



TAI SANG LAND DEVELOPMENT LIMITED

2011 INTERIM REPORT

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Condensed Consolidated Balance Sheet

As at 30th June 2011 – Unaudited

	<i>Note</i>	As at 30th June 2011 HK\$'000	As at 31st December 2010 HK\$'000 (Restated)
Non-current assets			
Property, plant and equipment	6	199,150	165,363
Investment properties	6	4,316,495	3,808,829
Available-for-sale financial assets		69,323	71,451
		4,584,968	4,045,643
Current assets			
Properties for sale		101,102	111,337
Available-for-sale financial assets		3,332	3,332
Debtors and prepayments	7	31,216	25,199
Current income tax recoverable		877	1,324
Bank balances and cash		24,605	24,047
		161,132	165,239
Current liabilities			
Rental and other deposits		33,619	31,631
Creditors and accruals	8	26,453	32,444
Current income tax liabilities		28,643	27,656
Short term bank loans – secured	9	304,000	241,000
Bank overdrafts – secured	9	1,842	2
Current portion of long term bank loans – secured	10	1,859	1,859
		396,416	334,592
Net current liabilities		(235,284)	(169,353)

Condensed Consolidated Balance Sheet (Continued)

As at 30th June 2011 – Unaudited

	<i>Note</i>	As at 30th June 2011 HK\$'000	As at 31st December 2010 HK\$'000 (Restated)
Total assets less current liabilities		4,349,684	3,876,290
Non-current liabilities			
Long term bank loans – secured	10	(132,480)	(133,323)
Deferred income tax liabilities	11	(59,127)	(46,193)
		(191,607)	(179,516)
Net assets		4,158,077	3,696,774
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	287,670	287,670
Reserves		3,715,317	3,263,500
2010 final dividend proposed		–	20,137
2011 interim dividend declared		8,630	–
		4,011,617	3,571,307
Non-controlling interests		146,460	125,467
Total equity		4,158,077	3,696,774

The notes from pages 8 to 25 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Income Statement

For the six months ended 30th June 2011 – Unaudited

		For the six months ended 30th June	
	<i>Note</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> (Restated)
Revenues	5	88,419	78,357
Cost of sales	13	(30,616)	(24,516)
		57,803	53,841
Gross profit			
Fair value gains on investment properties	6	489,453	213,072
Other (losses)/gains, net	14	(1,268)	653
Administrative expenses	13	(35,886)	(34,884)
Other operating expenses	13	(7,464)	(6,324)
		502,638	226,358
Operating profit		502,638	226,358
Finance income	15	6	21
Finance costs	15	(3,341)	(3,123)
		(3,335)	(3,102)
Finance costs, net		(3,335)	(3,102)
Profit before income tax		499,303	223,256
Income tax expense	16	(16,493)	(5,638)
		482,810	217,618
Profit for the period		482,810	217,618
Attributable to:			
Equity holders of the Company		461,949	207,153
Non-controlling interests		20,861	10,465
		482,810	217,618
Dividend	17	8,630	8,630
Interim dividend per share	17	HK3 cents	HK3 cents
Earnings per share (basic and diluted)	18	HK161 cents	HK72 cents

The notes from pages 8 to 25 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June 2011 – Unaudited

	For the six months ended 30th June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Profit for the period	482,810	217,618
Other comprehensive income		
Net fair value loss on available-for-sale financial assets	(2,211)	(1,265)
Impairment loss on available-for-sale financial assets transferred to income statement	2,001	1,144
Exchange translation differences	14	–
Other comprehensive income for the period	(196)	(121)
Total comprehensive income for the period	482,614	217,497
Total comprehensive income attributable to:		
Equity holders of the Company	460,447	206,614
Non-controlling interests	22,167	10,883
	482,614	217,497

The notes from pages 8 to 25 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Cash Flow Statement

For the six months ended 30th June 2011 – Unaudited

	For the six months ended 30th June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in)/from operating activities	(20,769)	3,810
Net cash (used in)/from investing activities	(17,960)	1,150
Net cash from/(used in) financing activities	37,433	(39,033)
Net decrease in cash and cash equivalents	(1,296)	(34,073)
Exchange translation differences	14	–
Cash and cash equivalents at 1st January	24,045	56,515
Cash and cash equivalents at 30th June	22,763	22,442
 Analysis of the balances of cash and cash equivalents		
Bank balances and cash and restricted bank deposits	24,605	27,478
Bank overdrafts	(1,842)	(5,036)
	22,763	22,442

The notes from pages 8 to 25 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 2011 – Unaudited

	Attributable to equity holders of the Company					Non-controlling interests		
	Share capital	Share premium	Investment revaluation reserve	Exchange reserve	Retained profits	Total reserves	interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2011, as previously reported	287,670	129,651	37,248	7,197	2,708,372	2,882,468	107,200	3,277,338
Prior year adjustment in respect of changes in accounting policy (note 2)	-	-	-	-	401,169	401,169	18,267	419,436
At 1st January 2011, as restated	287,670	129,651	37,248	7,197	3,109,541	3,283,637	125,467	3,696,774
Total comprehensive income for the period	-	-	(1,516)	14	461,949	460,447	22,167	482,614
Transactions with owners								
– Dividend paid	-	-	-	-	(20,137)	(20,137)	(1,174)	(21,311)
At 30th June 2011	<u>287,670</u>	<u>129,651</u>	<u>35,732</u>	<u>7,211</u>	<u>3,551,353</u>	<u>3,723,947</u>	<u>146,460</u>	<u>4,158,077</u>
Representing:								
Capital, reserves and non-controlling interests	287,670	129,651	35,732	7,211	3,542,723	3,715,317	146,460	4,149,447
2011 interim dividend declared	-	-	-	-	8,630	8,630	-	8,630
	<u>287,670</u>	<u>129,651</u>	<u>35,732</u>	<u>7,211</u>	<u>3,551,353</u>	<u>3,723,947</u>	<u>146,460</u>	<u>4,158,077</u>
At 1st January 2010, as previously reported	287,670	129,651	22,754	7,162	2,207,151	2,366,718	86,454	2,740,842
Prior year adjustment in respect of changes in accounting policy (note 2)	-	-	-	-	304,010	304,010	14,525	318,535
At 1st January 2010, as restated	287,670	129,651	22,754	7,162	2,511,161	2,670,728	100,979	3,059,377
Total comprehensive income for the period	-	-	(539)	-	207,153	206,614	10,883	217,497
Transactions with owners								
– Dividend 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>2,669,410</u>	<u>2,828,438</u>	<u>110,770</u>	<u>3,226,878</u>
Representing:								
Capital, reserves and non-controlling interests	287,670	129,651	22,215	7,162	2,660,780	2,819,808	110,770	3,218,248
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>2,669,410</u>	<u>2,828,438</u>	<u>110,770</u>	<u>3,226,878</u>

The notes from pages 8 to 25 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 2011 (the “Condensed Consolidated Interim Financial Information”) was approved by the Board of Directors on 24th August 2011.

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\$235,284,000 as at 30th June 2011. The current liability mainly consisted of short term bank loans of HK\$304,000,000, of which a loan of HK\$200,000,000 was renewed in December 2010 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 2010 (the “2010 Annual Report”). The Condensed Consolidated Interim Financial Information should be read in conjunction with the 2010 Annual Report, which has been prepared in accordance with the Hong Kong Financial Reporting Standards.

2 Basis of preparation and accounting policies (Continued)

In 2011, 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 2011:

HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issue
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Improvements to existing standards

HKAS 1 (Revised) (Amendment)	Presentation of Financial Statements
HKAS 27 (Revised) (Amendment)	Consolidated and Separate Financial Statements
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 3 (Revised) (Amendment)	Business Combinations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HK(IFRIC) – Int 13 (Amendment)	Customer Loyalty Programmes

In addition, the Group early adopted HKAS 12 (Amendment) “Deferred Tax: Recovery of Underlying Assets” which is effective for the financial year beginning on 1st January 2012.

Except for the adoption of HKAS 12 (Amendment) has resulted in a change in accounting policies as described below which has been applied retrospectively, 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 except for certain revised presentation and disclosures in the Condensed Consolidated Interim Financial Information.

HKAS 12 (Amendment) introduces a presumption that an investment property measured at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Prior to the amendment, deferred taxation on investment properties at fair value is measured to reflect the tax consequences of recovering the carrying amounts of investment properties through use.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

2 Basis of preparation and accounting policies (Continued)

The Group has reassessed the measurement of deferred taxation by applying the rebuttable presumption that the carrying amount of investment property will be recovered through sale.

The effects of the change in the accounting policy following the adoption of HKAS 12 (Amendment) on the condensed consolidated balance sheet are as follows:

	As at 30th June 2011 HK\$'000	As at 31st December 2010 HK\$'000
Decrease in deferred income tax liabilities and increase in total equity	474,930	419,436
Attributable to:		
Equity holders of the Company	453,431	401,169
Non-controlling interests	21,499	18,267
	474,930	419,436

The effects of the change in the accounting policy following the adoption of HKAS 12 (Amendment) on the condensed consolidated income statement are as follows:

	For the six months ended 30th June 2011 HK\$'000	2010 HK\$'000
Decrease in income tax expense and increase in profit for the period	55,494	29,194
Attributable to:		
Equity holders of the Company	52,262	27,719
Non-controlling interests	3,232	1,475
	55,494	29,194
Increase in earnings per share	HK18 cents	HK10 cents

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 2011. 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

(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 do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2010 Annual Report.

Compared to 31st December 2010, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

(b) Fair value estimation

Financial instruments that are measured in the balance sheet 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).

Notes to the Condensed Consolidated Interim Financial Information (Continued)

3 Financial risk management (Continued)

(b) Fair value estimation (Continued)

The following table presents the Group's financial instruments that are measured at fair value as at 30th June 2011 and 31st December 2010:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
At 30th June 2011			
Available-for-sale financial assets	<u>51,323</u>	<u>3,332</u>	<u>18,000</u>
At 31st December 2010			
Available-for-sale financial assets	<u>58,451</u>	<u>3,332</u>	<u>13,000</u>

For the six months ended 30th June 2011, there were no transfers of financial instruments of the Group between different levels of the fair value hierarchy.

For the six months ended 30th June 2011, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

For the six months ended 30th June 2011, there were no reclassifications of financial assets of the Group.

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 2010 Annual Report.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 Revenues and segment information

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

	For the six months ended 30th June	
	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Revenues		
Property rental		
– investment properties	74,656	66,936
– properties for sale	9,511	7,776
Property related services	4,252	3,645
	88,419	78,357

Property rental and property related services revenue above included amounts of HK\$915,000 (2010: HK\$661,000) and HK\$222,000 (2010: HK\$190,000) from related companies and person 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 2011 <i>HK\$'000</i>	As at 31st December 2010 <i>HK\$'000</i>
Not later than one year	131,224	125,791
Later than one year but not later than five years	137,508	116,197
Later than five years	9,658	19,112
	278,390	261,100

5 Revenues and segment information (Continued)

- (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 after income tax excluding fair value gains on investment properties and deferred income tax 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.

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 2011			
Segment revenues			
Property rental	67,172	16,995	84,167
Property related services	4,252	–	4,252
	<u>71,424</u>	<u>16,995</u>	<u>88,419</u>
Total segment revenues	<u>71,424</u>	<u>16,995</u>	<u>88,419</u>
Segment results – underlying profit/(loss)	8,953	(1,969)	6,984
Fair value gains on investment properties	435,735	53,718	489,453
Deferred income tax expense on fair value gains on investment properties	–	(13,627)	(13,627)
	<u>–</u>	<u>(13,627)</u>	<u>(13,627)</u>
Profit for the period	<u>444,688</u>	<u>38,122</u>	<u>482,810</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 2011			
Included in segment results:			
Impairment loss on available-for-sale financial assets	(2,001)	–	(2,001)
Finance income	1	5	6
Finance costs	(1,966)	(1,375)	(3,341)
Income tax expense (note)	(2,853)	(13)	(2,866)
Depreciation	(4,856)	(762)	(5,618)
	22,699	2,707	25,406
At 30th June 2011			
Property, plant and equipment	184,444	14,706	199,150
Investment properties	3,921,550	394,945	4,316,495
	4,105,994	409,651	4,515,645
Non-current assets (excluding available-for-sale financial assets)			
Non-current available-for-sale financial assets	69,323	–	69,323
Current assets	142,757	18,375	161,132
	4,318,074	428,026	4,746,100
Segment assets			
Current liabilities	383,698	12,718	396,416
Non-current liabilities	35,423	156,184	191,607
	419,121	168,902	588,023
Segment liabilities			

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 2010 (Restated)			
Segment revenues			
Property rental	58,519	16,193	74,712
Property related services	3,645	–	3,645
	62,164	16,193	78,357
Total segment revenues	62,164	16,193	78,357
Segment results – underlying profit/(loss)	8,797	(2,221)	6,576
Fair value gains on investment properties	195,226	17,846	213,072
Deferred income tax expense on fair value gains on investment properties	–	(2,030)	(2,030)
	204,023	13,595	217,618
Profit for the period	204,023	13,595	217,618
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>)	(3,595)	(13)	(3,608)
Depreciation	(5,189)	(752)	(5,941)
	19,178	1,128	20,306
Capital expenditure	19,178	1,128	20,306

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 2010 (Restated)			
Property, plant and equipment	149,955	15,408	165,363
Investment properties	3,470,250	338,579	3,808,829
Non-current assets (excluding available-for-sale financial assets)	3,620,205	353,987	3,974,192
Non-current available-for-sale financial assets	71,451	–	71,451
Current assets	148,868	16,371	165,239
Segment assets	3,840,524	370,358	4,210,882
Current liabilities	322,603	11,989	334,592
Non-current liabilities	36,116	143,400	179,516
Segment liabilities	358,719	155,389	514,108

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>	Total <i>HK\$'000</i>
Net book value or valuation			
At 1st January 2011	165,363	3,808,829	3,974,192
Additions	7,193	18,213	25,406
Transfer from properties for sale	34,525	–	34,525
Depreciation	(5,618)	–	(5,618)
Disposals	(2,313)	–	(2,313)
Fair value gains	–	489,453	489,453
	199,150	4,316,495	4,515,645
At 30th June 2011	199,150	4,316,495	4,515,645
Net book value or valuation			
At 1st January 2010	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
	169,242	3,336,838	3,506,080
At 30th June 2010	169,242	3,336,838	3,506,080
Additions	5,109	28,093	33,202
Depreciation	(6,721)	–	(6,721)
Disposals	(2,267)	(6,800)	(9,067)
Fair value gains	–	450,698	450,698
	165,363	3,808,829	3,974,192
At 31 December 2010	165,363	3,808,829	3,974,192

Notes to the Condensed Consolidated Interim Financial Information (Continued)

7 Debtors and prepayments

Included in debtors and prepayments are trade debtors of HK\$1,431,000 (at 31st December 2010: HK\$1,325,000) and their ageing analysis is as follows:

	As at 30th June 2011 HK\$'000	As at 31st December 2010 HK\$'000
Current	727	434
31-60 days	316	275
61-90 days	7	218
Over 90 days	381	398
	1,431	1,325
	1,431	1,325

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 rental receivables, and grants 30 days credit period to management fees receivables.

8 Creditors and accruals

Included in creditors and accruals are trade creditors of HK\$7,300,000 (at 31st December 2010: HK\$11,328,000) and their ageing analysis is as follows:

	As at 30th June 2011 HK\$'000	As at 31st December 2010 HK\$'000
Current	6,774	10,637
31-60 days	61	184
61-90 days	—	30
Over 90 days	465	477
	7,300	11,328
	7,300	11,328

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 in Hong Kong with an aggregate carrying value of HK\$1,730,000,000 (at 31st December 2010: HK\$1,570,000,000), and the rental income thereon.

10 Long term bank loans – secured

	As at 30th June 2011 HK\$'000	As at 31st December 2010 HK\$'000
Bank loans wholly repayable within five years	134,339	135,182
Amount due within one year included under current liabilities	(1,859)	(1,859)
	<u>132,480</u>	<u>133,323</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	132,480	1,859
– in the third to fifth years inclusive	–	131,464
	<u>134,339</u>	<u>135,182</u>

The Group's long term bank loans are secured by the freehold land and building in the US and certain investment properties in the US with an aggregate carrying value of HK\$407,713,000 (at 31st December 2010: HK\$351,683,000), 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
	2011	2010	2010
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)	<i>HK\$'000</i> (Restated)
At the beginning the period/year, as previously reported	465,629	361,751	361,751
Prior year adjustment in respect of change in accounting policy (note 2)	(419,436)	(318,535)	(318,535)
At the beginning of the period/year, as restated	46,193	43,216	43,216
Charged to income statement (note 16)	12,934	2,054	2,977
At the end of the period/year, as restated	59,127	45,270	46,193

12 Share capital

	As at 30th June 2011	As at 31st December 2010
	<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

Notes to the Condensed Consolidated Interim Financial Information (Continued)

13 Cost and expenses

	For the six months ended 30th June	
	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Depreciation	5,618	5,941
Outgoings in respect of		
– investment properties	21,423	16,913
– properties for sale	6,013	4,593
– property related services	2,851	2,680
– property, plant and equipment	329	330
Operating lease rental for office premises to a related company	739	1,364
Staff costs	21,354	19,832
Others	15,639	14,071
	73,966	65,724
Total cost of sales, administrative and other operating expenses		

14 Other (losses)/gains, net

	For the six months ended 30th June	
	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Dividend income from available-for-sale financial assets		
– listed	683	631
– unlisted	–	1,200
Profit/(loss) on disposal of plant and equipment, net	50	(34)
Impairment loss on available-for-sale financial assets	(2,001)	(1,144)
	(1,268)	653

Notes to the Condensed Consolidated Interim Financial Information (Continued)

15 Finance income and costs

	For the six months ended 30th June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		
Interest income from banks	6	21
Finance costs		
Interest expense of bank loans and overdrafts wholly repayable within five years	(3,341)	(3,123)
Finance costs, net	(3,335)	(3,102)

16 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the period. No overseas taxation (2010: HK\$Nil) has been provided as there is no estimated taxable profit of the overseas subsidiary companies for the period, except for the minimum United States state tax.

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

	For the six months ended 30th June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Current income tax		
– Hong Kong profits tax	3,546	3,571
– overseas taxation	13	13
Deferred income tax (note 11)	3,559	3,584
	12,934	2,054
	16,493	5,638

Notes to the Condensed Consolidated Interim Financial Information (Continued)

17 Dividend

	For the six months ended 30th June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim, declared, of HK3 cents (2010: HK3 cents) per ordinary share	8,630	8,630

At a meeting held on 24th August 2011, the directors declared an interim dividend of HK3 cents per ordinary share for the year ending 31st December 2011. 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 2011.

18 Earnings per share

The calculation of basic earnings per share is based on profit attributable to equity holders of the Company of HK\$461,949,000 (2010 Restated: HK\$207,153,000) and on 287,669,676 (2010: 287,669,676) ordinary shares in issue during the period.

As there are no dilutive potential ordinary shares for the six months ended 30th June 2011 and 2010, the diluted earnings per share is equal to the basic earnings per share.

19 Commitments

(a) Capital commitments

	As at 30th June 2011	As at 31st December 2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for		
– investment properties	24,109	20,880
– property, plant and equipment	5,423	19,597
	29,532	40,477

Notes to the Condensed Consolidated Interim Financial Information (Continued)

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 2011 HK\$'000	As at 31st December 2010 HK\$'000
Land and buildings		
– Not later than one year	2,880	176
– Later than one year but not later than five years	4,920	–
	7,800	176

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 2011 (the “Interim Financial Information”) set out on pages 2 to 25, which comprises the condensed consolidated balance sheet of the Group as at 30th June 2011 and the related condensed consolidated statements of income, comprehensive income, cash flows and changes in equity 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” (“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, 24th August 2011

Chairman's Statement

Result

I am pleased to report that the Group's consolidated profit for the first half of 2011 was HK\$482.8 million, an increase of 121.9% as compared to consolidated profit for the same period last year of HK\$217.6 million (restated). The consolidated profit for the first half of 2011 included fair value gains on investment properties (net of deferred tax) of HK\$475.8 million, as compared to fair value gains on investment properties (net of deferred tax) of HK\$211.0 million (restated) for the same period last year.

Excluding the effect on fair value changes on investment properties, the Group's underlying profit was approximately HK\$7.0 million and the corresponding figure for the first half of 2010 was approximately HK\$6.6 million (restated). The slight increase in the underlying profit for the current period attributed to the increase in rental income, but was set off by the increase in renovation works on properties.

As at 30th June 2011, the investment properties of the Group were revalued at HK\$4,316.5 million (at 31st December 2010: HK\$3,808.8 million). Total equity amounted to HK\$4,158.1 million (at 31st December 2010: HK\$3,696.8 million (restated)).

New business

On 17th June 2011, a subsidiary company of the Company was granted a licence for operating a hotel at 2nd to 4th Floors and 18th to 21st Floors of Hollywood Centre, 77-91 Queen's Road West, Sheung Wan, Hong Kong. The hotel consists of 46 rooms and will put into full operation in the last quarter of 2011.

Dividend

The directors have declared an interim dividend of HK3 cents (2010: HK3 cents) per ordinary share.

Outlook

The weakened economic prospects of the U.S. coupled with the sovereign debt problems in Europe caused the recent market turmoil. Amid the volatility, the Company will closely monitor the market situation and stay vigilant. It is however believed that Asian market and the Greater China region are unlikely to be deeply affected by the current tumultuous global markets.

William Ma Ching Wai

Chairman

Hong Kong, 24th August 2011

Management Discussion and Analysis

Business review and prospects

In Hong Kong, the gross rental income increased 14.8% or HK\$8.7 million to HK\$67.2 million as compared to the same period last year. Following the completion of the additional lifts and structural enhancement works at Tai Sang Container and Godown Centre, the rental contribution resumed and increased by HK\$3.3 million. The rental demand for the luxury residential units and shops remains strong in the mid-2011, the rental contribution from these sectors increased by HK\$5.4 million.

In the USA, the rental income from Montgomery Plaza increased slightly by 5% or HK\$0.8 million to HK\$17.0 million as compared to the same period last year. The office spaces occupancy rate of Montgomery Plaza increased to 89% at mid-year 2011 and the average office rent per square feet per annum maintained at about US\$34.7. The rental will stabilize for the second half of 2011.

The Group's liquidity and financial resources

During the relevant period, the Group's total bank borrowings increased HK\$64.0 million to HK\$440.2 million. The total equity increased HK\$461.3 million to HK\$4,158.1 million (at 31st December 2010: HK\$3,696.8 million (restated)) and long term bank loans outstanding as at 30th June 2011 amounted to HK\$134.3 million (at 31st December 2010: HK\$135.2 million). The debt to equity ratio was 10.6% (at 31st December 2010: 10.2% (restated)). 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.

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

	As at 30th June 2011 HK\$'000	As at 31st December 2010 HK\$'000
– within one year	1,859	1,859
– in the second year	132,480	1,859
– in the third to fifth years inclusive	–	131,464
	134,339	135,182

Management Discussion and Analysis (Continued)

Capital structure of the Group (Continued)

The Group's total bank borrowings of HK\$440.2 million (at 31st December 2010: HK\$376.2 million) are secured by certain properties with an aggregate carrying amount of HK\$2,137.7 million (at 31st December 2010: HK\$1,921.7 million).

Significant investment held and their performance and future prospects

The Group held certain listed investments with fair value as at 30th June 2011 of HK\$51.3 million (at 31st December 2010: HK\$58.4 million). An impairment loss on a listed security of HK\$2.0 million has been reflected in the Group's condensed consolidated income statement.

The Group held 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 2011 was HK\$21.3 million (at 31st December 2010: HK\$16.3 million).

Details of number and remuneration of employees

Including the directors of the Group as at 30th June 2011, the Group employed a total of 151 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 (2010: HK3 cents) per ordinary share, payable on 28th September 2011 to shareholders whose names standing on the register of members at the close of business on 14th September 2011 (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 Wednesday, 14th September 2011.

Directors' and Chief Executive's Interests in Shares

At 30th June 2011, 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	–	–	–	–

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 2011, 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		
		(note)		
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 2011 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 26.

By Order of the Board
William Ma Ching Wai
Chairman

Hong Kong, 24th August 2011