located in Hong Kong and concluded that the leasehold land in Hong Kong is classified as finance lease as such arrangement has substantially transferred all risks and rewards incidental to ownership of the leasehold land to the Group notwithstanding that at the end of the lease term, title will not be passed to the Group.

Leasehold land had been reclassified to property, plant and equipment and amortisation of leasehold land had been reclassified to depreciation retrospectively. The effect of the adoption of the amendment on the condensed consolidated balance sheet at 1st January 2010 was to increase property, plant and equipment by HK\$87,936,000 with a corresponding reduction in leasehold land. The depreciation charge for the six months ended 30th June 2010 increased by HK\$1,164,000 with a corresponding reduction in the amortisation charge. As the adoption of the amendment applies retrospectively, it also resulted in an increase in the depreciation charge for the six months ended 30th June 2009 of HK\$1,164,000 and a corresponding reduction in the amortisation charge for that period. Such reclassification had no effect on the results and net assets of the Group.

In addition, leasehold land included in properties for sale would be accounted for in accordance with HKAS 2 “Inventories”. No amortisation on leasehold land was recognised and the leasehold land was measured at the lower of cost and net realisable value. However, no retrospective adjustment has been made to prior year financial statements as this change had no material impact to the Condensed Consolidated Interim Financial Information.

2 Basis of preparation and accounting policies (Continued)

The HKICPA has issued certain new and revised standards, interpretations and amendments which are not yet effective for the year ending 31st December 2010. The Group has not early adopted these standards, interpretations and amendments in the Condensed Consolidated Interim Financial Information. The Group is not yet in a position to state whether any substantial changes to the Group's accounting policies and presentation of financial information will be resulted upon adoption of these standards, interpretations and amendments.

3 Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the 2009 Annual Report.

4 Critical accounting estimates and judgments

Estimates and judgments used 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.

The estimates and assumptions applied in the preparation of the Condensed Consolidated Interim Financial Information are consistent with those used in the 2009 Annual Report.

5 Revenues and segment information

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

	For the six months ended 30th June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenues		
Property rental		
– investment properties	66,936	71,405
– properties for sale	7,776	10,018
Property related services	3,645	3,902
	78,357	85,325
	78,357	85,325

5 Revenues and segment information (Continued)

Property rental and property related services revenue above included amounts of HK\$661,000 (2009: HK\$811,000) and HK\$190,000 (2009: HK\$186,000) from related companies respectively.

(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 2010 HK\$'000	As at 31st December 2009 HK\$'000
Not later than one year	118,763	115,675
Later than one year but not later than five years	108,103	93,116
Later than five years	7,852	375
	<u>234,718</u>	<u>209,166</u>

- (c) The chief operating decision-maker has been identified as the Board of 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/(loss), which is measured by profit/(loss) after income tax excluding fair value gains/(losses) on investment properties and deferred income tax expense on fair value gains on investment properties, 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

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30th June 2010			
Segment revenues			
Property rental	58,519	16,193	74,712
Property related services	3,645	–	3,645
	<u>62,164</u>	<u>16,193</u>	<u>78,357</u>
Total segment revenues	<u>62,164</u>	<u>16,193</u>	<u>78,357</u>
Segment results – underlying profit/(loss)	9,785	(2,221)	7,564
Fair value gains on investment properties	195,226	17,846	213,072
Deferred income tax expense on fair value gains on investment properties	(32,212)	–	(32,212)
	<u>172,799</u>	<u>15,625</u>	<u>188,424</u>
Profit for the period	<u>172,799</u>	<u>15,625</u>	<u>188,424</u>
Included in segment results:			
Impairment loss on available-for-sale financial assets	(1,144)	–	(1,144)
Finance income	2	19	21
Finance costs	(1,709)	(1,414)	(3,123)
Income tax expense (<i>note</i>)	(2,607)	(13)	(2,620)
Depreciation	(5,189)	(752)	(5,941)
	<u>19,178</u>	<u>1,128</u>	<u>20,306</u>
Capital expenditure	<u>19,178</u>	<u>1,128</u>	<u>20,306</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>
As at 30th June 2010			
Property, plant and equipment	153,082	16,160	169,242
Investment properties	3,006,970	323,068	3,330,038
<hr/>			
Non-current assets (excluding available-for-sale financial assets)	3,160,052	339,228	3,499,280
Non-current available-for-sale financial assets	55,437	–	55,437
Current assets	141,437	16,418	157,855
<hr/>			
Segment assets	<u>3,356,926</u>	<u>355,646</u>	<u>3,712,572</u>
<hr/>			
Current liabilities	296,532	9,726	306,258
Non-current liabilities	392,999	134,166	527,165
<hr/>			
Segment liabilities	<u>689,531</u>	<u>143,892</u>	<u>833,423</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 2009			
Segment revenues			
Property rental	61,576	19,847	81,423
Property related services	3,902	–	3,902
	65,478	19,847	85,325
Total segment revenues	65,478	19,847	85,325
Segment results – underlying profit/(loss)	18,534	(1,001)	17,533
Fair value gains/(losses) on investment properties	116,766	(41,413)	75,353
Deferred income tax expense on fair value gains on investment properties	(17,910)	–	(17,910)
	117,390	(42,414)	74,976
Profit/(loss) for the period	117,390	(42,414)	74,976
Included in segment results:			
Impairment loss on available-for-sale financial assets	(9,457)	–	(9,457)
Finance income	1	79	80
Finance costs	(2,136)	(3,076)	(5,212)
Income tax credit/ (expense) (note)	6,723	(13)	6,710
Depreciation	(5,140)	(752)	(5,892)
	5,773	1,125	6,898
Capital expenditure	5,773	1,125	6,898

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>
As at 31st December 2009			
Property, plant and equipment	157,435	16,853	174,288
Investment properties	2,800,270	304,153	3,104,423
Non-current assets (excluding available-for-sale financial assets)	2,957,705	321,006	3,278,711
Non-current available-for-sale financial assets	56,702	–	56,702
Current assets	172,217	13,759	185,976
Segment assets	3,186,624	334,765	3,521,389
Current liabilities	272,961	10,826	283,787
Non-current liabilities	361,751	135,009	496,760
Segment liabilities	634,712	145,835	780,547

Note: Balance excludes deferred income tax expense on fair value gains on investment properties.

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>	Leasehold land <i>HK\$'000</i>	Total <i>HK\$'000</i>
Net book value or valuation				
At 1st January 2010, as previously reported	86,352	3,104,423	87,936	3,278,711
Reclassification of leasehold land (note 2)	87,936	–	(87,936)	–
At 1st January 2010, as reclassified	174,288	3,104,423	–	3,278,711
Additions	963	19,343	–	20,306
Depreciation	(5,941)	–	–	(5,941)
Disposals	(68)	–	–	(68)
Fair value gains	–	213,072	–	213,072
At 30th June 2010	169,242	3,336,838	–	3,506,080
Classified as:				
Non-current assets	169,242	3,330,038	–	3,499,280
Current assets (<i>note</i>)	–	6,800	–	6,800
	169,242	3,336,838	–	3,506,080

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6 Capital expenditure (Continued)

	Property, plant and equipment <i>HK\$ '000</i>	Investment properties <i>HK\$ '000</i>	Leasehold land <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
Net book value or valuation				
At 1st January 2009, as previously reported	95,256	2,791,054	90,263	2,976,573
Reclassification of leasehold land (note 2)	90,263	–	(90,263)	–
At 1st January 2009, as reclassified	185,519	2,791,054	–	2,976,573
Additions	2,920	3,978	–	6,898
Depreciation	(5,892)	–	–	(5,892)
Disposals	(2,124)	–	–	(2,124)
Fair value gains	–	75,353	–	75,353
At 30th June 2009	180,423	2,870,385	–	3,050,808
Additions	3,496	16,333	–	19,829
Depreciation	(6,712)	–	–	(6,712)
Disposals	(2,919)	(73,870)	–	(76,789)
Fair value gains	–	291,575	–	291,575
At 31st December 2009	174,288	3,104,423	–	3,278,711

Note: During the period, a subsidiary company of the Company entered into a sales and purchase agreement with a third party to sell a property at Shing Wah Building, 31 Shing Fong Street, Kwai Chung, New Territories. The sale was completed on 27th July 2010 and the consideration received by the subsidiary company was HK\$8.5 million. The estimated gain to the Group was in the region of HK\$1.6 million and will be recognised in the second half of year 2010.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

7 Debtors and prepayments

Included in debtors and prepayments are trade debtors of HK\$771,000 (at 31st December 2009: HK\$969,000) and their ageing analysis is as follows:

	As at 30th June 2010 HK\$'000	As at 31st December 2009 HK\$'000
Current	598	436
31-60 days	162	121
61-90 days	5	1
Over 90 days	6	411
	771	969
	771	969

The trade debtors represent rental and management fee receivables. Sales are made on open account terms and the Group normally does not grant credit period to trade debtors.

8 Creditors and accruals

Included in creditors and accruals are trade creditors of HK\$1,784,000 (at 31st December 2009: HK\$4,913,000) and their ageing analysis is as follows:

	As at 30th June 2010 HK\$'000	As at 31st December 2009 HK\$'000
Current	1,505	3,100
31-60 days	–	84
Over 90 days	279	1,729
	1,784	4,913
	1,784	4,913

Included in creditors and accruals is an amount due to an investee company of HK\$3,120,000 (at 31st December 2009: HK\$Nil). The amount is unsecured, interest free and repayable on demand.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

9 Short term bank loans and bank overdrafts – secured

Short term bank loans and bank overdrafts of the Group are secured by certain investment properties with an aggregate carrying value of HK\$1,360,000,000 (at 31st December 2009: HK\$1,290,000,000) and the rental income thereon.

10 Long term bank loans – secured

	As at 30th June 2010 HK\$'000	As at 31st December 2009 HK\$'000
Bank loans wholly repayable within five years	136,025	136,868
Amount due within one year included under current liabilities	(1,859)	(1,859)
	<u>134,166</u>	<u>135,009</u>
The maturity of the Group's long term bank loan is as follows:		
– within one year	1,859	1,859
– in the second year	1,859	1,859
– in the third to fifth years inclusive	132,307	133,150
	<u>136,025</u>	<u>136,868</u>

The Group's long term bank loans are secured on a building and certain investment properties with an aggregate carrying value of HK\$336,509,000 (at 31st December 2009: HK\$317,930,000), and the rental income thereon.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

11 Deferred income tax liabilities

Deferred income tax liabilities are calculated in full on temporary differences under the liability method using applicable tax rates prevailing in the countries in which the Group operates.

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

	For the six months ended 30th June		For the year ended 31st December
	2010	2009	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the period/year	361,751	298,773	298,773
Charged to income statement	31,248	6,299	62,978
	392,999	305,072	361,751
	392,999	305,072	361,751

12 Share capital

	As at 30th June 2010	As at 31st December 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised		
400,000,000 ordinary shares of HK\$1 each	400,000	400,000
Issued and fully paid		
287,669,676 ordinary shares of HK\$1 each	287,670	287,670
	287,670	287,670

Notes to the Condensed Consolidated Interim Financial Information (Continued)

13 Cost and expenses

	For the six months ended 30th June	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i> (Restated)
Depreciation	5,941	5,892
Outgoings in respect of		
– investment properties	16,913	16,210
– properties for sale	4,593	2,081
– property related services	2,680	2,629
– property, plant and equipment	330	400
Operating lease rental for office premises to a related company	1,364	1,279
Staff costs	19,832	18,423
Others	14,071	13,776
	65,724	60,690
Total cost of sales, administrative and other operating expenses	65,724	60,690

14 Other gains/(losses), net

	For the six months ended 30th June	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Dividend income from available-for-sale financial assets		
– listed	631	777
– unlisted	1,200	–
Loss on disposal of plant and equipment, net	(34)	–
Impairment loss on available-for-sale financial assets	(1,144)	(9,457)
	653	(8,680)
	653	(8,680)

Notes to the Condensed Consolidated Interim Financial Information (Continued)
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15 Finance income and costs

	For the six months ended 30th June	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Finance income		
Interest income from banks	21	80
Finance costs		
Interest expense of bank loans and overdrafts wholly repayable within five years	<u>(3,123)</u>	<u>(5,212)</u>
Finance costs, net	<u><u>(3,102)</u></u>	<u><u>(5,132)</u></u>

16 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the period. No overseas taxation has been provided as there is no estimated taxable profit of the overseas subsidiary companies for the period (2009: HK\$Nil).

Notes to the Condensed Consolidated Interim Financial Information (Continued)

16 Income tax expense (Continued)

The amount of income tax charged to the condensed consolidated income statement represents:

	For the six months ended 30th June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	(3,584)	(4,901)
Deferred income tax		
– origination and reversal of temporary differences	(31,248)	(16,752)
– reversal upon classifying investment properties as current assets	–	10,453
	(31,248)	(6,299)
	(34,832)	(11,200)

17 Dividends

	For the six months ended 30th June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim, declared, of HK3 cents (2009: HK3 cents) per ordinary share	8,630	8,630
Special, declared, of HK Nil cents (2009: HK3 cents) per ordinary share	–	8,630
	8,630	17,260

Notes to the Condensed Consolidated Interim Financial Information (Continued)

17 Dividends (Continued)

At a meeting held on 20th August 2010, the directors declared an interim dividend of HK3 cents per ordinary share for the year ending 31st December 2010. 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 2010.

18 Earnings per share

The calculation of basic earnings per share is based on profit attributable to equity holders of the Company of HK\$179,434,000 (2009: HK\$59,539,000) and on 287,669,676 (2009: 287,669,676) ordinary shares in issue during the period.

As there are no dilutive potential ordinary shares as at 30th June 2010 and 2009, the diluted earnings per share is equal to the basic earnings per share.

19 Commitments

(a) Capital commitments

	As at 30th June 2010 HK\$'000	As at 31st December 2009 HK\$'000
Contracted but not provided for		
– investment properties	16,464	24,585
– property, plant and equipment	34,857	12,062
	<u>51,321</u>	<u>36,647</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)
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19 Commitments (Continued)

(b) Commitments under operating leases

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

	As at 30th June 2010 HK\$'000	As at 31st December 2009 HK\$'000
Land and buildings		
Not later than one year	1,342	2,292
Later than one year but not later than five years	—	133
	<u>1,342</u>	<u>2,425</u>

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 of Tai Sang Land Development Limited (the “Company”) and its subsidiary companies (collectively the “Group”) for the six months ended 30th June 2010 (the “Interim Financial Information”) set out on pages 2 to 26, which comprises the condensed consolidated balance sheet of the Group as at 30th June 2010 and the related condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the six-months 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” (“HKAS 34”) 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 HKAS 34. 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 is not prepared, in all material respects, in accordance with HKAS 34.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20th August 2010

Chairman's Statement

Result

The consolidated profit of the Group for the first half of 2010 was HK\$188.4 million, an increase of 151.3% as compared to the same period last year. It included HK\$213.1 million fair value gains on investment properties, net of a provision of HK\$32.2 million for deferred income tax on investment properties. Excluding these items, the underlying profit was approximately HK\$7.5 million and the corresponding figure for the first half of 2009 was approximately HK\$17.5 million. The drop in underlying profit for the current period attributed to the drop in rental income, and the increase in renovation works on properties. The policy of upgrading our rental properties will be continued in the near future.

As at 30th June 2010, the investment properties of the Group were revalued at HK\$3,336.8 million (at 31st December 2009: HK\$3,104.4 million). Total equity amounted to HK\$2,879.1 million (at 31st December 2009: HK\$2,740.8 million).

Disposal of investment properties

During the period, a subsidiary company of the Company entered into a sale and purchase agreement with a third party to sell a property at Shing Wah Building, 31 Shing Fong Street, Kwai Chung, New Territories. The sale was completed on 27th July 2010 and the consideration received by the subsidiary company was HK\$8.5 million. The estimated gain to the Group was in the region of HK\$1.6 million and will be recognised in the second half of 2010.

Dividend

The directors have declared an interim dividend of HK3 cents (2009: an interim dividend of HK3 cents and a special dividend of HK3 cents) per ordinary share.

Outlook

The low interest rate environment in Hong Kong and the ample of liquidity in the local interbank money market supported residential property price hikes especially in the luxury sector. The rental increased relatively moderate in the leasing market, thus the average rental yield edged down. Following the PRC government restarted the Renminbi revaluation recently and the ongoing accommodative monetary policy in the United States, the property market in Hong Kong will maintain its price for the rest of the year.

William Ma Ching Wai

Chairman

Hong Kong, 20th August 2010

Management Discussion and Analysis

Business Review and Prospects

In Hong Kong, the gross rental income decreased 5.0% or HK\$3.1 million to HK\$58.5 million as compared to the same period last year. As indicated in our last annual report, the Group has been carrying out major renovation works on certain properties since last year. The rental income was unavoidably affected for a short duration. During the first half of 2010, additional lifts and structural enhancement works were carried out at Tai Sang Container and Godown Centre, certain units were vacated and the related tenancies have been terminated. The rental contribution therefrom dropped significantly by HK\$3.9 million. Demand for the luxury residential units recovers strongly in the mid-2010, the rental contribution from this sector will pick up in the second half of 2010.

In the USA, the rental income from Montgomery Plaza decreased 18.4% or HK\$3.7 million to HK\$16.2 million as compared to the same period last year. The office spaces occupancy rate of Montgomery Plaza dropped to 75% at mid-year 2010 and the average office rent per square feet per annum decreased slightly to US\$34.7. The rental will stabilize for the second half of 2010.

The Group's liquidity and financial resources

During the relevant period, the Group's total bank borrowings increased HK\$19.2 million to HK\$356.1 million. The total equity increased HK\$138.3 million to HK\$2,879.1 million (at 31st December 2009: HK\$2,740.8 million) and long term bank loans outstanding as at 30th June 2010 amounted to HK\$136.0 million (at 31st December 2009: HK\$136.9 million). The debt to equity ratio was 12.4% (at 31st December 2009: 12.3%). The banking facilities available are sufficient for the Group's working capital. The Group's financial flexibility remains healthy.

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 United States dollars. The Group therefore has no significant exposure to foreign exchange fluctuation.

Management Discussion and Analysis (Continued)

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

	As at 30th June 2010 HK\$'000	As at 31st December 2009 HK\$'000
– within one year	1,859	1,859
– in the second year	1,859	1,859
– in the third to fifth years inclusive	132,307	133,150
	136,025	136,868

The Group's total bank borrowings of HK\$356.1 million (at 31st December 2009: HK\$336.9 million) are secured by certain properties with an aggregate carrying amount of HK\$1,696.5 million (at 31st December 2009: HK\$1,607.9 million) and the rental income thereon, as applicable.

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"). The fair value of the Group's equity interest in Yangtze as at 30th June 2010 decreased HK\$6.0 million to HK\$18.0 million as compared to the fair value of HK\$24.0 million as at 31st December 2009. The drop in fair value included a repayment of shareholders' loan from Yangtze of approximately HK\$4.0 million. The fair value of the listed venture fund, The Yangtze China Investment Limited, increased 25% or HK\$2.3 million.

Details of number and remuneration of employees

Including the directors of the Group, as at 30th June 2010 the Group employed a total of 149 full-time employees. 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 HK3 cents (2009: an interim dividend of HK3 cents and a special dividend of HK3 cents) per ordinary share, payable on 22nd September 2010 to shareholders whose names standing on the register of members at the close of business on 10th September 2010 (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 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 Friday, 10th September 2010.

Directors’ and Chief Executive’s Interests in Shares

At 30th June 2010, 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 the Securities and Futures Ordinance (“SFO”) or as notified to the Company were as follows:

Ordinary shares of HK\$1 each

	Capacity		Total	Percentage
	Personal interests	Corporate interests		
		<i>(notes (a) & (b))</i>		
Directors:				
William Ma Ching Wai	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	23,357	–	23,357	0.0081%
Katy Ma Ching Man	100,554	–	100,554	0.0350%
Ruth Ma Ching Keung	57,117	–	57,117	0.0199%
Philip Ma Ching Yeung	127,741	–	127,741	0.0444%
Edward Cheung Wing Yui	–	–	–	–
Kevin Chau Kwok Fun	–	–	–	–
Tan Soo Kiu	–	–	–	–
William Wong Hing Kwok	–	–	–	–
Chief Executive:				
Ted Mok Tat Hung	–	–	–	–

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 issued share capital of a subsidiary 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 issued share capital of a subsidiary company, Kam Hang Company Limited.
- (e) In addition, certain directors of the Company held non-beneficial interests in subsidiary companies 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 subsidiary companies 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 2010, 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 the SFO or as notified to the Company were as follows:

Ordinary shares of HK\$1 each

	Capacity		Total	Percentage
	Personal interests	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%

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

Corporate Governance

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (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”) throughout the accounting period covered by the interim report.

The Company has adopted codes of conduct regarding securities transactions by Directors (as defined in the CG Code) 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 Code 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 2010 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 27.

By Order of the Board
William Ma Ching Wai
Chairman

Hong Kong, 20th August 2010