



TAI SANG LAND DEVELOPMENT LIMITED

2012 INTERIM REPORT

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Condensed Consolidated Balance Sheet

As at 30th June 2012 – Unaudited

	<i>Note</i>	As at 30th June 2012 <i>HK\$'000</i>	As at 31st December 2011 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	6	195,421	198,694
Investment properties	6	4,740,218	4,481,358
Available-for-sale financial assets		66,366	74,552
Prepayments		9,970	–
		5,011,975	4,754,604
Current assets			
Properties for sale		101,331	101,331
Debtors and prepayments	7	23,348	34,196
Current income tax recoverable		607	2,395
Cash and cash equivalents		37,646	49,607
		162,932	187,529
Current liabilities			
Rental and other deposits		38,904	37,286
Creditors and accruals	8	37,873	42,671
Current income tax liabilities		28,499	27,219
Short term bank loans – secured	9	365,000	353,000
Bank overdrafts – secured	9	5,560	2,789
Current portion of long term bank loans – secured	10	132,652	1,859
		608,488	464,824
Net current liabilities		(445,556)	(277,295)

Condensed Consolidated Balance Sheet (Continued)

As at 30th June 2012 – Unaudited

	<i>Note</i>	As at 30th June 2012 HK\$'000	As at 31st December 2011 HK\$'000
Total assets less current liabilities		4,566,419	4,477,309
Non-current liabilities			
Long term bank loans – secured	10	–	(131,637)
Deferred income tax liabilities	11	(82,569)	(73,079)
		(82,569)	(204,716)
Net assets		4,483,850	4,272,593
Equity			
Equity attributable to the Company's owners			
Share capital	12	287,670	287,670
Reserves		4,032,461	3,823,830
2011 final dividend proposed		–	20,137
2012 interim dividend declared		14,383	–
		4,334,514	4,131,637
Non-controlling interests		149,336	140,956
Total equity		4,483,850	4,272,593

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

Condensed Consolidated Income Statement

For the six months ended 30th June 2012 – Unaudited

		For the six months ended 30th June	
	<i>Note</i>	2012	2011
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenues	5	106,031	88,419
Cost of sales	13	(29,438)	(30,616)
		76,593	57,803
Gross profit			
Fair value gains on investment properties	6	230,957	489,453
Other gains/(losses), net	14	1,134	(1,268)
Administrative expenses	13	(36,971)	(35,886)
Other operating expenses	13	(9,127)	(7,464)
		262,586	502,638
Operating profit			
Finance income	15	50	6
Finance costs	15	(8,047)	(3,341)
		(7,997)	(3,335)
Finance costs, net			
Profit before income tax		254,589	499,303
Income tax expense	16	(13,386)	(16,493)
		241,203	482,810
Profit for the period			
Attributable to:			
Owners of the Company		231,283	461,949
Non-controlling interests		9,920	20,861
		241,203	482,810
Dividend	17	14,383	8,630
Interim dividend per share	17	HK5 cents	HK3 cents
Earnings per share (basic and diluted)	18	HK80 cents	HK161 cents

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

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June 2012 – Unaudited

	For the six months ended 30th June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	241,203	482,810
Other comprehensive income		
Net fair value loss on available-for-sale financial assets	(8,186)	(2,211)
Impairment loss on available-for-sale financial assets transferred to income statement	–	2,001
Exchange translation differences	29	14
Other comprehensive income for the period	(8,157)	(196)
Total comprehensive income for the period	233,046	482,614
Total comprehensive income attributable to:		
Owners of the Company	223,014	460,447
Non-controlling interests	10,032	22,167
	233,046	482,614

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

Condensed Consolidated Cash Flow Statement

For the six months ended 30th June 2012 – Unaudited

	For the six months ended 30th June	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Net cash from/(used in) operating activities	42,391	(20,769)
Net cash used in investing activities	(38,587)	(17,960)
Net cash (used in)/from financing activities	(18,565)	37,433
Net decrease in cash and cash equivalents	(14,761)	(1,296)
Exchange translation differences	29	14
Cash and cash equivalents at 1st January	46,818	24,045
Cash and cash equivalents at 30th June	32,086	22,763
Analysis of the balances of cash and cash equivalents		
Bank balances and cash and restricted bank deposits	37,646	24,605
Bank overdrafts	(5,560)	(1,842)
	32,086	22,763

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2012 – Unaudited

	Attributable to owners of the Company							
	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	Investment revaluation reserve <i>HKS'000</i>	Exchange reserve <i>HKS'000</i>	Retained profits <i>HKS'000</i>	Total reserves <i>HKS'000</i>	Non- controlling interests <i>HKS'000</i>	Total <i>HKS'000</i>
At 1st January 2012	287,670	129,651	42,046	7,210	3,665,060	3,843,967	140,956	4,272,593
Total comprehensive income for the period	-	-	(8,298)	29	231,283	223,014	10,032	233,046
Transactions with owners								
– Dividend paid	-	-	-	-	(20,137)	(20,137)	(1,652)	(21,789)
At 30th June 2012	287,670	129,651	33,748	7,239	3,876,206	4,046,844	149,336	4,483,850
Representing:								
Equity and non-controlling interests	287,670	129,651	33,748	7,239	3,861,823	4,032,461	149,336	4,469,467
2012 interim dividend declared	-	-	-	-	14,383	14,383	-	14,383
	287,670	129,651	33,748	7,239	3,876,206	4,046,844	149,336	4,483,850
At 1st January 2011	287,670	129,651	37,248	7,197	3,109,541	3,283,637	125,467	3,696,774
Total comprehensive income for the period	-	-	(1,516)	14	461,949	460,447	22,167	482,614
Transactions with owners								
– Dividend paid	-	-	-	-	(20,137)	(20,137)	(1,174)	(21,311)
At 30th June 2011	287,670	129,651	35,732	7,211	3,551,353	3,723,947	146,460	4,158,077
Representing:								
Equity and non-controlling interests	287,670	129,651	35,732	7,211	3,542,723	3,715,317	146,460	4,149,447
2011 interim dividend declared	-	-	-	-	8,630	8,630	-	8,630
	287,670	129,651	35,732	7,211	3,551,353	3,723,947	146,460	4,158,077

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 subsidiaries (collectively the “Group”) are principally engaged in property investment, property rental, property development, estate management and agency, investment holding, and hotel operations. The address of its registered office is 11th Floor, Tai Sang Bank Building, 130-132 Des Voeux Road Central, Hong Kong.

The Company is a limited liability company incorporated in Hong Kong. The Company’s shares are listed on the main board of The Stock Exchange of Hong Kong Limited.

This unaudited condensed consolidated interim financial information of the Group for the six months ended 30th June 2012 (the “Condensed Consolidated Interim Financial Information”) is presented in Hong Kong dollars (HK\$), unless otherwise stated, was approved by the board of directors on 24th August 2012.

2 Basis of preparation and accounting policies

The Condensed Consolidated Interim Financial Information has been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets at fair value, and in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Group had net current liabilities of HK\$445,556,000 as at 30th June 2012. The current liability mainly included short term bank loans of HK\$365,000,000 and the current portion of a long term bank loan of HK\$132,652,000. Based on the Group’s history of refinancing, its available banking facilities and its assets backing, the directors consider that the Group will be able to obtain sufficient financial resources so as to enable it to operate and meet its liabilities as and when they fall due.

Except as described below, the accounting policies and methods of computation used in the preparation of the Condensed Consolidated Interim Financial Information are consistent with those used in the annual report for the year ended 31st December 2011 (the “2011 Annual Report”). The Condensed Consolidated Interim Financial Information should be read in conjunction with the 2011 Annual Report, which has been prepared in accordance with the Hong Kong Financial Reporting Standards.

2 Basis of preparation and accounting policies (Continued)

The following amendments to standards are mandatory for accounting periods beginning on or after 1st January 2012. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

HKFRS 7 (Amendment)	Disclosures – Transfer of Financial Assets
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income

New standards and amendments to standards that have been issued but are not effective for the financial year ending 31st December 2012, which are relevant to the Group's operation but have not been early adopted by the Group:

HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities ⁽¹⁾
HKFRS 9	Financial Instruments ⁽³⁾
HKFRS 10	Consolidated Financial Statements ⁽¹⁾
HKFRS 12	Disclosure of Interests in Other Entities ⁽¹⁾
HKFRS 10, 11 and 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ⁽¹⁾
HKFRS 13	Fair Value Measurement ⁽¹⁾
HKAS 19 (2011)	Employee Benefits ⁽¹⁾
HKAS 27 (2011)	Separate Financial Statements ⁽¹⁾
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities ⁽²⁾
HKFRSs (Amendment)	Annual Improvements 2010 ⁽¹⁾

⁽¹⁾ Effective for the Group for annual period beginning on 1st January 2013

⁽²⁾ Effective for the Group for annual period beginning on 1st January 2014

⁽³⁾ Effective for the Group for annual period beginning on 1st January 2015

The Group will apply the above new standards and amendments to standards from 1st January 2013 or later periods. The Group has already commenced an assessment of the related impact to the Group. The Group does not expect substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

3 Financial risk management

(a) Financial risk factors

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

The Condensed Consolidated Interim Financial Information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2011 Annual Report.

Compared to 31st December 2011, apart from the transfer of a long term bank loan of HK\$131,637,000 to current liabilities, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

(b) Fair value estimation

Financial instruments that are measured in the balance sheet at fair value required disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial instruments that are measured at fair value as at 30th June 2012 and 31st December 2011:

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>
At 30th June 2012			
Available-for-sale financial assets	<u>46,366</u>	<u>–</u>	<u>20,000</u>
At 31st December 2011			
Available-for-sale financial assets	<u>53,552</u>	<u>–</u>	<u>21,000</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

3 Financial risk management (Continued)

(b) Fair value estimation (Continued)

For the six months ended 30th June 2012, there were no transfers of financial instruments of the Group between different levels of the fair value hierarchy.

For the six months ended 30th June 2012, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

For the six months ended 30th June 2012, there were no reclassifications of financial assets of the Group.

4 Critical accounting estimates and judgments

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

The estimates and assumptions applied in the preparation of the Condensed Consolidated Interim Financial Information are consistent with those used in the 2011 Annual Report.

5 Revenues and segment information

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

	For the six months ended 30th June	
	2012 HK\$'000	2011 HK\$'000
Revenues		
Property rental		
– investment properties	85,080	74,656
– properties for sale	9,965	9,511
Property related services	4,908	4,252
Hotel operations	6,078	–
	<u>106,031</u>	<u>88,419</u>

5 Revenues and segment information (Continued)

- (a) Property rental and property related services revenue above included amounts of HK\$986,000 (2011: HK\$915,000) and HK\$203,000 (2011: HK\$222,000) from related companies and person respectively.
- (b) Operating lease arrangement

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

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

	As at 30th June 2012 HK\$'000	As at 31st December 2011 HK\$'000
Not later than one year	147,779	149,627
Later than one year but not later than five years	151,920	167,790
Later than five years	21,799	31,031
	321,498	348,448
	321,498	348,448

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

The board of directors assesses the performance of the operating segments based on their underlying profit/(loss), which is measured by profit after income tax excluding fair value changes on investment properties and deferred income tax on fair value changes on investment properties, and their segment assets and segment liabilities which is measured in a manner consistent with that in the Condensed Consolidated Interim Financial Information.

There are no sales between the operating segments.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 Revenues and segment information (Continued)

(c) Operating segments

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended			
30th June 2012			
Segment revenues			
Property rental	73,210	21,835	95,045
Property related services	4,908	–	4,908
Hotel operations	6,078	–	6,078
	<u>84,196</u>	<u>21,835</u>	<u>106,031</u>
Total segment revenues	<u><u>84,196</u></u>	<u><u>21,835</u></u>	<u><u>106,031</u></u>
Segment results – underlying profit			
– Property rental and related services	14,246	2,334	16,580
– Hotel operations	531	–	531
Fair value gains on investment properties	208,859	22,098	230,957
Deferred income tax expense on fair value gains on investment properties, net	–	(6,865)	(6,865)
	<u>223,636</u>	<u>17,567</u>	<u>241,203</u>
Profit for the period	<u><u>223,636</u></u>	<u><u>17,567</u></u>	<u><u>241,203</u></u>
Included in segment results:			
Finance income	45	5	50
Finance costs	(6,679)	(1,368)	(8,047)
Income tax expense (note)	(6,508)	(13)	(6,521)
Depreciation	(6,221)	(497)	(6,718)
	<u><u>(19,363)</u></u>	<u><u>(2,223)</u></u>	<u><u>(21,586)</u></u>
Capital expenditure	<u><u>27,037</u></u>	<u><u>4,765</u></u>	<u><u>31,802</u></u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 Revenues and segment information (Continued)

(c) Operating segments (Continued)

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30th June 2012			
Property, plant and equipment	181,925	13,496	195,421
Investment properties	4,296,850	443,368	4,740,218
Prepayments	9,970	–	9,970
	<hr/>	<hr/>	<hr/>
Non-current assets (excluding available-for-sale financial assets)	4,488,745	456,864	4,945,609
Non-current available-for-sale financial assets	66,366	–	66,366
Current assets	137,644	25,288	162,932
	<hr/>	<hr/>	<hr/>
Segment assets	4,692,755	482,152	5,174,907
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Current liabilities	465,140	143,348	608,488
Non-current liabilities	44,377	38,192	82,569
	<hr/>	<hr/>	<hr/>
Segment liabilities	509,517	181,540	691,057
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 Revenues and segment information (Continued)

(c) Operating segments (Continued)

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30th June 2011			
Segment revenues			
Property rental	67,172	16,995	84,167
Property related services	4,252	–	4,252
	<u>71,424</u>	<u>16,995</u>	<u>88,419</u>
Total segment revenues	<u>71,424</u>	<u>16,995</u>	<u>88,419</u>
Segment results – underlying profit/(loss)			
– Property rental and related services	8,953	(1,969)	6,984
Fair value gains on investment properties	435,735	53,718	489,453
Deferred income tax expense on fair value gains on investment properties, net	–	(13,627)	(13,627)
	<u>444,688</u>	<u>38,122</u>	<u>482,810</u>
Profit for the period	<u>444,688</u>	<u>38,122</u>	<u>482,810</u>
Included in segment results:			
Impairment loss on available-for-sale financial assets	(2,001)	–	(2,001)
Finance income	1	5	6
Finance costs	(1,966)	(1,375)	(3,341)
Income tax expense (<i>note</i>)	(2,853)	(13)	(2,866)
Depreciation	(4,856)	(762)	(5,618)
	<u>22,699</u>	<u>2,707</u>	<u>25,406</u>
Capital expenditure	<u>22,699</u>	<u>2,707</u>	<u>25,406</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 Revenues and segment information (Continued)

(c) Operating segments (Continued)

	Hong Kong <i>HK\$'000</i>	North America <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31st December 2011			
Property, plant and equipment	184,706	13,988	198,694
Investment properties	4,064,850	416,508	4,481,358
Non-current assets (excluding available-for-sale financial assets)	4,249,556	430,496	4,680,052
Non-current available-for-sale financial assets	74,552	–	74,552
Current assets	166,880	20,649	187,529
Segment assets	4,490,988	451,145	4,942,133
Current liabilities	451,358	13,466	464,824
Non-current liabilities	41,752	162,964	204,716
Segment liabilities	493,110	176,430	669,540

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

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6 Capital expenditure

	Property, plant and equipment <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
Net book value or valuation			
At 1st January 2012	198,694	4,481,358	4,680,052
Additions	3,887	27,915	31,802
Depreciation	(6,718)	–	(6,718)
Disposals	(442)	(12)	(454)
Fair value gains	–	230,957	230,957
	<hr/>	<hr/>	<hr/>
At 30th June 2012	195,421	4,740,218	4,935,639
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value or valuation			
At 1st January 2011	165,363	3,808,829	3,974,192
Additions	7,193	18,213	25,406
Transfer from properties for sale	34,525	–	34,525
Depreciation	(5,618)	–	(5,618)
Disposals	(2,313)	–	(2,313)
Fair value gains	–	489,453	489,453
	<hr/>	<hr/>	<hr/>
At 30th June 2011	199,150	4,316,495	4,515,645
Additions	7,760	50,892	58,652
Depreciation	(7,009)	–	(7,009)
Disposals	(1,207)	(62)	(1,269)
Fair value gains	–	114,033	114,033
	<hr/>	<hr/>	<hr/>
At 31st December 2011	198,694	4,481,358	4,680,052
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

7 Debtors and prepayments

Included in debtors and prepayments are trade debtors of HK\$429,000 (at 31st December 2011: HK\$747,000) and their ageing analysis is as follows:

	As at 30th June 2012 HK\$'000	As at 31st December 2011 HK\$'000
Current	400	549
31-60 days	22	184
61-90 days	7	3
Over 90 days	—	11
	429	747
	429	747

The trade debtors represent rental and management fee receivables. Sales are made on open account terms and the Group normally does not grant credit period to rental receivables, and grants 30 days credit period to management fees receivables.

8 Creditors and accruals

Included in creditors and accruals are trade creditors of HK\$4,989,000 (at 31st December 2011: HK\$6,655,000) and their ageing analysis is as follows:

	As at 30th June 2012 HK\$'000	As at 31st December 2011 HK\$'000
Current	4,472	5,998
31-60 days	235	124
61-90 days	—	18
Over 90 days	282	515
	4,989	6,655
	4,989	6,655

Notes to the Condensed Consolidated Interim Financial Information (Continued)

9 Short term bank loans and bank overdrafts – secured

Short term bank loans and bank overdrafts of the Group are secured by certain investment properties in Hong Kong with an aggregate carrying value of HK\$2,551,000,000 (at 31st December 2011: HK\$2,460,000,000), and the rental income thereon.

10 Long term bank loans – secured

	As at 30th June 2012 HK\$'000	As at 31st December 2011 HK\$'000
Bank loans wholly repayable within five years	132,652	133,496
Amount due within one year included under current liabilities	(132,652)	(1,859)
	–	131,637
	–	131,637
The maturity of the Group's long term bank loan is as follows:		
– within one year	132,652	1,859
– in the second year	–	131,637
	132,652	133,496
	132,652	133,496

The Group's long term bank loans are secured by the freehold land and building in the US and certain investment properties in the US with an aggregate carrying value of HK\$455,462,000 (at 31st December 2011: HK\$428,940,000), and the rental income thereon.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

11 Deferred income tax liabilities

Deferred income tax liabilities are calculated in full on temporary differences under the liability method using applicable tax rates prevailing in the countries in which the Group operates.

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

	For the six months ended 30th June		For the year ended 31st December
	2012	2011	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the period/year	73,079	46,193	46,193
Charged to income statement (note 16)	9,490	12,934	26,886
	82,569	59,127	73,079
	82,569	59,127	73,079

12 Share capital

	As at 30th June 2012	As at 31st December 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised		
400,000,000 ordinary shares of HK\$1 each	400,000	400,000
	400,000	400,000
Issued and fully paid		
287,669,676 ordinary shares of HK\$1 each	287,670	287,670
	287,670	287,670

Notes to the Condensed Consolidated Interim Financial Information (Continued)

13 Cost and expenses

	For the six months ended 30th June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	6,718	5,618
Outgoings in respect of		
– investment properties	17,577	21,423
– properties for sale	2,648	6,013
– property related services	3,444	2,851
– property, plant and equipment	482	329
– hotel operations	2,910	–
Operating lease rental for office premises to a related company	1,650	739
Staff costs	21,893	21,354
Others	18,214	15,639
	75,536	73,966
Total cost of sales, administrative and other operating expenses	75,536	73,966

14 Other gains/(losses), net

	For the six months ended 30th June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend income from listed available-for-sale financial assets	1,023	683
Profit on disposal of plant and equipment, net	111	50
Impairment loss on available-for-sale financial assets	–	(2,001)
	1,134	(1,268)
	1,134	(1,268)

Notes to the Condensed Consolidated Interim Financial Information (Continued)

15 Finance income and costs

	For the six months ended 30th June	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Finance income		
Interest income from banks	50	6
Finance costs		
Interest expense of bank loans and overdrafts wholly repayable within five years	(5,966)	(3,242)
Amortised transaction cost on bank loans	(1,805)	–
Other bank charges	(276)	(99)
	(8,047)	(3,341)
Finance costs, net	(7,997)	(3,335)

16 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the period. No overseas taxation (2011: HK\$Nil) has been provided as there is no estimated taxable profit for the overseas subsidiaries for the period, except for the minimum United States state tax.

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

	For the six months ended 30th June	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	3,883	3,546
– overseas taxation	13	13
	3,896	3,559
Deferred income tax (note 11)	9,490	12,934
	13,386	16,493

Notes to the Condensed Consolidated Interim Financial Information (Continued)

17 Dividend

	For the six months ended 30th June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim, declared, of HK5 cents (2011: HK3 cents) per ordinary share	14,383	8,630

At a meeting held on 24th August 2012, the directors declared an interim dividend of HK5 cents per ordinary share for the year ending 31st December 2012. 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 2012.

18 Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$231,283,000 (2011: HK\$461,949,000) and on 287,669,676 (2011: 287,669,676) ordinary shares in issue during the period.

As there are no dilutive potential ordinary shares for the six months ended 30th June 2012 and 2011, the diluted earnings per share is equal to the basic earnings per share.

19 Commitments

(a) Capital commitments

	As at 30th June 2012 <i>HK\$'000</i>	As at 31st December 2011 <i>HK\$'000</i>
Contracted but not provided for		
– investment properties	20,679	21,471
– property, plant and equipment	2,231	5,425
	22,910	26,896

Notes to the Condensed Consolidated Interim Financial Information (Continued)

19 Commitments (Continued)

(b) Commitments under operating leases

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

	As at 30th June 2012 HK\$'000	As at 31st December 2011 HK\$'000
Land and buildings		
– not later than one year	2,880	2,880
– later than one year but not later than five years	2,040	3,480
	4,920	6,360

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF TAI SANG LAND DEVELOPMENT LIMITED

(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information of Tai Sang Land Development Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the six months ended 30th June 2012 (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 2012 and the related condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with HKAS 34. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with HKAS 34.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 24th August 2012

Chairman's Statement

Result

I am pleased to report that the Group's underlying profit for the first half of 2012, excluding the effect of fair value changes on investment properties, was approximately HK\$17.1 million, increased by HK\$10.1 million or 144% as compared to the corresponding figure of HK\$7.0 million for the same period of 2011. The increase in the underlying profit was mainly attributable to the increase in the rental income from both Hong Kong and USA properties. These are considered the fruitful results from the Group's allocation of internal resources for properties upgrading in the recent years.

The Group's consolidated profit for the first half of 2012 was HK\$241.2 million, a decrease of 50% as compared to consolidated profit for the same period last year of HK\$482.8 million. The consolidated profit for the first half of 2012 included fair value gains on investment properties (net of deferred tax) of HK\$224.1 million, as compared to fair value gains on investment properties (net of deferred tax) of HK\$475.8 million for the same period last year.

As at 30th June 2012, the investment properties of the Group were revalued at HK\$4,740.2 million (31st December 2011: HK\$4,481.4 million). Total equity amounted to HK\$4,483.9 million (31st December 2011: HK\$4,272.6 million).

Dividend

The directors have declared an interim dividend of HK5 cents (2011: HK3 cents) per ordinary share.

Outlook

The uncertainties of the eurozone sovereign debt situation continue to threaten the global market. The eurozone economy is still stuck in the mire and affecting the demand and hampering the economy of Asia as a whole. The policies of the HKSAR Government have yet to launch and new directions may pose changes to the market. For examples, the impact of the resumption of the Home Ownership Scheme is not yet clear.

The Group will continue to allocate resources for upgrading the existing property portfolio and putting the properties into better usage to yield higher return.

William Ma Ching Wai

Chairman

Hong Kong, 24th August 2012

Management Discussion and Analysis

Business review and prospects

In Hong Kong, the gross rental income increased 8.9% or HK\$6.0 million to HK\$73.2 million as compared to the same period last year. Following the completion of the first phase major property enhancement at Tai Sang Container and Godown Centre, the rental contribution increased by HK\$4.8 million as compared to the same period last year. The rental demand for the luxury residential units and shops stabilized in the mid-2012. The hotel development at Wong Chuk Hang is expected to start by the year end and Express Industrial Building will therefore be progressively ceased for rental by the third quarter of 2012. The rental income from the industrial sectors will therefore diminish in the second half of 2012 and the coming years.

The operation of Hotel LBP started in October 2011 and contributed positive cash flow to the Group for the first half of 2012. The hotel room charge income contributed HK\$6.1 million to the Group's revenue for the first half of 2012. The occupancy for the first half of 2012 was 80.6% in average. It is expected that there will be profit contribution from the hotel operation for the year 2012.

In the USA, the rental income from Montgomery Plaza increased significantly by 28.2% or HK\$4.8 million to HK\$21.8 million as compared to the same period last year. The office spaces occupancy rate of Montgomery Plaza increased to 93.4% at mid-year 2012 and the average office rent per square feet per annum increased moderately to US\$36.2. The rental will stabilize for the second half of 2012.

The Group's liquidity and financial resources

During the relevant period, the Group's total bank borrowings increased HK\$13.9 million to HK\$503.2 million. The total equity increased HK\$211.3 million to HK\$4,483.9 million (at 31st December 2011: HK\$4,272.6 million). The debt to equity ratio was 11.2% (at 31st December 2011: 11.5%). The banking facilities available are sufficient for the Group's working capital. The Group's financial flexibility remains healthy.

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

Management Discussion and Analysis (Continued)

Capital structure of the Group

The capital structure of the Group has not changed materially from the last annual report. The Group's borrowings are primarily denominated in Hong Kong and 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 2012 HK\$'000	As at 31st December 2011 HK\$'000
– within one year	132,652	1,859
– in the second year	–	131,637
	<u>132,652</u>	<u>133,496</u>

The Group's total bank borrowings of HK\$503.2 million (at 31st December 2011: HK\$489.3 million) are secured by certain properties with an aggregate carrying amount of HK\$3,006.5 million (at 31st December 2011: HK\$2,888.9 million).

Significant investment held and their performance and future prospects

The Group held certain listed investments with fair value as at 30th June 2012 of HK\$46.37 million (at 31st December 2011: HK\$53.55 million).

The Group held 12% equity interest in The Yangtze Ventures Limited and The Yangtze Ventures II Limited (collectively "Yangtze"). The fair value of the Group's equity interest in Yangtze as at 30th June 2012 was HK\$20.0 million (at 31st December 2011: HK\$21.0 million).

Details of number and remuneration of employees

Including the directors of the Group as at 30th June 2012, the Group employed a total of 164 full-time employees. In addition to salary payment, other benefits include discretionary bonus, insurance, medical schemes and mandatory provident fund schemes.

Interim Dividend and Record Date

The Board of Directors has resolved to declare an interim dividend of HK5 cents (2011: HK3 cents) per ordinary share, payable on 26th September 2012 to shareholders whose names standing on the register of members at the close of business on 14th September 2012 (the “Record Date”). In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:00 p.m. on Friday, 14th September 2012.

Directors’ and Chief Executive’s Interests in Shares

At 30th June 2012, the interests and short positions of each director and chief executive in the shares or underlying shares of the Company, as recorded in the register maintained by the Company under Section 352 of the Securities and Futures Ordinance (“SFO”) or as notified to the Company were as follows:

Ordinary shares of HK\$1 each

	Capacity		Total	Percentage
	Personal interest	Corporate interests		
		<i>(notes (a) & (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, Tai Sang Cold Storage & Godown Company Limited.
- (d) Mr. Patrick Ma Ching Hang and Ms. Katy Ma Ching Man jointly and beneficially held 47 shares (or 0.94%); Mr. William Ma Ching Wai and Mr. Patrick Ma Ching Hang jointly and beneficially held 1 share (or 0.02%); and Mr. Alfred Ma Ching Kuen beneficially held 23 shares (or 0.46%) in the issued share capital of a subsidiary, Kam Hang Company Limited.
- (e) In addition, certain directors of the Company held non-beneficial interests in subsidiaries in trust to the absolute benefit of the Company, the details of which are available for inspection at the Company's registered office.
- (f) Other than as stated above, no directors or chief executive of the Company had any interest or short position in the shares or underlying shares of the Company or any of its associated corporation.
- (g) At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors and the chief executive of the Company (including their spouse and children under 18 year of age) to acquire benefits by the acquisition of shares, or underlying shares of, the Company or its associated corporations.

Substantial Shareholders

At 30th June 2012, 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		
		(note)		
Substantial shareholders:				
Kan Chan & Company, Limited	112,248,758	26,747,978	138,996,736	48.3182%
Holston Investment Limited	21,138,237	–	21,138,237	7.3481%
Gold Fortune Investment Co. Ltd	15,488,636	–	15,488,636	5.3842%

Note:

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

Purchase, Sale or Redemption of Shares

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

Corporate Governance

The Company has complied with the code provisions of the Code on Corporate Governance Practices and the code provisions of Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the period from 1st January 2012 to 31st March 2012 and the period from 1st April 2012 to 30th June 2012 respectively.

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

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

Independent Review

The interim results have been reviewed by the Audit Committee of the Company. The interim results for the six months ended 30th June 2012 are unaudited, but have also been reviewed by PricewaterhouseCoopers, the Company’s independent auditor, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A Report on Review of Interim Financial Information is set out on page 25.

By Order of the Board
William Ma Ching Wai
Chairman

Hong Kong, 24th August 2012