



TAI SANG LAND DEVELOPMENT LIMITED

2015 INTERIM REPORT

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Registered office

11th Floor, Tai Sang Bank Building
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 Statement of Financial Position

As at 30th June 2015 – Unaudited

	<i>Note</i>	As at 30th June 2015 <i>HK\$'000</i>	As at 31st December 2014 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	6	785,277	757,442
Investment properties	6	6,287,773	5,927,858
Available-for-sale financial assets		58,656	56,489
Prepayments		7,906	6,479
		7,139,612	6,748,268
Current assets			
Properties for sale		101,713	100,789
Inventory		53	39
Debtors and prepayments	7	21,101	22,113
Current income tax recoverable		14	568
Cash and cash equivalents		43,983	40,637
		166,864	164,146
Current liabilities			
Rental and other deposits		59,882	59,585
Creditors and accruals	8	33,160	46,939
Current income tax liabilities		30,853	27,680
Short term bank loans – secured	9	387,920	462,800
Bank overdrafts – secured	9	666	527
Current portion of long term bank loans – secured	10	11,689	7,084
		524,170	604,615
Net current liabilities		(357,306)	(440,469)

Condensed Consolidated Statement of Financial Position (Continued)

As at 30th June 2015 – Unaudited

	<i>Note</i>	As at 30th June 2015 HK\$'000	As at 31st December 2014 HK\$'000
Total assets less current liabilities		6,782,306	6,307,799
Non-current liabilities			
Long term bank loans – secured	10	410,591	265,889
Deferred income tax liabilities	11	258,653	243,221
		669,244	509,110
Net assets		6,113,062	5,798,689
Equity			
Equity attributable to the Company's owners			
Share capital	12	417,321	417,321
Reserves		5,469,561	5,186,080
2014 final dividend proposed		–	14,383
2015 interim dividend declared		28,767	–
		5,915,649	5,617,784
Non-controlling interests		197,413	180,905
Total equity		6,113,062	5,798,689

The notes from pages 9 to 26 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th June 2015 – Unaudited

		For the six months ended 30th June	
	<i>Note</i>	2015	2014
		HK\$'000	HK\$'000
Revenues	5	136,647	121,535
Cost of sales	13	(37,557)	(35,321)
		99,090	86,214
Gross profit			
Fair value gains on investment properties	6	307,203	211,975
Other gains, net	14	8,736	1,075
Administrative expenses	13	(47,237)	(43,295)
Other operating expenses	13	(4,794)	(6,690)
		362,998	249,279
Operating profit		362,998	249,279
Finance income	15	13	31
Finance costs	15	(6,591)	(6,104)
		(6,578)	(6,073)
Finance costs, net		(6,578)	(6,073)
Profit before income tax		356,420	243,206
Income tax expense	16	(19,956)	(30,151)
		336,464	213,055
Profit for the period		336,464	213,055
Profit attributable to:			
Owners of the Company		316,431	210,465
Non-controlling interests		20,033	2,590
		336,464	213,055
		336,464	213,055
Earnings per share (basic and diluted)	17	HK\$1.10	HK\$0.73
Dividend	18	28,767	23,014
Interim dividend per share	18	HK10 cents	HK8 cents

The notes from pages 9 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 2015 – Unaudited

	For the six months ended 30th June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	336,464	213,055
Other comprehensive income		
<u>Items that may be reclassified subsequently</u>		
<u>to profit or loss</u>		
Net change on available-for-sale financial assets	(5,611)	2,685
Other comprehensive income for the period	(5,611)	2,685
Total comprehensive income for the period	330,853	215,740
Total comprehensive income attributable to:		
Owners of the Company	312,248	212,390
Non-controlling interests	18,605	3,350
	330,853	215,740

The notes from pages 9 to 26 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June 2015 – Unaudited

	For the six months ended 30th June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating activities		
Net cash generated from operations	46,634	46,142
Hong Kong profits tax paid	(784)	(1,280)
Overseas taxation paid	(13)	(13)
	45,837	44,849
Net cash generated from operating activities	45,837	44,849
Investing activities		
Additions of property, plant and equipment and prepayments	(3,458)	(4,940)
Additions of property under development and prepayments	(30,686)	(1,174)
Additions of investment properties and prepayments	(59,977)	(59,932)
Additions of available-for-sale financial assets	–	(367)
Proceeds on disposal of property, plant and equipment	202	1,365
Interest received	13	31
Dividends received	855	1,542
	(93,051)	(63,475)
Net cash used in investing activities	(93,051)	(63,475)
Financing activities		
Interest paid	(9,499)	(7,836)
Draw down of bank loans	218,400	40,000
Repayments of bank loans	(142,000)	(23,400)
Dividends paid to shareholders	(14,383)	(11,507)
Dividends paid to non-controlling shareholders of subsidiaries	(2,097)	(1,450)
	50,421	(4,193)
Net cash generated from/(used in) financing activities	50,421	(4,193)

Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30th June 2015 – Unaudited

	For the six months ended 30th June	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Net increase/(decrease) in cash and cash equivalents	3,207	(22,819)
Cash and cash equivalents at 1st January	40,110	55,665
Cash and cash equivalents at 30th June	43,317	32,846
Analysis of the balances of cash and cash equivalents		
Bank balances and cash and restricted bank deposits	43,983	32,846
Bank overdrafts	(666)	–
	43,317	32,846

The notes from pages 9 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 2015 – Unaudited

	Attributable to owners of the Company							
	Share capital <i>HKS'000</i>	Investment		Exchange reserve	Retained profits	Total reserves	Non-controlling interests	Total
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1st January 2015	417,321	-	24,953	7,249	5,168,261	5,200,463	180,905	5,798,689
Comprehensive income								
Profit for the period	-	-	-	-	316,431	316,431	20,033	336,464
Other comprehensive income/(expense)								
Net fair value gains/(losses) on available-for-sales financial assets	-	-	2,943	-	-	2,943	(558)	2,385
Recycle to profit or loss upon disposal of available-for-sales financial assets	-	-	(7,126)	-	-	(7,126)	(870)	(7,996)
Total comprehensive income/(expense) for the period	-	-	(4,183)	-	316,431	312,248	18,605	330,853
Transaction with owners								
- dividend paid	-	-	-	-	(14,383)	(14,383)	(2,097)	(16,480)
At 30th June 2015	<u>417,321</u>	<u>-</u>	<u>20,770</u>	<u>7,249</u>	<u>5,470,309</u>	<u>5,498,328</u>	<u>197,413</u>	<u>6,113,062</u>
Representing:								
Equity and non-controlling interests	417,321	-	20,770	7,249	5,441,542	5,469,561	197,413	6,084,295
2015 interim dividend declared	-	-	-	-	28,767	28,767	-	28,767
	<u>417,321</u>	<u>-</u>	<u>20,770</u>	<u>7,249</u>	<u>5,470,309</u>	<u>5,498,328</u>	<u>197,413</u>	<u>6,113,062</u>
At 1st January 2014	287,670	129,651	21,816	7,246	4,582,531	4,741,244	170,006	5,198,920
Comprehensive income								
Profit for the period	-	-	-	-	210,465	210,465	2,590	213,055
Other comprehensive income								
Net fair value gains on available-for-sales financial assets	-	-	1,925	-	-	1,925	760	2,685
Total comprehensive income for the period	-	-	1,925	-	210,465	212,390	3,350	215,740
Transition to no-par value regime on 3rd March 2014	129,651	(129,651)	-	-	-	(129,651)	-	-
Transaction with owners								
- dividend paid	-	-	-	-	(11,507)	(11,507)	(1,450)	(12,957)
At 30th June 2014	<u>417,321</u>	<u>-</u>	<u>23,741</u>	<u>7,246</u>	<u>4,781,489</u>	<u>4,812,476</u>	<u>171,906</u>	<u>5,401,703</u>
Representing:								
Equity and non-controlling interests	417,321	-	23,741	7,246	4,758,475	4,789,462	171,906	5,378,689
2014 interim dividend declared	-	-	-	-	23,014	23,014	-	23,014
	<u>417,321</u>	<u>-</u>	<u>23,741</u>	<u>7,246</u>	<u>4,781,489</u>	<u>4,812,476</u>	<u>171,906</u>	<u>5,401,703</u>

The notes from pages 9 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, hotel operation and restaurant operation. 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 2015 (the “Condensed Consolidated Interim Financial Information”) is presented in Hong Kong dollars (HK\$), unless otherwise stated, was approved by the board of directors on 21st August 2015.

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 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\$357,306,000 as at 30th June 2015. The current liability mainly included short term bank loans of HK\$387,920,000. 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. The directors believe that the Group will continue as a going concern and consequently prepared the Condensed Consolidated Interim Financial Information on a going concern basis.

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 2014 (the “2014 Annual Report”). The Condensed Consolidated Interim Financial Information should be read in conjunction with the 2014 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 2015. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

HKAS 19 (Amendment)	Defined Benefit Plans
HKFRSs (Amendment)	Annual Improvements 2012, 2013

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 2014 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 assets that are measured at fair value as at 30th June 2015 and 31st December 2014:

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
At 30th June 2015				
Available-for-sale financial assets	<u>47,656</u>	<u>–</u>	<u>11,000</u>	<u>58,656</u>
Assets				
At 31st December 2014				
Available-for-sale financial assets	<u>44,489</u>	<u>–</u>	<u>12,000</u>	<u>56,489</u>

For the six months ended 30th June 2015, there were no transfers of financial assets of the Group between different levels of the fair value hierarchy.

For the six months ended 30th June 2015, 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 2015, 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 2014 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 recognised during the period are as follows:

	For the six months ended 30th June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenues		
Property rental		
– investment properties	110,727	97,862
– properties for sale	13,189	11,650
Property related services	4,335	4,170
Hotel operations	7,654	7,853
Restaurant operations	742	–
	136,647	121,535
	136,647	121,535

Property rental and property related services revenue above included amounts of HK\$1,052,000 (2014: HK\$1,006,000) and HK\$175,000 (2014: HK\$247,000) 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:

	As at 30th June 2015 HK\$'000	As at 31st December 2014 HK\$'000
Not later than one year	205,452	213,273
Later than one year but not later than five years	167,521	205,481
Later than five years	3,779	6,960
	376,752	425,714
	376,752	425,714

- (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

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended			
30th June 2015			
Segment revenues			
Property rental	96,411	27,505	123,916
Property related services	4,335	–	4,335
Hotel operations	7,654	–	7,654
Restaurant operations	742	–	742
	<u>109,142</u>	<u>27,505</u>	<u>136,647</u>
Total segment revenues			
	<u>109,142</u>	<u>27,505</u>	<u>136,647</u>
Segment results – underlying profit			
– Property rental and related services	33,807	7,744	41,551
– Hotel operations	840	–	840
– Restaurant operations	(1,328)	–	(1,328)
Fair value gains on investment properties	288,839	18,364	307,203
Deferred income tax, net	–	(11,802)	(11,802)
	<u>322,158</u>	<u>14,306</u>	<u>336,464</u>
Profit for the period			
	<u>322,158</u>	<u>14,306</u>	<u>336,464</u>
Included in segment results:			
Finance income	4	9	13
Finance costs	(5,218)	(1,373)	(6,591)
Income tax expense (note)	(8,141)	(13)	(8,154)
Depreciation	(5,525)	(808)	(6,333)
	<u>86,594</u>	<u>551</u>	<u>87,145</u>
Capital expenditure			
	<u>86,594</u>	<u>551</u>	<u>87,145</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 30th June 2015			
Property, plant and equipment	770,492	14,785	785,277
Investment properties	5,562,950	724,823	6,287,773
Non-current prepayments	7,906	–	7,906
	<hr/>	<hr/>	<hr/>
Non-current assets (excluding available-for-sale financial assets)	6,341,348	739,608	7,080,956
Non-current available-for-sale financial assets	58,656	–	58,656
Current assets	136,963	29,901	166,864
	<hr/>	<hr/>	<hr/>
Segment assets	<u>6,536,967</u>	<u>769,509</u>	<u>7,306,476</u>
	<hr/>	<hr/>	<hr/>
Current liabilities	512,574	11,596	524,170
Non-current liabilities	366,804	302,440	669,244
	<hr/>	<hr/>	<hr/>
Segment liabilities	<u>879,378</u>	<u>314,036</u>	<u>1,193,414</u>
	<hr/>	<hr/>	<hr/>

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 2014			
Segment revenues			
Property rental	86,712	22,800	109,512
Property related services	4,170	–	4,170
Hotel operations	7,853	–	7,853
	<u>98,735</u>	<u>22,800</u>	<u>121,535</u>
Total segment revenues	<u>98,735</u>	<u>22,800</u>	<u>121,535</u>
Segment results – underlying profit			
– Property rental and related services	20,468	4,340	24,808
– Hotel operations	635	–	635
Fair value gains on investment properties	162,176	49,799	211,975
Deferred income tax, net	–	(24,363)	(24,363)
	<u>183,279</u>	<u>29,776</u>	<u>213,055</u>
Profit for the period	<u>183,279</u>	<u>29,776</u>	<u>213,055</u>
Included in segment results:			
Finance income	2	29	31
Finance costs	(4,558)	(1,546)	(6,104)
Income tax expense (<i>note</i>)	(5,775)	(13)	(5,788)
Depreciation	(8,239)	(505)	(8,744)
	<u>(18,570)</u>	<u>(2,035)</u>	<u>(20,605)</u>
Capital expenditure	<u>42,742</u>	<u>8,123</u>	<u>50,865</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 2014			
Property, plant and equipment	741,850	15,592	757,442
Investment properties	5,221,950	705,908	5,927,858
Non-current prepayments	6,479	–	6,479
Non-current assets (excluding available-for-sale financial assets)	5,970,279	721,500	6,691,779
Non-current available-for-sale financial assets	56,489	–	56,489
Current assets	138,019	26,127	164,146
Segment assets	6,164,787	747,627	6,912,414
Current liabilities	592,570	12,045	604,615
Non-current liabilities	217,926	291,184	509,110
Segment liabilities	810,496	303,229	1,113,725

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 2015	273,006	484,436	5,927,858	6,685,300
Additions	3,236	32,826	51,083	87,145
Transfer from property, plant and equipment to investment properties	(1,629)	–	1,629	–
Depreciation	(6,333)	–	–	(6,333)
Disposals and write-off	(265)	–	–	(265)
Fair value gains	–	–	307,203	307,203
	268,015	517,262	6,287,773	7,073,050
Net book value or valuation				
At 1st January 2014	180,589	436,615	5,254,672	5,871,876
Additions	5,972	3,589	41,304	50,865
Transfer from properties for sale	1,204	–	–	1,204
Transfer from investment properties to property, plant and equipment	92,900	–	(92,900)	–
Transfer from property, plant and equipment to investment properties	(4,452)	–	4,452	–
Depreciation	(8,744)	–	–	(8,744)
Disposals and write-off	(2,808)	–	–	(2,808)
Fair value gains	–	–	211,975	211,975
	264,661	440,204	5,419,503	6,124,368
Additions	16,992	44,232	75,631	136,855
Depreciation	(8,571)	–	–	(8,571)
Disposals and write-off	(76)	–	–	(76)
Fair value gains	–	–	432,724	432,724
	273,006	484,436	5,927,858	6,685,300

6 Capital expenditure (Continued)

- (a) The valuations of the investment properties at 30th June 2015 and 31st December 2014 were carried out by independent professional property valuers, A A Property Services Limited and Mr David K Bohegian, Member of The Appraisal Institute, of Martorana Bohegian & Company.

All the investment properties of the Group measured at fair value are categorised as level 3 in the fair value hierarchy. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the period.

Level 3 fair values of investment properties have been generally derived using the mix of direct comparison method and income capitalisation approach.

This direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

The income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

There were no changes in valuation techniques during the period.

- (b) The Group's property under development included additions of HK\$4,143,000 (2014: HK\$2,854,000) (note 15) being interest expenses capitalised for the development project.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

7 Debtors and prepayments

Included in debtors and prepayments are trade debtors of HK\$369,000 (at 31st December 2014: HK\$631,000) and their ageing analysis is as follows:

	As at 30th June 2015 HK\$'000	As at 31st December 2014 HK\$'000
0-30 days	311	546
31-60 days	58	34
61-90 days	–	25
Over 90 days	–	26
	369	631
	369	631

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.

8 Creditors and accruals

Included in creditors and accruals are trade creditors of HK\$5,410,000 (at 31st December 2014: HK\$9,481,000) and their ageing analysis is as follows:

	As at 30th June 2015 HK\$'000	As at 31st December 2014 HK\$'000
0-30 days	5,135	8,943
31-60 days	82	526
61-90 days	10	2
Over 90 days	183	10
	5,410	9,481
	5,410	9,481

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 property under development in Hong Kong with an aggregate carrying value of HK\$517,262,000 (at 31st December 2014: HK\$484,436,000) and certain investment properties with carrying value of which is included in the disclosure in note 10 and the rental income thereon.

10 Long term bank loans – secured

	As at 30th June 2015 <i>HK\$'000</i>	As at 31st December 2014 <i>HK\$'000</i>
Bank loans		
– wholly repayable within five years	290,263	141,014
– wholly repayable after five years	132,017	131,959
	422,280	272,973
Amount due within one year included under current liabilities	(11,689)	(7,084)
	410,591	265,889
The maturity of the Group's long term bank loans is as follows:		
– within one year	11,689	7,084
– in the second year	141,752	137,181
– in the third to fifth year	145,879	6,502
– after the fifth year	122,960	122,206
	422,280	272,973

The Group's long term bank loans together with certain short term bank loans and bank overdrafts (note 9) are secured by the freehold land and building in the US and certain investment properties in the US and Hong Kong with an aggregate carrying value of HK\$4,139,899,000 (at 31st December 2014: HK\$3,881,321,000) 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
	2015	2014	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the period/year	243,221	179,629	179,629
Charged to profit or loss (note 16)	15,432	26,472	63,592
	258,653	206,101	243,221
	258,653	206,101	243,221

12 Share capital

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	Share capital HK\$'000
At 1st January 2015 and 30th June 2015	287,670	417,321
At 1st January 2014	287,670	287,670
Transition to no-par value regime on 3rd March 2014 (note)	—	129,651
At 31st December 2014	287,670	417,321

Note: In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3rd March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

13 Cost and expenses

	For the six months ended 30th June	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Depreciation	6,333	8,744
Outgoings in respect of		
– investment properties	19,825	19,476
– properties for sale	3,643	3,700
– property related services	5,315	4,843
– property, plant and equipment	528	670
– hotel operations	5,109	4,238
– restaurant operations	2,035	–
Operating lease rental for office premises to a related company	2,184	1,336
Staff costs	29,399	25,835
Others	15,217	16,464
	89,588	85,306
	89,588	85,306

14 Other gains, net

	For the six months ended 30th June	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Dividend income from listed available-for-sale financial assets	855	1,599
Gain on disposal of available-for-sale financial assets	7,778	–
Gain/(loss) on disposal of plant and equipment, net	103	(524)
	8,736	1,075
	8,736	1,075

Notes to the Condensed Consolidated Interim Financial Information (Continued)

15 Finance income and costs

	For the six months ended 30th June	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Finance income		
Interest income from banks	13	31
Finance costs		
Interest expenses		
– bank loans and overdrafts wholly repayable within five years	(9,361)	(7,411)
– bank loan wholly repayable after five years	(1,373)	(1,547)
	(10,734)	(8,958)
Less: Amount capitalised in property under development (note 6 (b))	4,143	2,854
	(6,591)	(6,104)
Finance costs, net	(6,578)	(6,073)

16 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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 (2014: HK\$Nil) has been provided as there is no estimated taxable profit for the overseas subsidiaries for the period.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

16 Income tax expense (Continued)

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

	For the six months ended 30th June	
	2015	2014
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	4,511	3,666
– overseas taxation	13	13
	4,524	3,679
Deferred income tax (note 11)	15,432	26,472
	19,956	30,151

17 Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$316,431,000 (2014: HK\$210,465,000) and on 287,670,000 (2014: 287,670,000) ordinary shares in issue during the period.

As there are no dilutive potential ordinary shares for the six months ended 30th June 2015 and 2014, the diluted earnings per share is equal to the basic earnings per share.

18 Dividend

	For the six months ended 30th June	
	2015	2014
	HK\$'000	HK\$'000
Interim, declared, of HK10 cents (2014: HK8 cents) per ordinary share	28,767	23,014

At a meeting held on 21st August 2015, the directors declared an interim dividend of HK10 cents per ordinary share for the year ending 31st December 2015. 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 2015.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

19 Commitments

(a) Capital commitments

	As at 30th June 2015 HK\$'000	As at 31st December 2014 HK\$'000
Contracted but not provided for		
– investment properties	67,279	93,036
– property, plant and equipment	1,451	1,410
– property under development	62,496	90,413
	131,226	184,859
	131,226	184,859

(b) Commitments under operating leases

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

	As at 30th June 2015 HK\$'000	As at 31st December 2014 HK\$'000
Land and buildings		
– not later than one year	3,840	3,840
– later than one year but not later than five years	2,720	4,640
	6,560	8,480
	6,560	8,480

20 Subsequent event

In July 2015, there was a change of the quarters provided to a director. Accordingly, the original quarters were reclassified at their fair value as investment properties of the Group, resulting in a credit to the property revaluation reserve of approximately HK\$544,000,000. The new quarters, which were held as investment properties of the Group as at 30th June 2015, were reclassified at their fair value as property, plant and equipment of the Group upon the change.

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 set out on pages 2 to 26, which comprises the condensed consolidated statement of financial position of Tai Sang Land Development Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th June 2015 and the related condensed consolidated statements of profit or loss, 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” 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 Hong Kong Accounting Standard 34 “Interim Financial Reporting”. 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 Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21st August 2015

Chairman's Statement

Result

I am pleased to report that the Group's consolidated profit for the first half of 2015 was HK\$336.5 million, an increase of 57.9% as compared to consolidated profit for the same period last year of HK\$213.1 million. Earnings per share were HK\$1.10 (2014: HK\$0.73) an increase of 50.7% over the same period last year. The consolidated profit for the first half of 2015 included fair value gains on investment properties (net of deferred tax) of HK\$295.4 million, as compared to fair value gains on investment properties (net of deferred tax) of HK\$187.6 million for the same period last year.

The Group's underlying profit for the first half of 2015, excluding the effect of fair value gains on investment properties (net of deferred tax), was approximately HK\$41.1 million, increased by HK\$15.6 million or 61.2% as compared to the corresponding figure of HK\$25.5 million for the same period of 2014. The increase in the underlying profit was mainly attributable to the increase in the rental income from Hong Kong and the USA properties.

The revenues of the Group for the first half of 2015 was HK\$136.6 million, representing an increase of HK\$15.1 million or 12.4% as compared with HK\$121.5 million for the same period last year.

At 30th June 2015, the valuation of investment properties of the Group was HK\$6,287.8 million (31st December 2014: HK\$5,927.9 million). Total equity amounted to HK\$6,113.1 million (31st December 2014: HK\$5,798.7 million).

Dividend

The directors have declared an interim dividend of HK10 cents (2014: HK8 cents) per ordinary share.

Outlook

The changes in political environment may have impact on the business environment in Hong Kong. Any rise in interest rate in the near future may also affect the business environment in Hong Kong.

Barring any unforeseen circumstances, the Group will continue to pursue its prudent policy. We remain cautiously optimistic in our operation.

William Ma Ching Wai

Chairman

Hong Kong, 21st August 2015

Management Discussion and Analysis

Business Review and Prospects

In Hong Kong, the gross rental income for the first half of 2015 was HK\$96.4 million, increased HK\$9.7 million or 11.2% as compared to the same period last year. There was a significant growth in the rental contribution from Gateway ts by HK\$8.0 million or 17.9% as compared to the same period last year. The rental income from commercial and residential sectors remained stable. Gateway ts will undergo further phases for property upgrading in coming years and hopefully the client mix will extend further.

The hotel room charge income of Hotel LBP for the first half of 2015 was HK\$7.65 million, a drop of HK\$0.2 million or 2.5% as compared to the same period last year. The occupancy rate for the first half of 2015 was stable at about 93% in average. The profit generated from the hotel operation for the first half of 2015 was HK\$0.84 million, an increase of HK\$0.2 million or 31.3% as compared to the same period last year. The restaurant operations in the same building of Hotel LBP, started at the latter half of 2014 purposely to offer support to Hotel LBP, was in a loss situation for the first half of 2015.

In the USA, the gross rental income from Montgomery Plaza was HK\$27.5 million for the first half of 2015, increased by HK\$4.7 million or 20.6%, as compared to the same period last year. The office spaces occupancy rate of Montgomery Plaza rose to 100%.

The Group's liquidity and financial resources

During the relevant period, the Group's total bank borrowings and overdraft increased by HK\$74.6 million to HK\$810.9 million (as at 31st December 2014: HK\$736.3 million). The total equity increased by HK\$314.4 million to HK\$6,113.1 million (as at 31st December 2014: HK\$5,798.7 million) and the long term bank loans outstanding was HK\$422.3 million (as at 31st December 2014 HK\$272.9 million). The debt to equity ratio was 13.3% (as at 31st December 2014: 12.7%).

There are sufficient committed banking facilities available for the Group's current funding needs and future business requirements. The Group's financial position remains healthy. Exposure to foreign exchange risk is kept to a minimum as the bank borrowings are in either Hong Kong or US dollars.

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 that this policy will continue to be used to lower the operation cost and the current policy will not impose any liquidity risks.

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 US 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 2015 <i>HK\$'000</i>	As at 31st December 2014 <i>HK\$'000</i>
– within one year	11,689	7,084
– in the second year	141,752	137,181
– in the third to fifth year	145,879	6,502
– after the fifth year	122,960	122,206
	422,280	272,973

The Group's total bank borrowings of HK\$810.9 million (at 31st December 2014: HK\$736.3 million) are secured by certain properties with an aggregate carrying amount of HK\$4,657.2 million (at 31st December 2014: HK\$4,365.7 million) and the rental income thereon.

Details of number and remuneration of employees

As at 30th June 2015, the Group employed a total of 181 full-time employees, including the directors. 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 HK10 cents (2014: HK8 cents) per ordinary share, payable on 24th September 2015 to shareholders whose names standing on the register of members at the close of business on 10th September 2015 (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 Thursday, 10th September 2015.

Directors’ and Chief Executive’s Interests in Shares

At 30th June 2015, 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:

Number of ordinary shares held

	Capacity		Total	Percentage
	Personal interest	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	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 total number of issued shares 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 total number of issued shares 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 2015, 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:

Number of ordinary shares held

	Capacity		Total	Percentage
	Personal interest	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 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 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 2015 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, 21st August 2015