



# **TAI SANG LAND DEVELOPMENT LIMITED**

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**2009 INTERIM REPORT**

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## Condensed Consolidated Interim Balance Sheet

*As at 30th June 2009 – Unaudited*

|   | <i>Note</i> | As at<br><b>30th June</b><br><b>2009</b><br><i>HK\$'000</i> | As at<br>31st December<br>2008<br><i>HK\$'000</i> |
|---|-------------|---|---|
| <b>Non-current assets</b>                         |             |   |   |
| Property, plant and equipment                     | 6           | <b>91,324</b>   | 95,256  |
| Investment properties                             | 6           | <b>2,796,965</b>  | 2,791,054   |
| Leasehold land                                    | 6           | <b>89,099</b>   | 90,263  |
| Available-for-sale financial assets               |             | <b>66,469</b>   | 67,950  |
|   |             | <b>3,043,857</b>  | 3,044,523   |
| <b>Current assets</b>                             |             |   |   |
| Investment properties for sale                    | 6           | <b>73,420</b>   | —   |
| Properties for sale                               |             | <b>101,619</b>  | 101,790   |
| Debtors and prepayments                           | 7           | <b>30,483</b>   | 23,246  |
| Current income tax recoverable                    |             | <b>128</b>  | 208   |
| Cash and cash equivalents                         |             | <b>25,425</b>   | 29,922  |
|   |             | <b>231,075</b>  | 155,166   |
| <b>Current liabilities</b>                        |             |   |   |
| Rental and other deposits                         |             | <b>26,160</b>   | 31,440  |
| Creditors and accruals                            | 8           | <b>23,110</b>   | 31,426  |
| Derivative financial instruments                  |             | <b>1,372</b>  | 1,778   |
| Current income tax liabilities                    |             | <b>34,391</b>   | 31,432  |
| Short term bank loans - secured                   | 9           | <b>245,500</b>  | 231,000   |
| Bank overdrafts - secured                         | 9           | <b>—</b>  | 1,492   |
| Current portion of long term bank loans - secured | 10          | <b>2,014</b>  | 1,859   |
|   |             | <b>332,547</b>  | 330,427   |
| <b>Net current liabilities</b>                    |             | <b>(101,472)</b>  | (175,261)   |

## Condensed Consolidated Interim Balance Sheet (Continued)

*As at 30th June 2009 – Unaudited*

|   | <i>Note</i> | <b>As at<br/>30th June<br/>2009<br/>HK\$'000</b> | <b>As at<br/>31st December<br/>2008<br/>HK\$'000</b> |
|---|-------------|--|--|
| Total assets less current liabilities                             |             | <b>2,942,385</b>                                 | 2,869,262  |
| Non-current liabilities   |             |  |  |
| Long term bank loans - secured                                    | 10          | (135,698)  | (136,695)  |
| Deferred income tax liabilities                                   | 11          | (305,072)  | (298,773)  |
|   |             | <b>(440,770)</b>                                 | (435,468)  |
| Net assets  |             | <b>2,501,615</b>                                 | 2,433,794  |
| Equity  |             |  |  |
| Capital and reserves attributable to the Company's equity holders |             |  |  |
| Share capital   | 12          | 287,670  | 287,670  |
| Reserves  |             | 2,095,392  | 2,044,929  |
| 2008 final dividend proposed                                      |             | —  | 14,383   |
| 2009 interim dividend declared                                    |             | 8,630  | —  |
| 2009 special dividend declared                                    |             | 8,630  | —  |
|   |             | <b>2,400,322</b>                                 | 2,346,982  |
| Minority interests  |             | <b>101,293</b>                                   | 86,812   |
| Total equity  |             | <b>2,501,615</b>                                 | 2,433,794  |

The notes from pages 8 to 24 form an integral part of this condensed consolidated interim financial information.

## Condensed Consolidated Interim Income Statement

*For the six months ended 30th June 2009 – Unaudited*

|   |             | <b>For the six months<br/>ended 30th June</b> |                         |
|---|-------------|---|-------------------------|
|   | <i>Note</i> | <b>2009</b><br><i>HK\$'000</i>                | 2008<br><i>HK\$'000</i> |
| Revenues                                  | 5           | <b>85,325</b>                                 | 93,216                  |
| Cost of sales                             | 13          | <b>(21,320)</b>                               | (21,840)                |
| Gross profit                              |             | <b>64,005</b>                                 | 71,376                  |
| Fair value gains on investment properties | 6           | <b>75,353</b>                                 | 85,668                  |
| Other (losses)/gains, net                 | 14          | <b>(8,680)</b>                                | 12,590                  |
| Administrative expenses                   | 13          | <b>(32,095)</b>                               | (33,908)                |
| Other operating expenses                  | 13          | <b>(7,275)</b>                                | (9,076)                 |
| Operating profit                          |             | <b>91,308</b>                                 | 126,650                 |
| Finance income                            | 15          | <b>80</b>                                     | 543                     |
| Finance costs                             | 15          | <b>(5,212)</b>                                | (7,934)                 |
| Finance costs, net                        |             | <b>(5,132)</b>                                | (7,391)                 |
| Profit before income tax                  |             | <b>86,176</b>                                 | 119,259                 |
| Income tax (expense)/credit               | 16          | <b>(11,200)</b>                               | 8,831                   |
| Profit for the period                     |             | <b>74,976</b>                                 | 128,090                 |
| Attributable to:                          |             |   |                         |
| Equity holders of the Company             |             | <b>59,539</b>                                 | 123,457                 |
| Minority interests                        |             | <b>15,437</b>                                 | 4,633                   |
|   |             | <b>74,976</b>                                 | 128,090                 |
| Dividends                                 | 17          | <b>17,260</b>                                 | 23,014                  |
| Interim dividend per share                | 17          | <b>HK3 cents</b>                              | HK8 cents               |
| Special dividend per share                | 17          | <b>HK3 cents</b>                              | —                       |
| Earnings per share (basic and diluted)    | 18          | <b>HK21 cents</b>                             | HK43 cents              |

The notes from pages 8 to 24 form an integral part of this condensed consolidated interim financial information.

## Condensed Consolidated Interim Statement of Comprehensive Income

*For the six months ended 30th June 2009 – Unaudited*

|   | For the six months<br>ended 30th June |                         |
|---|---------------------------------------|-------------------------|
|   | 2009<br><i>HK\$'000</i>               | 2008<br><i>HK\$'000</i> |
| Profit for the period   | 74,976                                | 128,090                 |
| Other comprehensive income  |                                       |                         |
| Net fair value loss on available-for-sale<br>financial assets                             | (1,481)                               | (10,502)                |
| Impairment loss on available-for-sale<br>financial assets transferred to income statement | 9,457                                 | —                       |
| Exchange translation differences  | —                                     | 2                       |
| Cash flow hedge   | 406                                   | —                       |
| Other comprehensive income/(loss) for the period  | 8,382                                 | (10,500)                |
| Total comprehensive income for the period   | 83,358                                | 117,590                 |
| Total comprehensive income attributable to:   |                                       |                         |
| Equity holders of the Company   | 67,723                                | 112,941                 |
| Minority interests  | 15,635                                | 4,649                   |
|   | 83,358                                | 117,590                 |

The notes from pages 8 to 24 form an integral part of this condensed consolidated interim financial information.

## Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30th June 2009 – Unaudited

|  | For the six months<br>ended 30th June |                         |
|--|---------------------------------------|-------------------------|
|  | 2009<br><i>HK\$'000</i>               | 2008<br><i>HK\$'000</i> |
| Net cash from operating activities                       | 10,064                                | 28,577                  |
| Net cash (used in)/from investing activities             | (5,817)                               | 91,651                  |
| Net cash used in financing activities                    | (7,252)                               | (132,119)               |
| Decrease in cash and cash equivalents                    | (3,005)                               | (11,891)                |
| Exchange translation difference                          | —                                     | 2                       |
| Cash and cash equivalents at 1st January                 | 28,430                                | 40,707                  |
| Cash and cash equivalents at 30th June                   | 25,425                                | 28,818                  |
| Analysis of the balances of cash<br>and cash equivalents |                                       |                         |
| Bank balances and cash                                   | 25,425                                | 30,040                  |
| Bank overdrafts  | —                                     | (1,222)                 |
|  | 25,425                                | 28,818                  |

The notes from pages 8 to 24 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 2009 – Unaudited*

### Attributable to equity holders of the Company

|  | Share capital<br>HK\$'000 | Investment                |                                 |                              |                             | Retained profits<br>HK\$'000 | Total reserves<br>HK\$'000 | Minority interests<br>HK\$'000 | Total<br>HK\$'000 |
|--|---------------------------|---------------------------|---------------------------------|------------------------------|-----------------------------|------------------------------|----------------------------|--------------------------------|-------------------|
|  |                           | Share premium<br>HK\$'000 | revaluation reserve<br>HK\$'000 | Exchange reserve<br>HK\$'000 | Hedging reserve<br>HK\$'000 |                              |                            |                                |                   |
| At 1st January 2009                              | 287,670                   | 129,651                   | 8,554                           | 7,162                        | (1,778)                     | 1,915,723                    | 2,059,312                  | 86,812                         | 2,433,794         |
| Total comprehensive income for the period        | —                         | —                         | 7,778                           | —                            | 406                         | 59,539                       | 67,723                     | 15,635                         | 83,358            |
| Dividend paid                                    | —                         | —                         | —                               | —                            | —                           | (14,383)                     | (14,383)                   | (1,154)                        | (15,537)          |
| At 30th June 2009                                | <u>287,670</u>            | <u>129,651</u>            | <u>16,332</u>                   | <u>7,162</u>                 | <u>(1,372)</u>              | <u>1,960,879</u>             | <u>2,112,652</u>           | <u>101,293</u>                 | <u>2,501,615</u>  |
| Representing:                                    |                           |                           |                                 |                              |                             |                              |                            |                                |                   |
| Capital, reserves and minority interests         | 287,670                   | 129,651                   | 16,332                          | 7,162                        | (1,372)                     | 1,943,619                    | 2,095,392                  | 101,293                        | 2,484,355         |
| 2009 interim dividend declared                   | —                         | —                         | —                               | —                            | —                           | 8,630                        | 8,630                      | —                              | 8,630             |
| 2009 special dividend declared                   | —                         | —                         | —                               | —                            | —                           | 8,630                        | 8,630                      | —                              | 8,630             |
|  | <u>287,670</u>            | <u>129,651</u>            | <u>16,332</u>                   | <u>7,162</u>                 | <u>(1,372)</u>              | <u>1,960,879</u>             | <u>2,112,652</u>           | <u>101,293</u>                 | <u>2,501,615</u>  |
| At 1st January 2008                              | 287,670                   | 129,651                   | 60,885                          | 7,160                        | —                           | 2,409,338                    | 2,607,034                  | 96,882                         | 2,991,586         |
| Total comprehensive (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>—</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>—</u>                    | <u>2,472,384</u>             | <u>2,659,564</u>           | <u>100,183</u>                 | <u>3,047,417</u>  |

The notes from pages 8 to 24 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 rental, 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’s shares are listed on The Stock Exchange of Hong Kong Limited.

This unaudited condensed consolidated interim financial information of the Group for the six months ended 30th June 2009 (the “Condensed Consolidated Interim Financial Information”) was approved by the Board of Directors on 2nd September 2009.

### 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, available-for-sale financial assets and derivative financial instruments 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\$101,472,000 as at 30th June 2009. The current liabilities mainly consisted of short term bank loans of HK\$245,500,000, of which loan of HK\$200,000,000 was subject to annual renewal in December 2009, and the remaining loan of HK\$45,500,000 was renewed in August 2009 and the final repayment date was revised to 30th September 2011. 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 2008 (the “2008 Annual Report”). The Condensed Consolidated Interim Financial Information should be read in conjunction with the 2008 Annual Report.

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

In 2009, the Group adopted the following new/revised standards and amendments of Hong Kong Financial Reporting Standards, which include all Hong Kong Accounting Standards (“HKASs”) and applicable Interpretations, which are effective for the accounting periods beginning on 1st January 2009 and relevant to its operation:

|                                 |  |
|---------------------------------|--|
| HKFRS 7 (Amendment)             | Improving Disclosures about Financial Instruments  |
| HKFRS 8                         | Operating Segments                                 |
| HKAS 1 (Revised and Amendment)  | Presentation of Financial Statements               |
| HKAS 7 (Amendment)              | Statement of Cash Flows                            |
| HKAS 16 (Amendment)             | Property, Plant and Equipment                      |
| HKAS 23 (Revised and Amendment) | Borrowing Costs                                    |
| HKAS 27 (Amendment)             | Consolidated and Separate Financial Statements     |
| HKAS 36 (Amendment)             | Impairment of Assets                               |
| HKAS 39 (Amendment)             | Financial Instruments: Recognition and Measurement |
| HKAS 40 (Amendment)             | Investment Property                                |

Except for certain changes in presentation and disclosures as described below, the adoption of the above standards and amendments did not have significant impact on the Group’s results or net assets, or result in any significant change in the Group’s significant accounting policies.

- HKAS 1 (Revised and Amendment), “Presentation of Financial Statements”. The Group has elected to present two statements: an income statement and a statement of comprehensive income. The Condensed Consolidated Interim Financial Information has been prepared under the revised disclosure requirements.
- HKFRS 8, “Operating Segments”. HKFRS 8 replaces HKAS 14, “Segment Reporting”. It requires a “management approach” under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in certain changes in the presentation and disclosures information of the reportable segments.

The HKICPA has issued certain new and revised standards, interpretations and amendments which are not yet effective for the year ending 31st December 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 presentation and disclosures.

### 3 Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the 2008 Annual Report.

### 4 Critical accounting estimates and judgments

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

The estimates and assumptions applied in the preparation of the Condensed Consolidated Interim Financial Information are consistent with those used in the 2008 Annual Report.

### 5 Revenues and segment information

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

|                           | <b>For the six months<br/>ended 30th June</b> |                 |
|---------------------------|---|-----------------|
|                           | <b>2009</b>                                   | 2008            |
|                           | <i>HK\$'000</i>                               | <i>HK\$'000</i> |
| Revenues                  |   |                 |
| Property rental           |   |                 |
| - investment properties   | <b>71,405</b>                                 | 77,081          |
| - properties for sale     | <b>10,018</b>                                 | 11,616          |
| Property related services | <b>3,902</b>                                  | 4,519           |
|                           | <b>85,325</b>                                 | 93,216          |
|                           | <b>85,325</b>                                 | 93,216          |

Property rental and property related services revenue above included amounts of HK\$811,000 (2008: HK\$567,000) and HK\$186,000 (2008: HK\$214,000) from related companies 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<br/>30th June<br/>2009<br/>HK\$'000</b> | <b>As at<br/>31st December<br/>2008<br/>HK\$'000</b> |
|---|--|--|
| Not later than one year                           | <b>99,124</b>                                    | 113,129  |
| Later than one year but not later than five years | <b>71,974</b>                                    | 69,913   |
| Later than five years                             | <u>—</u>   | <u>1,455</u>   |
|   | <b><u>171,098</u></b>                            | <b><u>184,497</u></b>                                |

- (c) The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board of Directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Board of Directors considers the business from a geographic perspective and has identified the operating segments of the Group in Hong Kong and North America.

The Board of Directors assesses the performance of the operating segments based on their profit/(loss) attributable to the equity holders of the Company, segment assets and segment liabilities which is measured in a manner consistent with that in the financial statements.

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>For the six months ended 30th June 2009</b> |   |                                 |
|--|--|---|---------------------------------|
|  | <b>Hong Kong</b><br><i>HK\$'000</i>            | <b>North<br/>America</b><br><i>HK\$'000</i> | <b>Total</b><br><i>HK\$'000</i> |
| Segment revenues   |  |   |                                 |
| Property rental  | <b>61,576</b>                                  | <b>19,847</b>                               | <b>81,423</b>                   |
| Property related services  | <b>3,902</b>                                   | —   | <b>3,902</b>                    |
|  | <b>65,478</b>                                  | <b>19,847</b>                               | <b>85,325</b>                   |
| Total segment revenues   | <b>65,478</b>                                  | <b>19,847</b>                               | <b>85,325</b>                   |
| Segment result – profit/(loss)<br>attributable to equity holders<br>of the Company | <b>101,953</b>                                 | <b>(42,414)</b>                             | <b>59,539</b>                   |
| Included in segment results:   |  |   |                                 |
| Fair value gains/(losses) on<br>investment properties                              | <b>116,766</b>                                 | <b>(41,413)</b>                             | <b>75,353</b>                   |
| Impairment loss on available-<br>for-sale financial assets                         | <b>(9,457)</b>                                 | —   | <b>(9,457)</b>                  |
| Finance income   | <b>1</b>                                       | <b>79</b>                                   | <b>80</b>                       |
| Finance costs  | <b>(2,136)</b>                                 | <b>(3,076)</b>                              | <b>(5,212)</b>                  |
| Income tax expense   | <b>(11,187)</b>                                | <b>(13)</b>                                 | <b>(11,200)</b>                 |
| Depreciation and amortisation  | <b>(5,310)</b>                                 | <b>(752)</b>                                | <b>(6,062)</b>                  |
|  | <b>5,773</b>                                   | <b>1,125</b>                                | <b>6,898</b>                    |
| Capital expenditure  | <b>5,773</b>                                   | <b>1,125</b>                                | <b>6,898</b>                    |

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

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

(c) Operating segments *(Continued)*

|  | <b>As at 30th June 2009</b> |                 |                 |
|--|-----------------------------|-----------------|-----------------|
|  | <b>Hong Kong</b>            | <b>North</b>    | <b>Total</b>    |
|  | <i>HK\$'000</i>             | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Property, plant and equipment                        | 73,640                      | 17,684          | 91,324          |
| Investment properties                                | 2,446,470                   | 350,495         | 2,796,965       |
| Leasehold land                                       | 89,099                      | —               | 89,099          |
|  | 2,609,209                   | 368,179         | 2,977,388       |
| Non-current assets (excluding financial instruments) |                             |                 |                 |
| Available-for-sale financial assets                  | 66,469                      | —               | 66,469          |
| Current assets                                       | 212,639                     | 18,436          | 231,075         |
|  | 2,888,317                   | 386,615         | 3,274,932       |
| Segment assets                                       | 2,888,317                   | 386,615         | 3,274,932       |
| Current liabilities                                  | 319,647                     | 12,900          | 332,547         |
| Non-current liabilities                              | 305,072                     | 135,698         | 440,770         |
|  | 624,719                     | 148,598         | 773,317         |
| Segment liabilities                                  | 624,719                     | 148,598         | 773,317         |

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

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

(c) Operating segments *(Continued)*

|  | For the six months ended 30th June 2008 |                                     |                          |
|--|---|-------------------------------------|--------------------------|
|  | Hong Kong<br><i>HK\$'000</i>            | North<br>America<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
| Segment revenues   |   |                                     |                          |
| Property rental  | 66,796                                  | 21,901                              | 88,697                   |
| Property related services  | 4,519                                   | —                                   | 4,519                    |
|  | 71,315                                  | 21,901                              | 93,216                   |
| Total segment revenues   | 71,315                                  | 21,901                              | 93,216                   |
| Segment result – profit/(loss)<br>attributable to equity holders<br>of the Company | 134,330                                 | (10,873)                            | 123,457                  |
| Included in segment results:   |   |                                     |                          |
| Fair value gains/(losses) on<br>investment properties                              | 102,087                                 | (16,419)                            | 85,668                   |
| Finance income   | 486                                     | 57                                  | 543                      |
| Finance costs  | (3,437)                                 | (4,497)                             | (7,934)                  |
| Income tax credit  | 831                                     | 8,000                               | 8,831                    |
| Depreciation and amortisation  | (4,408)                                 | (757)                               | (5,165)                  |
|  | 7,095                                   | 2,030                               | 9,125                    |
| Capital expenditure  | 7,095                                   | 2,030                               | 9,125                    |

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

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

(c) Operating segments *(Continued)*

|   | As at 31st December 2008     |                                     |                          |
|---|------------------------------|-------------------------------------|--------------------------|
|   | Hong Kong<br><i>HK\$'000</i> | North<br>America<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
| Property, plant and equipment                           | 76,820                       | 18,436                              | 95,256                   |
| Investment properties                                   | 2,400,270                    | 390,784                             | 2,791,054                |
| Leasehold land  | 90,263                       | —                                   | 90,263                   |
| <hr/>   |                              |                                     |                          |
| Non-current assets (excluding<br>financial instruments) | 2,567,353                    | 409,220                             | 2,976,573                |
| Available-for-sale<br>financial assets                  | 67,950                       | —                                   | 67,950                   |
| Current assets  | 133,494                      | 21,672                              | 155,166                  |
| <hr/>   |                              |                                     |                          |
| Segment assets  | <u>2,768,797</u>             | <u>430,892</u>                      | <u>3,199,689</u>         |
| <hr/>   |                              |                                     |                          |
| Current liabilities                                     | 316,254                      | 14,173                              | 330,427                  |
| Non-current liabilities                                 | 298,773                      | 136,695                             | 435,468                  |
| <hr/>   |                              |                                     |                          |
| Segment liabilities                                     | <u>615,027</u>               | <u>150,868</u>                      | <u>765,895</u>           |

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

**6 Capital expenditure**

|                                   | <b>Property,<br/>plant and<br/>equipment</b> | <b>Investment<br/>properties</b> | <b>Leasehold<br/>land</b> | <b>Total</b>     |
|-----------------------------------|--|----------------------------------|---------------------------|------------------|
|                                   | <i>HK\$'000</i>                              | <i>HK\$'000</i>                  | <i>HK\$'000</i>           | <i>HK\$'000</i>  |
| Net book value or valuation       |  |                                  |                           |                  |
| At 1st January 2009               | 95,256                                       | 2,791,054                        | 90,263                    | 2,976,573        |
| Additions                         | 2,920  | 3,978                            | —                         | 6,898            |
| Depreciation/amortisation         | (4,728)                                      | —                                | (1,164)                   | (5,892)          |
| Disposals                         | (2,124)                                      | —                                | —                         | (2,124)          |
| Fair value gains                  | —  | 75,353                           | —                         | 75,353           |
|                                   | <u>91,324</u>                                | <u>2,870,385</u>                 | <u>89,099</u>             | <u>3,050,808</u> |
| At 30th June 2009                 | <u>91,324</u>                                | <u>2,870,385</u>                 | <u>89,099</u>             | <u>3,050,808</u> |
| Classified as:                    |  |                                  |                           |                  |
| Non-current assets                | 91,324                                       | 2,796,965                        | 89,099                    | 2,977,388        |
| Current assets ( <i>note 20</i> ) | —  | 73,420                           | —                         | 73,420           |
|                                   | <u>91,324</u>                                | <u>2,870,385</u>                 | <u>89,099</u>             | <u>3,050,808</u> |
| 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>3,453,187</u>                 | <u>91,426</u>             | <u>3,638,152</u> |
| At 30th June 2008                 | <u>93,539</u>                                | <u>3,453,187</u>                 | <u>91,426</u>             | <u>3,638,152</u> |
| Additions                         | 10,756                                       | 908                              | —                         | 11,664           |
| Depreciation/amortisation         | (5,459)                                      | —                                | (1,163)                   | (6,622)          |
| Disposal                          | (3,580)                                      | —                                | —                         | (3,580)          |
| Fair value losses                 | —  | (663,041)                        | —                         | (663,041)        |
|                                   | <u>95,256</u>                                | <u>2,791,054</u>                 | <u>90,263</u>             | <u>2,976,573</u> |
| At 31st December 2008             | <u>95,256</u>                                | <u>2,791,054</u>                 | <u>90,263</u>             | <u>2,976,573</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:

|              | <b>As at<br/>30th June<br/>2009<br/>HK\$'000</b> | As at<br>31st December<br>2008<br>HK\$'000 |
|--------------|--|--|
| Current      | <b>880</b>                                       | 408  |
| 31-60 days   | <b>389</b>                                       | 129  |
| 61-90 days   | <b>28</b>  | 16   |
| Over 90 days | <b>46</b>  | 78   |
|              | <b>1,343</b>                                     | 631  |

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:

|              | <b>As at<br/>30th June<br/>2009<br/>HK\$'000</b> | As at<br>31st December<br>2008<br>HK\$'000 |
|--------------|--|--|
| Current      | <b>1,648</b>                                     | 4,257                                      |
| 31-60 days   | <b>70</b>  | 213  |
| 61-90 days   | <b>—</b>   | 41   |
| Over 90 days | <b>300</b>                                       | 808  |
|              | <b>2,018</b>                                     | 5,319                                      |

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

**9 Short term bank loans and bank overdrafts - secured**

Short term bank loans and bank overdrafts of the Group are secured by certain investment properties with an aggregate carrying value of HK\$1,150,000,000 (at 31st December 2008: HK\$1,170,000,000) and rental income thereon.

**10 Long term bank loans - secured**

|  | <b>As at<br/>30th June<br/>2009<br/>HK\$'000</b> | <b>As at<br/>31st December<br/>2008<br/>HK\$'000</b> |
|--|--|--|
| Bank loans wholly repayable within five years                  | <b>137,712</b>                                   | 138,554  |
| Amount due within one year included under current liabilities  | <b>(2,014)</b>                                   | (1,859)  |
|  | <b><u>135,698</u></b>                            | <u>136,695</u>                                       |
| The maturity of the Group's long term bank loan is as follows: |  |  |
| - within one year  | <b>2,014</b>                                     | 1,859  |
| - in the second year   | <b>1,859</b>                                     | 1,859  |
| - in the third to fifth years inclusive                        | <b>133,839</b>                                   | 134,836  |
|  | <b><u>137,712</u></b>                            | <u>138,554</u>                                       |

The Group's long term bank loans are secured on certain properties with an aggregate carrying value of HK\$364,608,000 (at 31st December 2008: HK\$405,233,000).

**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<br/>30th June</b> |          | For the<br>year ended<br>31st December |
|--|---|----------|--|
|  | <b>2009</b>                                   | 2008     | 2008                                   |
|  | <b>HK\$'000</b>                               | HK\$'000 | HK\$'000                               |
| At the beginning of the period/year    | <b>298,773</b>                                | 433,098  | 433,098                                |
| Charged/(credited) to income statement | <b>6,299</b>                                  | (13,806) | (134,325)                              |
| At the end of the period/year          | <b>305,072</b>                                | 419,292  | 298,773                                |

## 12 Share capital

|   | <b>As at<br/>30th June<br/>2009</b> | As at<br>31st December<br>2008 |
|---|-------------------------------------|--------------------------------|
|   | <b>HK\$'000</b>                     | HK\$'000                       |
| 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 by nature**

|   | <b>For the six months<br/>ended 30th June</b> |                 |
|---|---|-----------------|
|   | <b>2009</b>                                   | 2008            |
|   | <i>HK\$'000</i>                               | <i>HK\$'000</i> |
| Cost of sales                                 |   |                 |
| Outgoings in respect of                       |   |                 |
| - investment properties                       | <b>16,210</b>                                 | 15,352          |
| - properties for sale                         | <b>2,081</b>                                  | 2,403           |
| Others  | <b>3,029</b>                                  | 4,085           |
|   | <b>21,320</b>                                 | 21,840          |
| Administrative and other operating expenses   |   |                 |
| Amortisation of leasehold land                | <b>1,334</b>                                  | 1,334           |
| Depreciation                                  | <b>4,728</b>                                  | 3,831           |
| Operating lease rental for office premises to |   |                 |
| - a related company                           | <b>1,279</b>                                  | 286             |
| - a third party                               | <b>—</b>                                      | 526             |
| Staff costs                                   | <b>18,423</b>                                 | 18,072          |
| Others  | <b>13,606</b>                                 | 18,935          |
|   | <b>39,370</b>                                 | 42,984          |

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

**14 Other (losses)/gains, net**

|   | <b>For the six months<br/>ended 30th June</b> |                 |
|---|---|-----------------|
|   | <b>2009</b>                                   | 2008            |
|   | <i>HK\$'000</i>                               | <i>HK\$'000</i> |
| Dividend income from available-for-sale<br>financial assets |   |                 |
| - listed  | 777   | 610             |
| - unlisted  | —   | 4,676           |
| Gain on disposal of investment properties                   | —   | 7,194           |
| Gain on disposal of plant and equipment, net                | —   | 110             |
| Impairment loss on available-for-sale<br>financial assets   | (9,457)                                       | —               |
|   | <b>(8,680)</b>                                | 12,590          |
|   | <b>(8,680)</b>                                | 12,590          |

**15 Finance income and costs**

|   | <b>For the six months<br/>ended 30th June</b> |                 |
|---|---|-----------------|
|   | <b>2009</b>                                   | 2008            |
|   | <i>HK\$'000</i>                               | <i>HK\$'000</i> |
| Finance income  |   |                 |
| Interest income from banks  | 80  | 543             |
| Finance costs   |   |                 |
| Interest expense of bank loans and overdrafts<br>wholly repayable within five years | (5,212)                                       | (7,934)         |
| Finance costs, net  | <b>(5,132)</b>                                | (7,391)         |
|   | <b>(5,132)</b>                                | (7,391)         |

## 16 Income tax (expense)/credit

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) 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 (2008: HK\$Nil).

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

|  | <b>For the six months<br/>ended 30th June</b> |                 |
|--|---|-----------------|
|  | <b>2009</b>                                   | <b>2008</b>     |
|  | <i>HK\$'000</i>                               | <i>HK\$'000</i> |
| Current income tax   |   |                 |
| - current period provision   | (4,901)                                       | (4,975)         |
| Deferred income tax  |   |                 |
| - origination and reversal of<br>temporary differences                 | (16,752)                                      | (7,214)         |
| - reversal upon classifying investment<br>properties as current assets | 10,453  | —               |
| - effect on change in tax rate   | —   | 21,020          |
|  | (6,299)                                       | 13,806          |
|  | (11,200)                                      | 8,831           |

## 17 Dividends

|   | <b>For the six months<br/>ended 30th June</b> |                 |
|---|---|-----------------|
|   | <b>2009</b>                                   | 2008            |
|   | <i>HK\$'000</i>                               | <i>HK\$'000</i> |
| Interim, declared, of HK3 cents<br>(2008: HK8 cents) per ordinary share   | <b>8,630</b>                                  | 23,014          |
| Special, declared, of HK3 cents<br>(2008: HKNil cents) per ordinary share | <b>8,630</b>                                  | —               |
|   | <b>17,260</b>                                 | 23,014          |
|   | <b>17,260</b>                                 | 23,014          |

At a meeting held on 2nd September 2009, the directors declared an interim dividend of HK3 cents and a special dividend of HK3 cents per ordinary share for the year ending 31st December 2009. These declared dividends are not reflected as dividends payable in this Condensed Consolidated Interim Financial Information, but will be reflected as an appropriation of retained profits for the year ending 31st December 2009.

## 18 Earnings per share

The calculation of basic earnings per share is based on profit attributable to equity shareholders of HK\$59,539,000 (2008: HK\$123,457,000) and on 287,669,676 (2008: 287,669,676) ordinary shares in issue during the period.

As there are no dilutive potential ordinary shares as at 30th June 2009 and 2008, the diluted earnings per share is equal to the basic earnings per share.

## 19 Commitments

### (a) Capital commitments

|                                 | <b>As at<br/>30th June<br/>2009<br/>HK\$'000</b> | As at<br>31st December<br>2008<br>HK\$'000 |
|---------------------------------|--|--|
| Contracted but not provided for |  |  |
| - properties under development  | 1,800  | 1,842                                      |
| - investment properties         | 12,569   | 3,668                                      |
| - plant and equipment           | 1,214  | 5,037                                      |
|                                 | <b>15,583</b>                                    | <b>10,547</b>                              |
|                                 | <b>15,583</b>                                    | <b>10,547</b>                              |

### (b) Commitments under operating leases

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

|  | <b>As at<br/>30th June<br/>2009<br/>HK\$'000</b> | As at<br>31st December<br>2008<br>HK\$'000 |
|--|--|--|
| Land and buildings                                   |  |  |
| Not later than one year                              | 2,247  | 2,074                                      |
| Later than one year but not later<br>than five years | 1,245  | 2,161                                      |
|  | <b>3,492</b>                                     | <b>4,235</b>                               |
|  | <b>3,492</b>                                     | <b>4,235</b>                               |

## 20 Event after balance sheet date

In April 2009, the Group accepted the offer from the Urban Renewal Authority to dispose of its certain investment properties in Yue Wah Mansion, Kwun Tong (the "Properties") for considerations, supplementary allowances and ex-gratia allowances totaling approximately HK\$118,100,000, and incidental cost allowances of approximately HK\$5,500,000, totaling approximately HK\$123,600,000. The sales and purchase agreements were entered into in July 2009 and the transactions were completed in August 2009. The Properties have been classified as investment properties for sale as at 30th June 2009. The estimated pre-tax gains on the disposals based on the fair values of the investment properties as at 30th June 2009 were approximately HK\$44,500,000.

## **Report on Review of Interim Financial Information**

### **TO THE BOARD OF DIRECTORS OF TAI SANG LAND DEVELOPMENT LIMITED**

(incorporated in Hong Kong with limited liability)

#### **Introduction**

We have reviewed the interim financial information of Tai Sang Land Development Limited (the “Company”) and its subsidiary companies (collectively the “Group”) for the six months ended 30th June 2009 (the “Interim Financial Information”) set out on pages 2 to 24, which comprises the condensed consolidated balance sheet of the Group as at 30th June 2009 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 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, 2nd September 2009

## Chairman's Statement

### Result

The consolidated profit of the Company for the first half of 2009 was HK\$75.0 million, a decrease of 41.5% as compared to the same period last year. It included HK\$75.4 million fair value gains on investment properties and a provision of HK\$17.9 million for deferred income tax on investment properties. Excluding these items, the underlying profit was approximately HK\$17.5 million and the corresponding figure for the first half of 2008 was approximately HK\$30.3 million. The drop in underlying profit for the current period attributed to the lack of disposal gains, the drop in rental income, and a significant drop in dividend income.

As at 30th June 2009, the investment properties of the Group were revalued at HK\$2,870.4 million (at 31st December 2008: HK\$2,791.1 million). Total equity amounted to HK\$2,501.6 million (at 31st December 2008: HK\$2,433.8 million).

### Subsequent event

Certain subsidiaries of the Company have entered into sales and purchases agreements with the Urban Renewal Authority to sell the properties comprising shop premises, domestic units, the roof and the exteriors of the side walls of Yue Wah Mansion, Nos. 407-431 Kwun Tong Road, Nos. 34-62 Yue Man Square, Kowloon. The sales have been completed on 3rd August 2009 and the aggregate consideration and allowances received by those subsidiaries amounted to approximately HK\$123.6 million. The estimated gains to the Group are in the region of approximately HK\$44.5 million and the relevant deferred income tax write back is approximately HK\$10.5 million.

### Dividends

The directors have declared an interim dividend of HK3 cents (2008: HK8 cents) and a special dividend of HK3 cents (2008: HKNil cents) per ordinary share.

### Outlook

There are signs of stabilisation from the financial crisis world-wide, and in particular, in Hong Kong with ample supply of money and historic low interest rates. Cautions should be taken on potential inflation and rise in interest rates in the coming years.

**William Ma Ching Wai**

*Chairman*

Hong Kong, 2nd September 2009

## Management Discussion and Analysis

### (a) Business Review and Prospects

In Hong Kong, the gross rental income decreased by 7.8% or HK\$5.2 million to HK\$61.6 million as compared to the same period last year. Following the major renovation work carried out at 190 Nathan Road in the first half of 2009, the related tenancies have all been terminated. The rental contribution therefrom dropped significantly by HK\$2.9 million. Demand for the luxury residential units as well as small offices also declined in the first half of 2009 under the influence of the financial tsunami, the rental contribution from these sectors together dropped by HK\$2.9 million. As the renovation work at 190 Nathan Road will continue in the second half of 2009, the rental income for the year 2009 from properties in Hong Kong may drop further.

In the USA, the rental income from Montgomery Plaza decreased by 9.4% or HK\$2.0 million to HK\$19.9 million as compared to the same period last year. The office spaces occupancy rate of Montgomery Plaza dropped to 86% at mid-year 2009 and the average office rent per square feet per annum maintained at US\$36.3. The demand decline trend will continue into the remaining period of 2009.

### (b) The Group's liquidity and financial resources

During the relevant period, the Group's total bank borrowings increased by HK\$12.2 million to HK\$383.2 million. The total equity increased by HK\$67.8 million to HK\$2,501.6 million (at 31st December 2008: HK\$2,433.8 million) and long term bank loans outstanding as at 30th June 2009 amounted to HK\$137.7 million (at 31st December 2008: HK\$138.6 million). The debt to equity ratio was 15.3% (at 31st December 2008: 15.2%). The banking facilities available are sufficient for the Group's working capital. The Group's financial flexibility remains healthy.

## Management Discussion and Analysis (Continued)

### (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:

|   | <b>As at<br/>30th June<br/>2009<br/>HK\$'000</b> | <b>As at<br/>31st December<br/>2008<br/>HK\$'000</b> |
|---|--|--|
| - within one year                       | <b>2,014</b>                                     | 1,859  |
| - in the second year                    | <b>1,859</b>                                     | 1,859  |
| - in the third to fifth years inclusive | <b>133,839</b>                                   | 134,836  |
|   | <b><u>137,712</u></b>                            | <b><u>138,554</u></b>                                |

The Group's total bank borrowings of HK\$383.2 million (at 31st December 2008: HK\$371.0 million) are secured by certain properties with an aggregate carrying amount of HK\$1,514.6 million (at 31st December 2008: HK\$1,575.2 million).

### (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 2009 increased by HK\$2 million to HK\$19 million as compared to the fair value of HK\$17 million as at 31st December 2008. However, the fair value of the listed venture fund, The Yangtze China Investment Limited, dropped significantly by 44.2% or HK\$9.5 million. The impairment loss so recognized in the current period also weakened the result performance for the first half of 2009.

### (e) Details of number and remuneration of employees

Including the directors of the Group, as at 30th June 2009, 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.

## Interim and Special Dividends and Record Date

The Board of Directors has resolved to declare an interim dividend of HK3 cents (2008: HK8 cents) and a special dividend of HK3 cents (2008: HKNil cents) per ordinary share, payable on 5th October 2009 to shareholders whose names standing on the register of members at the close of business on 21st September 2009 (the “Record Date”). In order to qualify for the interim dividend and the special 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 Monday, 21st September 2009.

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

At 30th June 2009, 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) &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       | 23,357                       | —                   | 23,357      | 0.0081%    |
| Katy Ma Ching Man      | 100,554                      | —                   | 100,554     | 0.0350%    |
| Ruth Ma Ching Keung    | 57,117                       | —                   | 57,117      | 0.0199%    |
| Philip Ma Ching Yeung  | 127,741                      | —                   | 127,741     | 0.0444%    |
| Edward Cheung Wing Yui | —                            | —                   | —           | —          |
| Kevin Chau Kwok Fun    | —                            | —                   | —           | —          |
| Tan Soo Kiu            | —                            | —                   | —           | —          |
| William Wong Hing Kwok | —                            | —                   | —           | —          |
| Chief Executive:       |                              |                     |             |            |
| Ted Mok Tat Hung       | —                            | —                   | —           | —          |
|                        | —                            | —                   | —           | —          |

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

*Notes:*

- (a) Kam Chan & Company, Limited and its associates, and Holston Investment Limited directly or indirectly owned 138,996,736 and 21,138,237 ordinary shares in the Company respectively. Mr. William Ma Ching Wai is a substantial shareholder of these companies.
- (b) Tai Sang International Limited directly owned 8,732,013 ordinary shares in the Company. Mr. Patrick Ma Ching Hang is a substantial shareholder of this company.
- (c) Mr. Alfred Ma Ching Kuen beneficially held 9,886 shares (or 0.1765%) in the issued share capital of a subsidiary company, Tai Sang Cold Storage & Godown Company Limited.
- (d) Mr. Patrick Ma Ching Hang and Ms. Katy Ma Ching Man jointly and beneficially held 47 shares (or 0.94%); Mr. William Ma Ching Wai and Mr. Patrick Ma Ching Hang jointly and beneficially held 1 share (or 0.02%); and Mr. Alfred Ma Ching Kuen beneficially held 23 shares (or 0.46%) in the issued share capital of a subsidiary company, Kam Hang Company Limited.
- (e) In addition, certain directors of the Company held non-beneficial interests in subsidiary companies in trust to the absolute benefit of the Company, the details of which are available for inspection at the Company's registered office.
- (f) Other than as stated above, no directors or chief executive of the Company had any interest or short position in the shares or underlying shares of the Company or any of its associated corporation.
- (g) At no time during the period was the Company or any of its subsidiary companies a party to any arrangements to enable the directors and the chief executive of the Company (including their spouse and children under 18 year of age) to acquire benefits by the acquisition of shares, or underlying shares of, the Company or its associated corporations.

## Substantial Shareholders

At 30th June 2009, the interest and short position of substantial shareholders in the shares or underlying shares of the Company, as recorded in the register maintained by the Company under Section 336 of the SFO or as notified to the Company were as follows:

### Ordinary shares of HK\$1 each

|                                 | Capacity           |                     | Total       | Percentage |
|---------------------------------|--------------------|---------------------|-------------|------------|
|                                 | Personal interests | Corporate interests |             |            |
|                                 |                    | (note)              |             |            |
| Substantial shareholders:       |                    |                     |             |            |
| Kam Chan & Company, Limited     | 112,248,758        | 26,747,978          | 138,996,736 | 48.3182%   |
| Holston Investment Limited      | 21,138,237         | —                   | 21,138,237  | 7.3481%    |
| Gold Fortune Investment Co. Ltd | 15,488,636         | —                   | 15,488,636  | 5.3842%    |

#### Note:

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

## Purchase, Sale or Redemption of Shares

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

## **Corporate Governance**

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

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

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

## **Independent Review**

The interim results have been reviewed by the Audit Committee of the Company. The interim results for the six months ended 30th June 2009 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. A Report on Review of Interim Financial Information is set out on page 25.

By Order of the Board  
**William Ma Ching Wai**  
*Chairman*

Hong Kong, 2nd September 2009