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TAI SANG LAND DEVELOPMENT LIMITED

大生地產發展有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 89)

2009 INTERIM RESULTS

The board of directors of Tai Sang Land Development Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim financial information of the Company and its subsidiary companies (collectively the “Group”) for the six months ended 30th June 2009 is as follows:

1. CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30TH JUNE 2009 – UNAUDITED

		For the six months ended 30th June	
	<i>Note</i>	2009	2008
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenues		85,325	93,216
Cost of sales	3	(21,320)	(21,840)
Gross profit		64,005	71,376
Fair value gains on investment properties		75,353	85,668
Other (losses)/gains, net	4	(8,680)	12,590
Administrative expenses	3	(32,095)	(33,908)
Other operating expenses	3	(7,275)	(9,076)
Operating profit		91,308	126,650
Finance income	5	80	543
Finance costs	5	(5,212)	(7,934)
Finance costs, net		(5,132)	(7,391)
Profit before income tax		86,176	119,259
Income tax (expense)/credit	6	(11,200)	8,831
Profit for the period		74,976	128,090
Attributable to:			
Equity holders of the Company		59,539	123,457
Minority interests		15,437	4,633
		74,976	128,090
Dividends	7	17,260	23,014
Interim dividend per share	7	HK3 cents	HK8 cents
Special dividend per share	7	HK3 cents	—
Earnings per share (basic and diluted)	8	HK21 cents	HK43 cents

**2. CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30TH JUNE 2009 – UNAUDITED**

	For the six months ended 30th June	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	74,976	128,090
Other comprehensive income		
Net fair value loss on available-for-sale financial assets	(1,481)	(10,502)
Impairment loss on available-for-sale 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

**3. CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30TH JUNE 2009 - UNAUDITED**

	<i>Note</i>	As at 30th June 2009 HK\$'000	As at 31st December 2008 HK\$'000
Non-current assets			
Property, plant and equipment		91,324	95,256
Investment properties		2,796,965	2,791,054
Leasehold land		89,099	90,263
Available-for-sale financial assets		66,469	67,950
		<u>3,043,857</u>	<u>3,044,523</u>
Current assets			
Investment properties for sale		73,420	—
Properties for sale		101,619	101,790
Debtors and prepayments	9	30,483	23,246
Current income tax recoverable		128	208
Cash and cash equivalents		25,425	29,922
		<u>231,075</u>	<u>155,166</u>
Current liabilities			
Rental and other deposits		26,160	31,440
Creditors and accruals	10	23,110	31,426
Derivative financial instruments		1,372	1,778
Current income tax liabilities		34,391	31,432
Short term bank loans – secured		245,500	231,000
Bank overdrafts – secured		—	1,492
Current portion of long term bank loans – secured		2,014	1,859
		<u>332,547</u>	<u>330,427</u>
Net current liabilities		<u>(101,472)</u>	<u>(175,261)</u>
Total assets less current liabilities		<u>2,942,385</u>	<u>2,869,262</u>

	<i>Note</i>	As at 30th June 2009 HK\$'000	As at 31st December 2008 HK\$'000
Non-current liabilities			
Long term bank loans – secured		(135,698)	(136,695)
Deferred income tax liabilities		(305,072)	(298,773)
		<u>(440,770)</u>	<u>(435,468)</u>
Net assets		<u>2,501,615</u>	<u>2,433,794</u>
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital		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	—
		<u>2,400,322</u>	<u>2,346,982</u>
Minority interests		101,293	86,812
Total equity		<u>2,501,615</u>	<u>2,433,794</u>

Notes:

(1) 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.

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.

(2) Segment information

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.

For the six months ended 30th June 2009

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

As at 30th June 2009

	Hong Kong	North America	Total
	<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
	<u>2,609,209</u>	<u>368,179</u>	<u>2,977,388</u>
Non-current assets (excluding financial instruments)			
Available-for-sale financial assets	66,469	—	66,469
Current assets	212,639	18,436	231,075
	<u>2,888,317</u>	<u>386,615</u>	<u>3,274,932</u>
Segment assets			
Current liabilities	319,647	12,900	332,547
Non-current liabilities	305,072	135,698	440,770
	<u>624,719</u>	<u>148,598</u>	<u>773,317</u>
Segment liabilities			

For the six months ended 30th June 2008

	Hong Kong	North America	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenues			
Property rental	66,796	21,901	88,697
Property related services	4,519	—	4,519
	<u>71,315</u>	<u>21,901</u>	<u>93,216</u>
Total segment revenues	<u>71,315</u>	<u>21,901</u>	<u>93,216</u>
Segment results – profit/(loss) attributable to equity holders of the Company	<u>134,330</u>	<u>(10,873)</u>	<u>123,457</u>
Included in segment results:			
Fair value gains/(losses) on 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)
	<u>7,095</u>	<u>2,030</u>	<u>9,125</u>
Capital expenditure	<u>7,095</u>	<u>2,030</u>	<u>9,125</u>

As at 31st December 2008

	Hong Kong	North America	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<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
	<u>2,567,353</u>	<u>409,220</u>	<u>2,976,573</u>
Non-current assets (excluding financial instruments)	2,567,353	409,220	2,976,573
Available-for-sale financial assets	67,950	—	67,950
Current assets	133,494	21,672	155,166
	<u>2,768,797</u>	<u>430,892</u>	<u>3,199,689</u>
Segment assets	<u>2,768,797</u>	<u>430,892</u>	<u>3,199,689</u>
Current liabilities	316,254	14,173	330,427
Non-current liabilities	298,773	136,695	435,468
	<u>615,027</u>	<u>150,868</u>	<u>765,895</u>
Segment liabilities	<u>615,027</u>	<u>150,868</u>	<u>765,895</u>

(3) Cost and expenses by nature

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

(4) Other (losses)/gains, net

	For the six months ended 30th June	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend income from available-for-sale 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 financial assets	(9,457)	—
	<u>(8,680)</u>	<u>12,590</u>

(5) Finance income and costs

	For the six months ended 30th June	
	2009	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 wholly repayable within five years	(5,212)	(7,934)
Finance costs, net	<u>(5,132)</u>	<u>(7,391)</u>

(6) 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:

	For the six months ended 30th June	
	2009	2008
	<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 temporary differences	(16,752)	(7,214)
– reversal upon classifying investment properties as held for sale	10,453	—
– effect on change in tax rate	—	21,020
	<u>(6,299)</u>	<u>13,806</u>
	<u>(11,200)</u>	<u>8,831</u>

(7) Dividends

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

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.

(8) 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.

(9) Debtors and prepayments

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

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

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

(10) Creditors and accruals

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

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

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.

(c) Capital structure of the Group

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

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

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

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 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.

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 included in the interim report to be sent to shareholders.

By Order of the Board
William Ma Ching Wai
Chairman

Hong Kong, 2nd September 2009

Registrar and Transfer office

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

As at the date of this announcement, the Board comprised of eleven directors, of which Mr. Ma Ching Wai, William, Mr. Ma Ching Hang, Patrick, Mr. Ma Ching Kuen, Alfred, Ms. Ma Ching Sau, Amy, Ms. Ma Ching Man, Katy, Ms. Ma Ching Keung, Ruth and Mr. Ma Ching Yeung, Philip are executive directors, Mr. Cheung Wing Yui, Edward is a non-executive director, and Mr. Chau Kwok Fun, Kevin, Mr. Tan Soo Kiu and Mr. Wong Hing Kwok, William are independent non-executive directors.