



TAI SANG LAND DEVELOPMENT LIMITED

2008 INTERIM REPORT

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Condensed Consolidated Interim Balance Sheet

As at 30th June 2008 – Unaudited

	<i>Note</i>	As at 30th June 2008 HK\$'000	As at 31st December 2007 HK\$'000
Non-current assets			
Property, plant and equipment	6	93,539	91,723
Investment properties	6	3,453,187	3,366,975
Leasehold land	6	91,426	92,590
Available-for-sale financial assets		112,265	99,376
		<hr/> 3,750,417 <hr/>	<hr/> 3,650,664 <hr/>
Current assets			
Investment properties for sale	6	—	130,000
Properties for sale		101,961	102,133
Debtors and prepayments	7	21,224	21,175
Current income tax recoverable		9	152
Bank balances and cash		30,040	40,707
		<hr/> 153,234 <hr/>	<hr/> 294,167 <hr/>
Current liabilities			
Rental and other deposits		31,766	44,806
Creditors and accruals	8	31,578	43,285
Current income tax liabilities		16,979	12,699
Short term bank loans - secured	9	216,000	200,000
Bank overdrafts - secured	9	1,222	—
Current portion of long term bank loans - secured	10	1,859	87,222
		<hr/> 299,404 <hr/>	<hr/> 388,012 <hr/>
Net current liabilities		<hr/> (146,170) <hr/>	<hr/> (93,845) <hr/>

Condensed Consolidated Interim Balance Sheet (Continued)*As at 30th June 2008 – Unaudited*

		As at 30th June 2008 HK\$'000	As at 31st December 2007 HK\$'000
Total assets less current liabilities		3,604,247	3,556,819
Non-current liabilities			
Long term bank loans - secured	10	(137,538)	(132,135)
Deferred income tax liabilities	11	(419,292)	(433,098)
		(556,830)	(565,233)
Net assets		3,047,417	2,991,586
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	287,670	287,670
Reserves		2,636,550	2,546,623
2007 final and special dividend proposed		—	60,411
2008 interim dividend declared		23,014	—
		2,947,234	2,894,704
Minority interests		100,183	96,882
Total equity		3,047,417	2,991,586

The notes from pages 8 to 21 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Income Statement

For the six months ended 30th June 2008 – Unaudited

		For the six months ended 30th June	
	<i>Note</i>	2008	2007
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenues	5	93,216	85,787
Cost of sales	13	(21,840)	(18,447)
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Gross profit		71,376	67,340
Fair value gains on investment properties	6	85,668	138,064
Other gains	14	12,590	44,958
Administrative expenses	13	(33,908)	(28,854)
Other operating expenses	13	(9,076)	(9,167)
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Operating profit		126,650	212,341
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Finance income	15	543	309
Finance costs	15	(7,934)	(6,830)
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Finance costs, net		(7,391)	(6,521)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Profit before income tax		119,259	205,820
Income tax credit/(expense)	16	8,831	(54,533)
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Profit for the period		128,090	151,287
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Attributable to:			
Equity holders of the Company		123,457	149,397
Minority interests		4,633	1,890
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
		128,090	151,287
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Interim dividend	17	23,014	25,890
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Interim dividend per share	17	HK8 cents	HK9 cents
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Earnings per share (basic and diluted)	18	HK43 cents	HK52 cents
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

The notes from pages 8 to 21 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30th June 2008 – Unaudited

	For the six months ended 30th June	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Cash inflow from operating activities	28,577	22,300
Cash inflow from investing activities	91,651	29,047
Cash outflow from financing activities	(132,119)	(48,724)
Net (decrease)/increase in cash and cash equivalents	(11,891)	2,623
Exchange translation difference	2	(10)
Cash and cash equivalents at 1st January	40,707	14,417
Cash and cash equivalents at 30th June	28,818	17,030
Analysis of the balances of cash and cash equivalents		
Bank balances and cash and restricted bank deposits	30,040	20,912
Bank overdrafts	(1,222)	(3,882)
	28,818	17,030

The notes from pages 8 to 21 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30th June 2008 – Unaudited

Attributable to equity holders of the Company

	Share capital HK\$'000	Investment			Retained profits HK\$'000	Total reserves HK\$'000	Minority interests HK\$'000	Total HK\$'000
		Share premium HK\$'000	revaluation reserve HK\$'000	Exchange reserve HK\$'000				
At 1st January 2008	287,670	129,651	60,885	7,160	2,409,338	2,607,034	96,882	2,991,586
Net fair value (loss)/gain on available-for-sale financial assets	—	—	(10,518)	—	—	(10,518)	16	(10,502)
Exchange translation differences	—	—	—	2	—	2	—	2
Net (expense)/income recognised directly in equity	—	—	(10,518)	2	—	(10,516)	16	(10,500)
Profit for the period	—	—	—	—	123,457	123,457	4,633	128,090
Total recognised (loss)/income for the period	—	—	(10,518)	2	123,457	112,941	4,649	117,590
Dividend paid	—	—	—	—	(60,411)	(60,411)	(1,348)	(61,759)
At 30th June 2008	<u>287,670</u>	<u>129,651</u>	<u>50,367</u>	<u>7,162</u>	<u>2,472,384</u>	<u>2,659,564</u>	<u>100,183</u>	<u>3,047,417</u>
Representing:								
Capital, reserves and minority interests	287,670	129,651	50,367	7,162	2,449,370	2,636,550	100,183	3,024,403
2008 interim dividend declared	—	—	—	—	23,014	23,014	—	23,014
	<u>287,670</u>	<u>129,651</u>	<u>50,367</u>	<u>7,162</u>	<u>2,472,384</u>	<u>2,659,564</u>	<u>100,183</u>	<u>3,047,417</u>

Condensed Consolidated Interim Statement of Changes in Equity (Continued)

For the six months ended 30th June 2008 – Unaudited

Attributable to equity holders of the Company

	Share capital <i>HK\$'000</i>	Investment			Retained profits <i>HK\$'000</i>	Total reserves <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
		Share premium <i>HK\$'000</i>	revaluation reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>				
At 1st January 2007	287,670	129,651	41,928	7,169	1,709,555	1,888,303	81,045	2,257,018
Net fair value gain on available-for-sale financial assets	—	—	678	—	—	678	137	815
Exchange translation differences	—	—	—	(10)	—	(10)	—	(10)
Net income/(expense) recognised directly in equity	—	—	678	(10)	—	668	137	805
Profit for the period	—	—	—	—	149,397	149,397	1,890	151,287
Total recognised income/(loss) for the period	—	—	678	(10)	149,397	150,065	2,027	152,092
Dividend paid	—	—	—	—	(31,644)	(31,644)	(1,320)	(32,964)
At 30th June 2007	287,670	129,651	42,606	7,159	1,827,308	2,006,724	81,752	2,376,146
Representing:								
Capital, reserves and minority interests	287,670	129,651	42,606	7,159	1,801,418	1,980,834	81,752	2,350,256
2007 interim dividend declared	—	—	—	—	25,890	25,890	—	25,890
	287,670	129,651	42,606	7,159	1,827,308	2,006,724	81,752	2,376,146

The notes from pages 8 to 21 form an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 General information

Tai Sang Land Development Limited (the “Company”) and its subsidiary companies (collectively the “Group”) are principally engaged in property investment, property development and estate management and agency. 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 is 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 2008 (the “Condensed Consolidated Interim Financial Information”) was approved by the Board of Directors on 10th September 2008.

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.

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 2007.

In 2008, the following new interpretations of Hong Kong Financial Reporting Standards, which include all Hong Kong Accounting Standards and applicable Interpretations (“Ints”), are effective for the accounting periods beginning on 1st January 2008 but are not relevant for the Group:

HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The HKICPA has issued certain new and revised standards, interpretations and amendments which are effective from accounting periods beginning from 1st January 2009. The Group has not early adopted these standards, interpretations and amendments in the Condensed Consolidated Interim Financial Information. The Group had made an assessment of the impact of these standards, interpretations and amendments and it is not expected to have significant financial impact on the Group’s results of operation and financial position except for the changes in disclosures and presentation.

3 Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual report for the year ended 31st December 2007.

4 Critical accounting estimates and judgments

Estimates and judgments used are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions applied in the preparation of the Condensed Consolidated Interim Financial Information are consistent with those used in the annual report for the year ended 31st December 2007.

5 Revenues and segment information

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

	For the six months ended 30th June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenues		
Property rental		
- investment properties	77,081	71,661
- properties for sale	11,616	9,977
Property related services	4,519	4,149
	93,216	85,787
	93,216	85,787

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 2008 HK\$'000	As at 31st December 2007 HK\$'000
Not later than one year	129,441	133,327
Later than one year but not later than five years	93,575	112,272
Later than five years	4,437	7,301
	227,453	252,900

- (c) In accordance with the Group's internal financial reporting, the Group has determined that business segments are presented as the primary reporting format and geographical segments as the secondary reporting format. The operations of the Group is organised into three main business segments, namely property rental, property sales and property related services, and are located in Hong Kong and North America.

There are no sales between the geographical segments.

Unallocated income represented dividend income, gain on disposal of a subsidiary company, gain on disposal of investment properties and gain on disposal of plant and equipment. Unallocated costs represented corporate administrative expenses.

Segment assets consist primarily of property, plant and equipment, properties, leasehold land, debtors and prepayments and operating cash. Unallocated assets include properties for corporate use, available-for-sale financial assets, current income tax recoverable and bank balances and cash which are for the corporate use.

Segment liabilities comprise rental and other deposits, creditors and accruals and borrowings for properties investment. Unallocated liabilities include current and deferred income tax liabilities and corporate borrowings.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 Revenues and segment information (Continued)

- (c) An analysis of the Group's revenues and results for the period, assets, liabilities and other segment items by business and geographical segments is as follows:

Primary reporting format - business segments

	For the six months ended 30th June 2008			
	Property rental <i>HK\$'000</i>	Property sales <i>HK\$'000</i>	Property related services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenues				
Total revenues	88,697	—	7,473	96,170
Inter-segment revenues	—	—	(2,954)	(2,954)
	88,697	—	4,519	93,216
External revenues	88,697	—	4,519	93,216
Segment results	58,935	(188)	3,553	62,300
Fair value gains on investment properties	85,668	—	—	85,668
Unallocated income				12,590
Unallocated costs				(33,908)
				126,650
Operating profit				126,650
Finance income				543
Finance costs				(7,934)
				119,259
Profit before income tax				119,259
Income tax credit				8,831
				128,090
Profit for the period				128,090
Capital expenditure				
- segment	2,102	118	—	2,220
- unallocated				6,905
Depreciation and amortisation				
- segment	446	188	—	634
- unallocated				4,531
				856,234
				856,234
				As at 30th June 2008
Segment assets	3,505,705	102,187	1,149	3,609,041
Unallocated assets				294,610
Total assets				3,903,651
Segment liabilities	411,535	126	1,466	413,127
Unallocated liabilities				443,107
Total liabilities				856,234

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 Revenues and segment information (Continued)

(c) Primary reporting format - business segments (Continued)

	For the six months ended 30th June 2007			
	Property rental <i>HK\$'000</i>	Property sales <i>HK\$'000</i>	Property related services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenues				
Total revenues	81,638	—	7,100	88,738
Inter-segment revenues	—	—	(2,951)	(2,951)
External revenues	81,638	—	4,149	85,787
Segment results	54,792	(197)	3,578	58,173
Fair value gains on investment properties	138,064	—	—	138,064
Unallocated income				44,958
Unallocated costs				(28,854)
Operating profit				212,341
Finance income				309
Finance costs				(6,830)
Profit before income tax				205,820
Income tax expense				(54,533)
Profit for the period				151,287
Capital expenditure				
- segment	10,205	181	—	10,386
- unallocated				1,835
Depreciation and amortisation				
- segment	1,343	197	—	1,540
- unallocated				4,355
				As at 31st December 2007
Segment assets	3,542,316	102,596	1,478	3,646,390
Unallocated assets				298,441
Total assets				3,944,831
Segment liabilities	489,439	611	1,878	491,928
Unallocated liabilities				461,317
Total liabilities				953,245

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

5 Revenues and segment information *(Continued)*

(c) Secondary reporting format - geographical segments

		For the six months ended 30th June			
		Revenues		Segment results	
		2008	2007	2008	2007
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Hong Kong	71,315	63,966	57,093	49,219
	North America	21,901	21,821	5,207	8,954
		93,216	85,787	62,300	58,173
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		Segment assets			
		As at		As at	
		30th June	31st December	31st December	2007
		2008		2008	2007
		HK\$'000		HK\$'000	HK\$'000
	Hong Kong	3,328,558		3,358,633	
	North America	575,093		586,198	
		3,903,651		3,944,831	
		<hr/> <hr/>		<hr/> <hr/>	

6 Capital expenditure

	Property, plant and equipment <i>HK\$'000</i>	Properties under development <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Leasehold land <i>HK\$'000</i>	Total <i>HK\$'000</i>
Net book value or valuation					
At 1st January 2008	91,723	—	3,496,975	92,590	3,681,288
Additions	8,581	—	544	—	9,125
Depreciation/amortisation	(3,831)	—	—	(1,164)	(4,995)
Disposals	(2,934)	—	(130,000)	—	(132,934)
Fair value gains	—	—	85,668	—	85,668
	<u>93,539</u>	<u>—</u>	<u>3,453,187</u>	<u>91,426</u>	<u>3,638,152</u>
Net book value or valuation					
At 1st January 2007	81,064	63,793	2,342,170	150,675	2,637,702
Additions	2,259	9,826	136	—	12,221
Depreciation/amortisation	(3,705)	—	—	(2,018)	(5,723)
Disposals	(353)	—	—	—	(353)
Fair value gains	—	—	138,064	—	138,064
	<u>79,265</u>	<u>73,619</u>	<u>2,480,370</u>	<u>148,657</u>	<u>2,781,911</u>
Additions	1,348	27,002	214,762	4	243,116
Depreciation/amortisation	(4,257)	—	—	(1,164)	(5,421)
Disposal	(428)	—	(36,000)	—	(36,428)
Transfer from properties under development and leasehold land to investment properties	—	(100,621)	155,528	(54,907)	—
Transfer from investment properties to property, plant and equipment	15,795	—	(15,795)	—	—
Fair value gains	—	—	698,110	—	698,110
	<u>91,723</u>	<u>—</u>	<u>3,496,975</u>	<u>92,590</u>	<u>3,681,288</u>
Classified as:					
Non-current assets	91,723	—	3,366,975	92,590	3,551,288
Current assets	—	—	130,000	—	130,000
	<u>91,723</u>	<u>—</u>	<u>3,496,975</u>	<u>92,590</u>	<u>3,681,288</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

7 Debtors and prepayments

Included in debtors and prepayments are trade debtors and their ageing analysis is as follows:

	As at 30th June 2008 HK\$'000	As at 31st December 2007 HK\$'000
Current	292	321
31-60 days	38	136
61-90 days	23	23
Over 90 days	23	—
	<u>376</u>	<u>480</u>

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

8 Creditors and accruals

Included in creditors and accruals are trade creditors and their ageing analysis is as follows:

	As at 30th June 2008 HK\$'000	As at 31st December 2007 HK\$'000
Current	1,047	2,279
31-60 days	3	227
61-90 days	252	86
Over 90 days	882	808
	<u>2,184</u>	<u>3,400</u>

9 Short term bank loans and bank overdrafts - secured

Short term bank loans and bank overdrafts of the Group are secured by certain investment properties with an aggregate carrying value of HK\$1,397,000,000 (at 31st December 2007: HK\$372,000,000) and rental income thereon.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

10 Long term bank loans - secured

	As at 30th June 2008 HK\$'000	As at 31st December 2007 HK\$'000
Bank loans wholly repayable within five years	139,397	219,357
Amount due within one year included under current liabilities	<u>(1,859)</u>	<u>(87,222)</u>
	<u>137,538</u>	<u>132,135</u>
The maturity of the Group's long term bank loan is as follows:		
- within one year	1,859	87,222
- in the second year	1,859	2,835
- in the third to fifth years inclusive	<u>135,679</u>	<u>129,300</u>
	<u>139,397</u>	<u>219,357</u>

The Group's long term bank loans are secured on certain properties with an aggregate carrying value of HK\$549,702,000 (at 31st December 2007: HK\$1,035,927,000).

11 Deferred income tax liabilities

Deferred income tax liabilities are calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2007: 17.5%).

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

	For the six months ended 30th June 2008 HK\$'000	For the year ended 31st December 2007 HK\$'000
At the beginning of the period/year (Credited)/charged to income statement	<u>433,098</u> <u>(13,806)</u>	<u>274,852</u> <u>158,246</u>
At the end of the period/year	<u>419,292</u>	<u>433,098</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

12 Share capital

	As at 30th June 2008 HK\$'000	As at 31st December 2007 HK\$'000
Authorised		
400,000,000 ordinary shares of HK\$1 each	400,000	400,000
Issued and fully paid		
287,669,676 ordinary shares of HK\$1 each	287,670	287,670

13 Cost and expenses by nature

	For the six months ended 30th June	
	2008 HK\$'000	2007 HK\$'000
Cost of sales		
Outgoings in respect of		
- investment properties	15,352	13,100
- properties for sale	2,403	2,238
Others	4,085	3,109
	21,840	18,447
Administrative and other operating expenses		
Amortisation of leasehold land	1,334	2,190
Depreciation	3,831	3,705
Operating lease rental for office premises to		
- a related company	286	571
- a third party	526	—
Staff costs	18,072	17,050
Others	18,935	14,505
	42,984	38,021

Notes to the Condensed Consolidated Interim Financial Information (Continued)

14 Other gains

	For the six months ended 30th June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend income from available-for-sale financial assets		
- listed	610	562
- unlisted	4,676	4,800
Gain on disposal of a subsidiary company	—	39,587
Gain on disposal of investment properties	7,194	—
Gain on disposal of plant and equipment, net	110	9
	12,590	44,958
	12,590	44,958

15 Finance income and costs

	For the six months ended 30th June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		
Interest income from banks	(543)	(309)
Finance costs		
Interest expense of bank loans and overdrafts wholly repayable within five years	7,934	8,072
Less: amount capitalised in properties under development	—	(1,242)
	7,934	6,830
	7,934	6,830
Finance costs, net	7,391	6,521

16 Income tax credit/(expense)

In 2008, the Hong Kong government enacted a change in profits tax rate from 17.5% to 16.5% for fiscal year of 2008/2009. Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the period. No overseas taxation has been provided as there is no estimated taxable profit of the overseas subsidiary companies for the period (2007: HK\$Nil).

The amount of income tax credited/(charged) to the condensed consolidated interim income statement represents:

	For the six months ended 30th June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
- current year provision	(4,975)	(2,777)
Deferred income tax		
- origination and reversal of temporary differences	13,806	(51,756)
	8,831	(54,533)

17 Interim dividend

	For the six months ended 30th June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim, declared, of HK8 cents (2007: HK9 cents) per ordinary share	23,014	25,890

At a meeting held on 10th September 2008, the directors declared an interim dividend of HK8 cents per ordinary share for the year ending 31st December 2008. 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 2008.

18 Earnings per share

The calculation of basic earnings per share is based on profit attributable to equity shareholders of HK\$123,457,000 (2007: HK\$149,397,000) and on 287,669,676 (2007: 287,669,676) ordinary shares in issue during the period.

As there are no dilutive potential ordinary shares as at 30th June 2008 and 2007, the diluted earnings per share is equal to the basic earnings per share.

19 Commitments

(a) Capital commitments

	As at 30th June 2008 HK\$'000	As at 31st December 2007 HK\$'000
Contracted but not provided for		
- properties under development	1,870	1,870
- investment properties	6,714	4,864
- plant and equipment	2,706	2,825
	<u>11,290</u>	<u>9,559</u>

(b) Other commitments

	As at 30th June 2008 HK\$'000	As at 31st December 2007 HK\$'000
Contracted but not provided for (note)	<u>—</u>	<u>11,604</u>

Note:

The other commitments in 2007 mainly represented the contracted feasibility study for future development for Tai Sang Container and Godown Centre located in Tsing Yi.

19 Commitments (Continued)

(c) Commitments under operating leases

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

	As at 30th June 2008 HK\$'000	As at 31st December 2007 HK\$'000
Land and buildings		
Not later than one year	2,136	434
Later than one year but not later than five years	3,179	—
	5,315	434

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 the Company and its subsidiary companies (collectively the “Group”) for the six months ended 30th June 2008 (the “Interim Financial Information”) set out on pages 2 to 21, which comprises the condensed consolidated balance sheet of the Group as at 30th June 2008 and the related condensed consolidated statements of income, cash flows and changes in equity for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of 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, 10th September 2008

Interim Dividend and Record Date

The Board of Directors has resolved to declare an interim dividend of HK8 cents (2007: HK9 cents) per share, payable on 14th October 2008 to shareholders whose names standing on the register of members at the close of business on 30th September 2008 (the “Record Date”). In order to qualify for the interim dividend, all transfers of shares 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 Tuesday, 30th September 2008.

Management Discussion and Analysis

(a) Business Review and Prospects

The consolidated profit of the Company for the first half of 2008 was HK\$128.1 million, a decrease of 15.3% as compared to the same period last year. It included HK\$85.7 million fair value gains on investment properties and a write back of HK\$12.1 million for deferred income tax on investment properties. Excluding these items, the underlying profit was approximately HK\$30.3 million and the corresponding figure for the first half of 2007 was approximately HK\$56.4 million. The drop in underlying profit for the current period reflected a substantial reduction in disposal gains.

In Hong Kong, the gross rental income rose by 11.7% or HK\$7 million to HK\$66.8 million as compared to the same period last year. There was a significant rise of 13.5% or HK\$3.9 million in gross rental income attributable to godown and warehouse sector, reflecting continuing strong demand for the warehouse space. During the first half of 2008, there were gains on disposal of investment properties of HK\$7.2 million. The sales and purchases agreements of the investment properties, Houses M8 and M9 of Floral Villas, Tso Wo Hang, Sai Kung were entered into in the second half of 2007, but the sales were completed in January 2008. Nevertheless, when comparing to the gain on disposal of a subsidiary company which held a property at Kwai Chung during the first half of 2007 of HK\$39.6 million, there was a substantial reduction in the disposal gain. The rise in improvement and repair expenditures of HK\$3.3 million and the staff cost of HK\$1 million caused a further reduction in the contribution from Hong Kong operation for the first half of 2008.

The Group has applied the proceeds from the disposal of the investment properties in repaying the bank loan and addition of investment in a venture capital fund. A major portion of bank borrowings of HK\$200 million relating to the hotel development at Wong Chuk Hang will not be repaid in the coming years. The interest expenses will therefore maintain at similar level in the second half of 2008.

Management Discussion and Analysis (Continued)

(a) Business Review and Prospects (Continued)

In the USA, the rental income from Montgomery Plaza remained steady at HK\$21.9 million as compared to the same period last year. The office spaces occupancy rate of Montgomery Plaza maintained at 100% at mid-year 2008 and the average office rent per square feet per annum maintained at US\$36.5. The operating expenses increased by HK\$3.8 million attributed to the increase in property maintenance expenses and the taxes on property. The interest expenses remained steady. The contribution from the US operation therefore reduced by HK\$3.7 million as compared to the same period last year. The rental income of Montgomery Plaza for the second half of 2008 will maintain at current level. However, subsequent to the renewal of loan facilities there at floating interest rate, the interest expenses for the second half of 2008 will drop slightly.

(b) The Group's liquidity and financial resources

During the relevant period, the Group's total bank borrowings decreased by HK\$62.8 million to HK\$356.6 million. The total equity increased by HK\$55.8 million to HK\$3,047.4 million (at 31st December 2007: HK\$2,991.6 million) and long term bank loans outstanding as at 30th June 2008 amounted HK\$139.4 million (at 31st December 2007: HK\$219.4 million). The debt to equity ratio was 11.7% (at 31st December 2007: 14.0%). The banking facilities available are sufficient for the Group's working capital. The Group's financial flexibility remains healthy.

(c) Capital structure of the Group

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

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

	As at 30th June 2008 HK\$'000	As at 31st December 2007 HK\$'000
- within one year	1,859	87,222
- in the second year	1,859	2,835
- in the third to fifth years inclusive	135,679	129,300
	<u>139,397</u>	<u>219,357</u>

The Group's total bank borrowings of HK\$356.6 million (at 31st December 2007: HK\$419.4 million) are secured by certain properties with an aggregate carrying amount of HK\$1,946.7 million (at 31st December 2007: HK\$1,407.9 million).

Management Discussion and Analysis (Continued)

(d) Significant investment held and their performance and future prospects

The Group holds 12% equity interest in The Yangtze Ventures Limited and The Yangtze Ventures II Limited (collectively “Yangtze”). The fair value of the Group’s equity interest in Yangtze as at 30th June 2008 was HK\$54 million as compared to the fair value of HK\$58 million as at 31st December 2007. The drop in valuation of Yangtze partly reflected a drop in valuation of its portfolio of listed investment in CIG Yangtze Ports PLC and Walcom Group, which however alleviated by the rise in share price of Gushan Environmental Energy (“Gushan”).

Gushan successfully listed in December 2007. Yangtze has disposed of approximately 14% of its shareholding in Gushan upon its initial public offer. Yangtze has subsequently declared and paid the Group a dividend of HK\$4.7 million during the first half of 2008. The accumulated dividend received from Yangtze up to 30th June 2008 was HK\$45.5 million together with the fair value of Yangtze of HK\$54 million yield a return of 4.1 times over the cost of investment.

During the first half of 2008, the Group made an investment in a new venture fund, The Yangtze China Investment Limited (“YCIL”), of HK\$23.4 million, acquiring 11.8% of the cornerstone shares of YCIL. The management team of YCIL was the same as Yangtze, but YCIL has already successfully listed on the Alternative Investment Market in London. The existing investment portfolio of YCIL includes the following investments:

- i. Convertible loan notes of an aggregate amount of US\$5 million representing a stake of approximately 20% of the equity share capital of IGO on a fully diluted basis. Shanghai IGO is a TV home shopping business that designs and produces pre-recorded TV home shopping programmes for broadcast on TV stations in Shaoxing and Hangzhou.
- ii. Convertible loan note of US\$3 million representing a stake of 30% of the equity share capital of Arigata Holdings Inc., the 100% holding company of Onbest, on a fully diluted basis. Shanghai Onbest is principally engaged in the design, manufacture and sale of fiscal/tax processing solutions installed in IC chips, which are then imbedded in the motherboards of tax-controlled cash registers.
- iii. Convertible loan note of US\$1.3 million representing a stake of 12.5% of the equity share capital of Creative Picture on a fully diluted basis. Hunan Creative Picture is engaged in developing glasses-free 3D visualization facilities, adjusting and manufacturing 3D flat-screen displays.

(e) Details of number and remuneration of employees

Including the directors of the Group as at 30th June 2008, the Group employed a total of 148 full-time employees. In addition to salary payment, other benefits include discretionary bonus, insurance, medical schemes and mandatory provident fund schemes.

Directors' and Chief Executive's Interests in Shares

At 30th June 2008, the interests and short positions of each director and chief executive in the shares or underlying shares of the Company, as recorded in the register maintained by the Company under Section 352 of the Securities and Futures Ordinance (“SFO”) or as notified to the Company were as follows:

Ordinary shares of HK\$1 each

	Capacity		Total	Percentage
	Personal interests	Corporate interests		
	<i>(notes (a) & (b))</i>			
Directors:				
William Ma Ching Wai	4,608,354	160,134,973	164,743,327	57.2682%
Patrick Ma Ching Hang	46,256	8,732,013	8,778,269	3.0515%
Alfred Ma Ching Kuen	7,200	—	7,200	0.0025%
Amy Ma Ching Sau	23,357	—	23,357	0.0081%
Katy Ma Ching Man	100,554	—	100,554	0.0350%
Ruth Ma Ching Keung	57,117	—	57,117	0.0199%
Philip Ma Ching Yeung	127,741	—	127,741	0.0444%
Edward Cheung Wing Yui	—	—	—	—
Kevin Chau Kwok Fun	—	—	—	—
William Wong Hing Kwok	—	—	—	—
Tan Soo Kiu	—	—	—	—
Chief Executive:				
Ted Mok Tat Hung	—	—	—	—

Notes:

- (a) Kam Chan & Company, Limited and its associates, and Holston Investment Limited directly or indirectly owned 138,996,736 and 21,138,237 ordinary shares in the Company respectively. Mr. William Ma Ching Wai is a substantial shareholder of these companies.
- (b) Tai Sang International Limited directly owned 8,732,013 ordinary shares in the Company. Mr. Patrick Ma Ching Hang is a substantial shareholder of this company.
- (c) Mr. Alfred Ma Ching Kuen beneficially held 9,886 shares (or 0.1765%) in the issued share capital of a subsidiary company, Tai Sang Cold Storage & Godown Company Limited.
- (d) Mr. Patrick Ma Ching Hang and Ms. Katy Ma Ching Man jointly and beneficially held 47 shares (or 0.94%); Mr. William Ma Ching Wai and Mr. Patrick Ma Ching Hang jointly and beneficially held 1 share (or 0.02%); and Mr. Alfred Ma Ching Kuen beneficially held 23 shares (or 0.46%) in the issued share capital of a subsidiary company, Kam Hang Company Limited.

Directors' and Chief Executive's Interests in Shares (Continued)

- (e) In addition, certain directors of the Company held non-beneficial interests in subsidiary companies in trust to the absolute benefit of the Company, the details of which are available for inspection at the Company's registered office.
- (f) Other than as stated above, no directors or chief executive of the Company had any interest or short position in the shares or underlying shares of the Company or any of its associated corporation.
- (g) At no time during the period was the Company or any of its subsidiary companies a party to any arrangements to enable the directors and the chief executive of the Company (including their spouse and children under 18 year of age) to acquire benefits by the acquisition of shares, or underlying shares of, the Company or its associated corporations.

Substantial Shareholders

At 30th June 2008, 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				
Kam Chan & Company, Limited	112,248,758	26,747,978	138,996,736	48.3182%
Holston Investment Limited	21,138,237	—	21,138,237	7.3481%
Gold Fortune Investment Co. Ltd	15,488,636	—	15,488,636	5.3842%

Note:

Gold Fortune Investment Co. Ltd, Suremark Limited (beneficially interested in 5,852,920 shares in the Company) and Montgomery Securities Limited (beneficially interested in 5,406,422 shares in the Company) are the wholly owned subsidiary companies of Kam Chan & Company, Limited. The aggregate shareholdings of these three companies are deemed to be the corporate interest of Kam Chan & Company, Limited in the ordinary shares in the Company.

Purchase, Sale or Redemption of Shares

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

Corporate Governance

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting period covered by the interim report.

The Company has adopted codes of conduct regarding securities transactions by Directors (as defined in the CG Code) on terms no less exacting than the required standard set out in the Model Codes for Securities Transactions by Directors of Listed Issuers (the "Model Codes") contained in Appendix 10 of the Listing Rules.

On specific enquires made, all Directors have confirmed that, in respect of the accounting period covered by the interim report, they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions.

Independent Review

The interim results have been reviewed by the Group's Audit Committee. The interim results for the six months ended 30th June 2008 are unaudited, but have also been reviewed by PricewaterhouseCoopers, the Company's 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. The Report on Review of Interim Financial Information is set out on page 22.

By Order of the Board
William Ma Ching Wai
Chairman

Hong Kong, 10th September 2008