



# **TAI SANG LAND DEVELOPMENT LIMITED**

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**2013 INTERIM REPORT**

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### *Registered office*

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130-132 Des Voeux Road Central, Hong Kong

### *Registrar and Transfer office*

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

## Condensed Consolidated Balance Sheet

*As at 30th June 2013 – Unaudited*

	<i>Note</i>	<b>As at 30th June 2013 <i>HK\$'000</i></b>	As at 31st December 2012 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	6	<b>616,306</b>	609,084
Investment properties	6	<b>5,022,057</b>	4,751,076
Available-for-sale financial assets		<b>59,729</b>	61,417
Prepayments		<b>8,851</b>	13,314
		<hr/> <b>5,706,943</b> <hr/>	<hr/> 5,434,891 <hr/>
<b>Current assets</b>			
Properties for sale		<b>101,182</b>	101,331
Debtors and prepayments	7	<b>22,404</b>	22,177
Current income tax recoverable		<b>367</b>	299
Cash and cash equivalents		<b>57,940</b>	41,826
		<hr/> <b>181,893</b> <hr/>	<hr/> 165,633 <hr/>
<b>Current liabilities</b>			
Rental and other deposits		<b>45,777</b>	43,655
Creditors and accruals	8	<b>43,439</b>	49,639
Current income tax liabilities		<b>32,292</b>	29,556
Short term bank loans – secured	9	<b>403,000</b>	374,000
Bank overdrafts – secured	9	<b>4,071</b>	7,601
Current portion of long term bank loan – secured	10	<b>–</b>	131,809
		<hr/> <b>528,579</b> <hr/>	<hr/> 636,260 <hr/>
<b>Net current liabilities</b>		<hr/> <b>(346,686)</b> <hr/>	<hr/> (470,627) <hr/>

## Condensed Consolidated Balance Sheet (Continued)

*As at 30th June 2013 – Unaudited*

	<i>Note</i>	<b>As at 30th June 2013 HK\$'000</b>	As at 31st December 2012 HK\$'000
Total assets less current liabilities		<b>5,360,257</b>	4,964,264
Non-current liabilities			
Long term bank loan – secured	10	<b>155,274</b>	–
Deferred income tax liabilities	11	<b>149,263</b>	139,187
		<b>304,537</b>	139,187
Net assets		<b>5,055,720</b>	4,825,077
Equity			
Equity attributable to the Company's owners			
Share capital	12	<b>287,670</b>	287,670
Reserves		<b>4,579,761</b>	4,354,186
2012 final dividend proposed		–	23,014
2013 interim dividend declared		<b>20,137</b>	–
		<b>4,887,568</b>	4,664,870
Non-controlling interests		<b>168,152</b>	160,207
Total equity		<b>5,055,720</b>	4,825,077

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 2013 – Unaudited*

		<b>For the six months ended 30th June</b>	
	<i>Note</i>	<b>2013</b>	2012
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Revenues	5	<b>112,650</b>	106,031
Cost of sales	13	<b>(32,894)</b>	(29,438)
		<b>79,756</b>	76,593
Fair value gains on investment properties	6	<b>245,135</b>	230,957
Other gains, net	14	<b>696</b>	1,134
Administrative expenses	13	<b>(39,279)</b>	(36,971)
Other operating expenses	13	<b>(7,907)</b>	(9,127)
		<b>278,401</b>	262,586
Finance income	15	<b>12</b>	50
Finance costs	15	<b>(7,987)</b>	(8,047)
		<b>(7,975)</b>	(7,997)
Profit before income tax		<b>270,426</b>	254,589
Income tax expense	16	<b>(13,729)</b>	(13,386)
		<b>256,697</b>	241,203
Attributable to:			
Owners of the Company		<b>247,500</b>	231,283
Non-controlling interests		<b>9,197</b>	9,920
		<b>256,697</b>	241,203
Dividend	17	<b>20,137</b>	14,383
Interim dividend per share	17	<b>HK7 cents</b>	HK5 cents
Earnings per share (basic and diluted)	18	<b>HK86 cents</b>	HK80 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 2013 – Unaudited*

	<b>For the six months ended 30th June</b>	
	<b>2013</b>	2012
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Profit for the period	<b>256,697</b>	241,203
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net fair value loss on available-for-sale financial assets	<b>(1,688)</b>	(8,186)
Exchange translation differences	–	29
Other comprehensive income for the period	<b>(1,688)</b>	(8,157)
Total comprehensive income for the period	<b>255,009</b>	233,046
Total comprehensive income attributable to:		
Owners of the Company	<b>245,712</b>	223,014
Non-controlling interests	<b>9,297</b>	10,032
	<b>255,009</b>	233,046

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 2013 – Unaudited*

	<b>For the six months ended 30th June</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash from operating activities	<b>33,526</b>	42,391
Net cash used in investing activities	<b>(35,782)</b>	(38,587)
Net cash from/(used in) financing activities	<b>21,900</b>	(18,565)
Net increase/(decrease) in cash and cash equivalents	<b>19,644</b>	(14,761)
Exchange translation differences	–	29
Cash and cash equivalents at 1st January	<b>34,225</b>	46,818
Cash and cash equivalents at 30th June	<b>53,869</b>	32,086
Analysis of the balances of cash and cash equivalents		
Bank balances and cash and restricted bank deposits	<b>57,940</b>	37,646
Bank overdrafts	<b>(4,071)</b>	(5,560)
	<b>53,869</b>	32,086

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 2013 – Unaudited*

	Attributable to owners of the Company								
	Share capital <i>HKS'000</i>	Investment				Total reserves <i>HKS'000</i>	Non- controlling		Total <i>HKS'000</i>
		Share premium <i>HKS'000</i>	revaluation reserve <i>HKS'000</i>	Exchange reserve <i>HKS'000</i>	Retained profits <i>HKS'000</i>		interests <i>HKS'000</i>		
At 1st January 2013	287,670	129,651	29,586	7,242	4,210,721	4,377,200	160,207	4,825,077	
Total comprehensive income for the period	-	-	(1,788)	-	247,500	245,712	9,297	255,009	
Transactions with owners									
– dividend paid	-	-	-	-	(23,014)	(23,014)	(1,352)	(24,366)	
	287,670	129,651	27,798	7,242	4,435,207	4,599,898	168,152	5,055,720	
At 30th June 2013	287,670	129,651	27,798	7,242	4,435,207	4,599,898	168,152	5,055,720	
Representing:									
Equity and non-controlling interests	287,670	129,651	27,798	7,242	4,415,070	4,579,761	168,152	5,035,583	
2013 interim dividend declared	-	-	-	-	20,137	20,137	-	20,137	
	287,670	129,651	27,798	7,242	4,435,207	4,599,898	168,152	5,055,720	
	287,670	129,651	27,798	7,242	4,435,207	4,599,898	168,152	5,055,720	
At 1st January 2012	287,670	129,651	42,046	7,210	3,665,060	3,843,967	140,956	4,272,593	
Total comprehensive income for the period	-	-	(8,298)	29	231,283	223,014	10,032	233,046	
Transactions with owners									
– dividend paid	-	-	-	-	(20,137)	(20,137)	(1,652)	(21,789)	
	287,670	129,651	33,748	7,239	3,876,206	4,046,844	149,336	4,483,850	
At 30th June 2012	287,670	129,651	33,748	7,239	3,876,206	4,046,844	149,336	4,483,850	
Representing:									
Equity and non-controlling interests	287,670	129,651	33,748	7,239	3,861,823	4,032,461	149,336	4,469,467	
2012 interim dividend declared	-	-	-	-	14,383	14,383	-	14,383	
	287,670	129,651	33,748	7,239	3,876,206	4,046,844	149,336	4,483,850	
	287,670	129,651	33,748	7,239	3,876,206	4,046,844	149,336	4,483,850	

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 subsidiaries (collectively the “Group”) are principally engaged in property investment, property rental, property development, estate management and agency and hotel operations. 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 2013 (the “Condensed Consolidated Interim Financial Information”) is presented in Hong Kong dollars (HK\$), unless otherwise stated, was approved by the board of directors on 23rd August 2013.

### 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\$346,686,000 as at 30th June 2013. The current liability mainly included short term bank loans of HK\$403,000,000. Based on the Group’s history of refinancing, its available banking facilities and its assets backing, the directors consider that the Group will be able to obtain sufficient financial resources so as to enable it to operate and meet its liabilities as and when they fall due.

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 2012 (the “2012 Annual Report”). The Condensed Consolidated Interim Financial Information should be read in conjunction with the 2012 Annual Report, which has been prepared in accordance with the Hong Kong Financial Reporting Standards.

## **2 Basis of preparation and accounting policies (Continued)**

The following amendments to standards are mandatory for accounting periods beginning on or after 1st January 2013. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, 11 and 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 19 (Amendment)	Employee Benefits
HKAS 27 (Amendment)	Separate Financial Statements
HKFRSs (Amendment)	Annual Improvements 2011

New standards and amendments to standards that have been issued but are not effective for the financial year ending 31st December 2013, which are relevant to the Group's operation but have not been early adopted by the Group:

HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities <sup>(1)</sup>
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory Effective Date and Transition Disclosures <sup>(2)</sup>
HKFRS 9	Financial Instruments <sup>(2)</sup>

<sup>(1)</sup> Effective for the Group for annual period beginning on 1st January 2014

<sup>(2)</sup> Effective for the Group for annual period beginning on 1st January 2015

The Group will apply the above new standards and amendments to standards from 1st January 2014 or later periods. The Group has already commenced an assessment of the related impact to the Group. The Group does not expect substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

### **3 Financial risk management**

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk, liquidity risk, interest rate risk and price risk.

The Condensed Consolidated Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2012 Annual Report.

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

(b) Fair value estimation

Financial instruments that are measured in the 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 2013 and 31st December 2012:

	Level 1 <i>HK\$ '000</i>	Level 2 <i>HK\$ '000</i>	Level 3 <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
<b>Assets</b>				
<b>At 30th June 2013</b>				
Available-for-sale financial assets	<u>38,729</u>	<u>–</u>	<u>21,000</u>	<u>59,729</u>
<b>Assets</b>				
<b>At 31st December 2012</b>				
Available-for-sale financial assets	<u>40,417</u>	<u>–</u>	<u>21,000</u>	<u>61,417</u>

For the six months ended 30th June 2013, 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 2013, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets.

For the six months ended 30th June 2013, 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.

Compared to the 2012 Annual Report, there were no material changes in the estimates and assumptions applied in the preparation of the Condensed Consolidated Interim Financial Information.

#### 5 Revenues and segment information

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

	<b>For the six months ended 30th June</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenues		
Property rental		
– investment properties	<b>90,065</b>	85,080
– properties for sale	<b>10,307</b>	9,965
Property related services	<b>4,809</b>	4,908
Hotel operations	<b>7,469</b>	6,078
	<b>112,650</b>	106,031
	<b>112,650</b>	106,031

Property rental and property related services revenue above included amounts of HK\$1,028,000 (2012: HK\$986,000) and HK\$205,000 (2012: HK\$203,000) from related companies and persons respectively.

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

(b) Operating lease arrangement

The Group leases out investment properties and properties for sale under lease terms generally in the range of one to ten years.

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

	<b>As at 30th June 2013 HK\$'000</b>	<b>As at 31st December 2012 HK\$'000</b>
Not later than one year	<b>165,451</b>	149,546
Later than one year but not later than five years	<b>208,943</b>	187,159
Later than five years	<b>21,283</b>	15,211
	<b>395,677</b>	351,916
	<b>395,677</b>	351,916

- (c) The chief operating decision-maker has been identified as the executive 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, which is measured by profit after income tax excluding fair value changes on investment properties and deferred income tax on fair value changes 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

	<b>Hong Kong</b> <i>HK\$'000</i>	<b>North</b> <b>America</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>For the six months ended</b>			
<b>30th June 2013</b>			
Segment revenues			
Property rental	77,315	23,057	100,372
Property related services	4,809	–	4,809
Hotel operations	7,469	–	7,469
	<u>89,593</u>	<u>23,057</u>	<u>112,650</u>
Total segment revenues	<u>89,593</u>	<u>23,057</u>	<u>112,650</u>
Segment results – underlying profit			
– Property rental and related services	16,891	3,340	20,231
– Hotel operations	978	–	978
Fair value gains on investment properties	221,315	23,820	245,135
Deferred income tax expense on fair value gains on investment properties, net	–	(9,647)	(9,647)
	<u>239,184</u>	<u>17,513</u>	<u>256,697</u>
Profit for the period	<u>239,184</u>	<u>17,513</u>	<u>256,697</u>
Included in segment results:			
Finance income	2	10	12
Finance costs	(6,678)	(1,309)	(7,987)
Income tax expense (note)	(4,069)	(13)	(4,082)
Depreciation	(6,455)	(386)	(6,841)
	<u>37,336</u>	<u>2,661</u>	<u>39,997</u>
Capital expenditure	<u>37,336</u>	<u>2,661</u>	<u>39,997</u>

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

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

(c) Operating segments (Continued)

	<b>Hong Kong</b> <i>HK\$'000</i>	<b>North</b> <b>America</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>At 30th June 2013</b>			
Property, plant and equipment	603,696	12,610	616,306
Investment properties	4,493,950	528,107	5,022,057
Non-current prepayments	8,851	–	8,851
<hr/>			
Non-current assets (excluding available-for-sale financial assets)	5,106,497	540,717	5,647,214
Non-current available-for-sale financial assets	59,729	–	59,729
Current assets	131,841	50,052	181,893
<hr/>			
Segment assets	<u>5,298,067</u>	<u>590,769</u>	<u>5,888,836</u>
<hr/>			
Current liabilities	518,147	10,432	528,579
Non-current liabilities	71,140	233,397	304,537
<hr/>			
Segment liabilities	<u>589,287</u>	<u>243,829</u>	<u>833,116</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 2012			
Segment revenues			
Property rental	73,210	21,835	95,045
Property related services	4,908	–	4,908
Hotel operations	6,078	–	6,078
	<u>84,196</u>	<u>21,835</u>	<u>106,031</u>
Total segment revenues	<u>84,196</u>	<u>21,835</u>	<u>106,031</u>
Segment results – underlying profit			
– Property rental and related services	14,246	2,334	16,580
– Hotel operations	531	–	531
Fair value gains on investment properties	208,859	22,098	230,957
Deferred income tax expense on fair value gains on investment properties, net	–	(6,865)	(6,865)
	<u>–</u>	<u>(6,865)</u>	<u>(6,865)</u>
Profit for the period	<u>223,636</u>	<u>17,567</u>	<u>241,203</u>
Included in segment results:			
Finance income	45	5	50
Finance costs	(6,679)	(1,368)	(8,047)
Income tax expense (note)	(6,508)	(13)	(6,521)
Depreciation	(6,221)	(497)	(6,718)
	<u>(6,221)</u>	<u>(497)</u>	<u>(6,718)</u>
Capital expenditure	<u>27,037</u>	<u>4,765</u>	<u>31,802</u>

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

### 5 Revenues and segment information (Continued)

#### (c) Operating segments (Continued)

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31st December 2012			
Property, plant and equipment	596,088	12,996	609,084
Investment properties	4,249,450	501,626	4,751,076
Non-current prepayments	13,314	–	13,314
	4,858,852	514,622	5,373,474
Non-current assets (excluding available-for-sale financial assets)	4,858,852	514,622	5,373,474
Non-current available-for-sale financial assets	61,417	–	61,417
Current assets	140,825	24,808	165,633
	5,061,094	539,430	5,600,524
Segment assets	5,061,094	539,430	5,600,524
Current liabilities	494,733	141,527	636,260
Non-current liabilities	70,711	68,476	139,187
	565,444	210,003	775,447
Segment liabilities	565,444	210,003	775,447

*Note:* The amount excludes deferred income tax expense on fair value changes on investment properties.

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

### 6 Capital expenditure

	Property, plant and equipment <i>HK\$'000</i>	Property under development <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
Net book value or valuation				
At 1st January 2013	191,084	418,000	4,751,076	5,360,160
Additions	1,449	12,702	25,846	39,997
Depreciation	(6,841)	–	–	(6,841)
Disposals	(88)	–	–	(88)
Fair value gains	–	–	245,135	245,135
	<b>185,604</b>	<b>430,702</b>	<b>5,022,057</b>	<b>5,638,363</b>
Net book value or valuation				
At 1st January 2012	198,694	–	4,481,358	4,680,052
Additions	3,887	–	27,915	31,802
Depreciation	(6,718)	–	–	(6,718)
Disposals	(442)	–	(12)	(454)
Fair value gains	–	–	230,957	230,957
	195,421	–	4,740,218	4,935,639
Additions	4,233	–	30,223	34,456
Transfer from investment properties to property under development	–	418,000	(418,000)	–
Depreciation	(7,857)	–	–	(7,857)
Disposals	(713)	–	(5)	(718)
Fair value gains	–	–	398,640	398,640
	<b>191,084</b>	<b>418,000</b>	<b>4,751,076</b>	<b>5,360,160</b>

## 6 Capital expenditure (Continued)

The valuations of the investment properties at 30th June 2013 and 31st December 2012 were carried out by independent professional property valuers, AA Property Services Limited and Mr David K Bohegian, Member of The Appraisal Institute, of Martorana Bohegian & Company. The fair value measurement information for these investment properties are categorised within Level 2 in accordance with HKFRS 13.

Level 2 fair values of investment properties have been generally derived using the mix of income approach and sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is expected rental income and price per square foot.

There were no changes in valuation techniques during the period.

## 7 Debtors and prepayments

Included in debtors and prepayments are trade debtors of HK\$1,213,000 (at 31st December 2012: HK\$731,000) and their ageing analysis is as follows:

	<b>As at 30th June 2013 HK\$'000</b>	<b>As at 31st December 2012 HK\$'000</b>
Current	<b>1,208</b>	688
31 – 60 days	<b>5</b>	23
61 – 90 days	–	–
Over 90 days	–	20
	<hr/> <b>1,213</b> <hr/>	<hr/> 731 <hr/>

The trade debtors represent rental and management fee receivables. The Group normally does not grant credit period to rental receivables, and grants 30 days credit period to management fees receivables.

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

### 8 Creditors and accruals

Included in creditors and accruals are trade creditors of HK\$16,597,000 (at 31st December 2012: HK\$15,047,000) and their ageing analysis is as follows:

	<b>As at 30th June 2013 HK\$'000</b>	<b>As at 31st December 2012 HK\$'000</b>
Current	<b>7,283</b>	6,193
31 – 60 days	<b>131</b>	298
61 – 90 days	<b>127</b>	463
Over 90 days	<b>9,056</b>	8,093
	<hr/> <b>16,597</b> <hr/>	<hr/> 15,047 <hr/>

### 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 and property under development in Hong Kong with an aggregate carrying value of HK\$2,950,702,000 (at 31st December 2012: HK\$2,818,000,000), and the rental income thereon.

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

**10 Long term bank loan – secured**

	<b>As at 30th June 2013 HK\$'000</b>	<b>As at 31st December 2012 HK\$'000</b>
Bank loan		
– wholly repayable within five years	<b>6,502</b>	131,809
– wholly repayable after five years	<b>148,772</b>	–
Amount due within one year included under current liabilities	–	(131,809)
	<b>155,274</b>	–
	<b>155,274</b>	–
The maturity of the Group's long term bank loan is as follows:		
– within one year	–	131,809
– in the second year	–	–
– in the third to fifth years	<b>6,502</b>	–
– after the fifth year	<b>148,772</b>	–
	<b>155,274</b>	131,809
	<b>155,274</b>	131,809

The Group's long term bank loan is secured by the freehold land and building in the US and certain investment properties in the US with an aggregate carrying value of HK\$539,529,000 (at 31st December 2012: HK\$513,384,000), 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:

	<b>For the six months ended 30th June</b>		For the year ended 31st December
	<b>2013</b>	2012	2012
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the period/year	<b>139,187</b>	73,079	73,079
Charged to income statement (note 16)	<b>10,076</b>	9,490	66,108
	<b>149,263</b>	82,569	139,187
	<b>149,263</b>	82,569	139,187

### 12 Share capital

	<b>As at 30th June 2013</b>	As at 31st December 2012
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Authorised		
400,000,000 ordinary shares of HK\$1 each	<b>400,000</b>	400,000
Issued and fully paid		
287,669,676 ordinary shares of HK\$1 each	<b>287,670</b>	287,670

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

**13 Cost and expenses**

	<b>For the six months ended 30th June</b>	
	<b>2013</b>	2012
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Depreciation	<b>6,841</b>	6,718
Outgoings in respect of		
– investment properties	<b>19,907</b>	17,577
– properties for sale	<b>2,849</b>	2,648
– property related services	<b>3,572</b>	3,444
– property, plant and equipment	<b>338</b>	482
– hotel operations	<b>3,852</b>	2,910
Operating lease rental for office premises to a related company	<b>1,650</b>	1,650
Staff costs	<b>24,527</b>	21,893
Others	<b>16,544</b>	18,214
	<hr/> <b>80,080</b> <hr/>	<hr/> 75,536 <hr/>
Total cost of sales, administrative and other operating expenses	<b>80,080</b>	75,536

**14 Other gains, net**

	<b>For the six months ended 30th June</b>	
	<b>2013</b>	2012
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Dividend income from listed available-for-sale financial assets	<b>771</b>	1,023
(Loss)/profit on disposal of plant and equipment, net	<b>(75)</b>	111
	<hr/> <b>696</b> <hr/>	<hr/> 1,134 <hr/>

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

### 15 Finance income and costs

	<b>For the six months ended 30th June</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		
Interest income from banks	12	50
Finance costs		
Interest expenses		
– bank loans and overdrafts wholly repayable within five years	(7,589)	(7,771)
– bank loan wholly repayable after five years	(177)	–
Other bank charges	(221)	(276)
	(7,987)	(8,047)
Finance costs, net	(7,975)	(7,997)

### 16 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the period. Except for the minimum United States state tax which has been paid during the period, no overseas taxation (2012: HK\$Nil) has been provided as there is no estimated taxable profit for the overseas subsidiaries for the period.

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

	<b>For the six months ended 30th June</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	3,640	3,883
– overseas taxation	13	13
	3,653	3,896
Deferred income tax (note 11)	10,076	9,490
	13,729	13,386

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

### 17 Dividend

	<b>For the six months ended 30th June</b>	
	<b>2013</b>	2012
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interim, declared, of HK7 cents (2012: HK5 cents) per ordinary share	<b>20,137</b>	14,383
	<b>20,137</b>	14,383

At a meeting held on 23rd August 2013, the directors declared an interim dividend of HK7 cents per ordinary share for the year ending 31st December 2013. 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 2013.

### 18 Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$247,500,000 (2012: HK\$231,283,000) and on 287,669,676 (2012: 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 2013 and 2012, the diluted earnings per share is equal to the basic earnings per share.

### 19 Commitments

#### (a) Capital commitments

	<b>As at 30th June 2013 <i>HK\$'000</i></b>	As at 31st December 2012 <i>HK\$'000</i>
Contracted but not provided for		
– investment properties	58,698	68,140
– property, plant and equipment	2,785	1,670
– property under development	5,324	11,953
	<b>66,807</b>	81,763

<b>Notes to the Condensed Consolidated Interim Financial Information (Continued)</b>
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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:

	<b>As at 30th June 2013 HK\$'000</b>	As at 31st December 2012 HK\$'000
Land and buildings		
– not later than one year	<b>2,040</b>	2,880
– later than one year but not later than five years	–	600
	<b>2,040</b>	3,480

# 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 subsidiaries (collectively the “Group”) for the six months ended 30th June 2013 (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 2013 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, 23rd August 2013

## Chairman's Statement

### Result

I am pleased to report that the Group's consolidated profit for the first half of 2013 was HK\$256.7 million, an increase of 6.4% as compared to consolidated profit for the same period last year of HK\$241.2 million. Earnings per share were HK\$0.86 (2012: HK\$0.80) an increase of 7.5% over the same period last year. The consolidated profit for the first half of 2013 included fair value gains (net of deferred tax) on investment properties of HK\$235.5 million, as compared to fair value gains (net of deferred tax) on investment properties of HK\$224.1 million for the same period last year.

The Group's underlying profit for the first half of 2013, excluding the effect of fair value gains (net of deferred tax) on investment properties, was approximately HK\$21.2 million, increased by HK\$4.1 million or 24.0% as compared to the corresponding figure of HK\$17.1 million for the same period of 2012. The increase in the underlying profit was mainly attributable to the increase in the rental income from both Hong Kong and USA properties as well as profit contribution from hotel operation.

The revenues of the Group for the first half of 2013, was HK\$112.6 million, representing an increase of HK\$6.6 million or 6.2% as compared with HK\$106.0 million for the same period last year.

As at 30th June 2013, the investment properties of the Group were revalued at HK\$5,022.1 million (at 31st December 2012: HK\$4,751.1 million). Total equity amounted to HK\$5,055.7 million (at 31st December 2012: HK\$4,825.1 million).

### Dividend

The directors have declared an interim dividend of HK7 cents (2012: HK5 cents) per ordinary share.

### Outlook

The uncertainty in the continuation of the US Federal Reserve Board's bond purchasing has psychological effect on the global liquidity flow. As changes may occur in near future, the coming months should be cautious.

The local property market was slow down and adversely affected by the HKSAR Government's cooling down measures. With the continuation of the policy, the property price may further fluctuate by ten percent.

Barring any unforeseen circumstances, the Group will continue to pursue its prudent policy.

**William Ma Ching Wai**

*Chairman*

Hong Kong, 23rd August 2013

## Management Discussion and Analysis

### Business Review and Prospects

In Hong Kong, the gross rental income increased 5.6% or HK\$4.1 million to HK\$77.3 million as compared to the same period last year. The continuous upgrading facilities at Gateway ts (previously known as Tai Sang Container and Godown Centre) further improve the tenant mix as well as the rent rate. The rental contribution from Gateway ts increased by HK\$5.7 million as compared to the same period last year and compensated the reduction in the rental income due to the demolition of Express Industrial Building at Wong Chuk Hang by the end of December 2012. The improved rent roll of luxury residential units at Floral Villas also contributed to the rental income increment. The rental income will remain stable for the second half of 2013.

The profit generated from the operation of Hotel LBP increased 85% or HK\$0.45 million to HK\$0.98 million as compared to the same period last year. The hotel room charge income increased 23% or HK\$1.4 million to HK\$7.5 million as compared to the same period last year. The increase was attributable to improved occupancy rate for first half of 2013 which was 91.9% in average and higher room rate. The contribution from hotel operation will remain stable for the second half of 2013.

In the USA, the rental income from Montgomery Plaza increased 5.6% or HK\$1.2 million to HK\$23.1 million as compared to the same period last year. The office spaces occupancy rate of Montgomery Plaza remained at about 95% at mid-year 2013 and the average office rent per square feet per annum increased slightly to US\$39.2. The rental income will remain stable for the second half of 2013.

### The Group's liquidity and financial resources

During the relevant period, the Group's total bank borrowings increased HK\$48.9 million to HK\$562.3 million (at 31st December 2012: HK\$513.4 million). The total equity increased HK\$230.6 million to HK\$5,055.7 million (at 31st December 2012: HK\$4,825.1 million). The debt to equity ratio was 11.1% (at 31st December 2012: 10.6%). The banking facilities available are sufficient for the Group's working capital. The Group's financial flexibility remains healthy.

## Management Discussion and Analysis (Continued)

### Capital structure of the Group

The capital structure of the Group has not changed materially from the last annual report. The Group's borrowings are primarily denominated in Hong Kong and United States dollars. The Group therefore has no significant exposure to foreign exchange fluctuation.

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

	<b>As at 30th June 2013 HK\$'000</b>	<b>As at 31st December 2012 HK\$'000</b>
– within one year	–	131,809
– in the second year	–	–
– in the third to fifth years, inclusive	<b>6,502</b>	–
– after the fifth year	<b>148,772</b>	–
	<b>155,274</b>	<b>131,809</b>

The Group's total bank borrowings of HK\$562.3 million (at 31st December 2012: HK\$513.4 million) are secured by certain properties with an aggregate carrying amount of HK\$3,490.2 million (at 31st December 2012: HK\$3,331.4 million).

The Group has adopted and maintained the policy of reliance on short-term finances which is more economical because of lower interest rate. In light of the low debt ratio and long term harmonious relationship with our bankers, the Group considers this policy will continue to be used to lower the operating cost and the current policy would not impose any liquidity risks.

### Significant investment held and their performance and future prospects

The Group held certain listed investments with fair value as at 30th June 2013 of HK\$38.7 million (at 31st December 2012: HK\$40.4 million).

The Group held certain unlisted investments with fair value as at 30th June 2013 of HK\$21 million (at 31st December 2012: HK\$21 million). It included 12% equity interest each in The Yangtze Ventures Limited, The Yangtze Ventures II Limited and Yangtze China Investment Limited.

### Details of number and remuneration of employees

Including the directors of the Group as at 30th June 2013, the Group employed a total of 162 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 HK7 cents (2012: HK5 cents) per ordinary share, payable on 19th September 2013 to shareholders whose names standing on the register of members at the close of business on 6th September 2013 (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, 6th September 2013.

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

At 30th June 2013, 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 interest	Corporate interests		
		<i>(notes (a) &amp; (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	347,942	–	347,942	0.1210%
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, 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, Kam Hang Company Limited.
- (e) In addition, certain directors of the Company held non-beneficial interests in subsidiaries 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 subsidiaries 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 2013, 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 interest	Corporate interests		
		<i>(note)</i>		
Substantial shareholders:				
Kan 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 subsidiaries 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 subsidiaries has purchased or sold any of the Company's issued shares during the period.

## Corporate Governance

The Company has complied with the code provisions of Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the period.

The Company has adopted a code of conduct regarding securities transactions by Directors 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 Codes 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 2013 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, 23rd August 2013