



**TAI SANG LAND DEVELOPMENT LIMITED**  
**大生地產發展有限公司**

*(incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)*

**(Stock Code: 89)**

**2007 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 2007 is as follows:

**(1) CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30TH JUNE 2007 — UNAUDITED**

	<i>Note</i>	<b>For the six months ended 30th June</b>	
		<b>2007</b>	<b>2006</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	85,787	90,197
Cost of sales	5	<u>(18,447)</u>	<u>(32,533)</u>
Gross profit		67,340	57,664
Fair value gains on investment properties		138,064	113,121
Other gains	6	44,949	681
Administrative expenses	5	(28,854)	(29,339)
Other operating expenses	5	<u>(9,158)</u>	<u>(6,795)</u>
Operating profit		<u>212,341</u>	<u>135,332</u>
Finance income	7	309	372
Finance costs	7	<u>(6,830)</u>	<u>(12,553)</u>
Finance costs, net		<u>(6,521)</u>	<u>(12,181)</u>
Profit before income tax		205,820	123,151
Income tax expense	8	<u>(54,533)</u>	<u>(462)</u>
Profit for the period		<u>151,287</u>	<u>122,689</u>
Attributable to:			
- equity holders of the Company		149,397	121,087
- minority interests		<u>1,890</u>	<u>1,602</u>
		<u>151,287</u>	<u>122,689</u>
Interim dividend	9	<u>25,890</u>	<u>20,137</u>
Interim dividend per share	9	<u>HK9 cents</u>	<u>HK7 cents</u>
Earnings per share (basic and diluted)	10	<u>HK52 cents</u>	<u>HK42 cents</u>

**(2) CONDENSED CONSOLIDATED INTERIM BALANCE SHEET  
AS AT 30TH JUNE 2007 - UNAUDITED**

	<i>Note</i>	<b>As at 30th June 2007</b> <i>HK\$'000</i>	<b>As at 31st December 2006</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		79,265	81,064
Properties under development		73,619	63,793
Investment properties		2,480,370	2,342,170
Leasehold land		148,657	150,675
Available-for-sale financial assets		<u>80,202</u>	<u>79,387</u>
		<u>2,862,113</u>	<u>2,717,089</u>
<b>Current assets</b>			
Properties for sale		102,304	103,690
Debtors and prepayments	11	23,170	18,389
Current income tax recoverable		399	550
Bank balances and cash		<u>35,167</u>	<u>30,901</u>
		<u>161,040</u>	<u>153,530</u>
<b>Current liabilities</b>			
Rental and other deposits		28,702	27,283
Creditors and accruals	12	36,808	49,827
Current income tax liabilities		3,588	2,035
Short term bank loans - secured		6,783	25,565
Bank overdrafts - secured		3,882	4,879
Current portion of long term bank loans		<u>107,236</u>	<u>94,563</u>
		<u>186,999</u>	<u>204,152</u>
Net current liabilities		<u>(25,959)</u>	<u>(50,622)</u>
Total assets less current liabilities		<u>2,836,154</u>	<u>2,666,467</u>

	<i>Note</i>	<b>As at 30th June 2007 HK\$'000</b>	<b>As at 31st December 2006 HK\$'000</b>
Non-current liabilities			
Long term bank loans		(133,400)	(134,597)
Deferred income tax liabilities		<u>(326,608)</u>	<u>(274,852)</u>
		<u>(460,008)</u>	<u>(409,449)</u>
Net assets		<u>2,376,146</u>	<u>2,257,018</u>
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital		287,670	287,670
Reserves		2,006,724	1,856,659
2006 final dividend proposed		<u>—</u>	<u>31,644</u>
		2,294,394	2,175,973
Minority interests		<u>81,752</u>	<u>81,045</u>
Total equity		<u>2,376,146</u>	<u>2,257,018</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 and available-for-sale financial assets at fair value, and in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Except as described below, the accounting policies and methods of computation used in the preparation of the Condensed Consolidated Interim Financial Information are consistent with those used in the annual report for the year ended 31st December 2006.

The Group adopted HKFRS 7 - Financial Instruments: Disclosures, and a complementary Amendment to HKAS 1 - Presentation of Financial Statements - Capital Disclosures, HK(IFRIC)-Int 9 - Reassessment of Embedded Derivatives and HK(IFRIC)-Int 10 - Interim Financial Reporting and Impairment as at 1st January 2007. The adoption of above accounting policies did not have significant impact on the Group’s results and net assets.

The HKICPA has issued certain new standards, interpretations and amendments which are not yet effective for the year ending 31st December 2007. The Group has not early adopted the above 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 impact on the Group’s results of operation and financial position.

**2. Financial risk management**

All aspects of the Group’s financial risk management objectives and policies are consistent with those disclosed in the annual report for the year ended 31st December 2006.

**3. Critical accounting estimates and judgments**

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

The estimates and assumptions applied in the preparation of the Condensed Consolidated Interim Financial Information are consistent with those used in the annual report for the year ended 31st December 2006.

#### 4. Revenues and segment information

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

There are no sales between the geographical segments.

Unallocated income represented dividend income and gain on disposal of a subsidiary company. Unallocated costs represented corporate administrative expenses.

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

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

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

Primary reporting format - business segments

	<b>For the six months ended 30th June 2007</b>			
	<b>Property rental HK\$'000</b>	<b>Property sales HK\$'000</b>	<b>Property related services HK\$'000</b>	<b>Total HK\$'000</b>
Revenue				
Total revenues	81,638	—	7,100	88,738
Inter-segment revenue	<u>—</u>	<u>—</u>	<u>(2,951)</u>	<u>(2,951)</u>
External revenue	<u>81,638</u>	<u>—</u>	<u>4,149</u>	<u>85,787</u>
Segment results	<u>54,801</u>	<u>(197)</u>	<u>3,578</u>	58,182
Fair value gains on investment properties	138,064	—	—	138,064
Unallocated income				44,949
Unallocated costs				<u>(28,854)</u>
Operating profit				212,341
Finance income				309
Finance costs				<u>(6,830)</u>
Profit before income tax				205,820
Income tax expense				<u>(54,533)</u>
Profit for the period				<u>151,287</u>
Capital expenditure				
- segment	10,205	181	—	10,386
- unallocated				1,835
Depreciation and amortisation				
- segment	1,343	197	—	1,540
- unallocated				<u>4,355</u>
				<b>As at 30th June 2007</b>
Segment assets	2,656,750	102,510	14,377	2,773,637
Unallocated assets				<u>249,516</u>
Total assets				<u>3,023,153</u>
Segment liabilities	279,185	165	14,876	294,226
Unallocated liabilities				<u>352,781</u>
Total liabilities				<u>647,007</u>

**For the six months ended 30th June 2006**

	<b>Property rental HK\$'000</b>	<b>Property sales HK\$'000</b>	<b>Property related services HK\$'000</b>	<b>Total HK\$'000</b>
Revenue				
Total revenues	84,793	1,000	7,272	93,065
Inter-segment revenue	<u>—</u>	<u>—</u>	<u>(2,868)</u>	<u>(2,868)</u>
External revenue	<u>84,793</u>	<u>1,000</u>	<u>4,404</u>	<u>90,197</u>
Segment results	<u>46,968</u>	<u>59</u>	<u>3,842</u>	50,869
Fair value gains on investment properties	113,121	—	—	113,121
Unallocated income				681
Unallocated costs				<u>(29,339)</u>
Operating profit				135,332
Finance income				372
Finance costs				<u>(12,553)</u>
Profit before income tax				123,151
Income tax expense				<u>(462)</u>
Profit for the period				<u>122,689</u>
Capital expenditure				
- segment	7,989	—	—	7,989
- unallocated				2,439
Depreciation and amortisation				
- segment	1,189	172	—	1,361
- unallocated				<u>3,611</u>
<b>As at 31st December 2006</b>				
Segment assets	2,500,348	103,693	11,931	2,615,972
Unallocated assets				<u>254,647</u>
Total assets				<u>2,870,619</u>
Segment liabilities	264,808	1,464	12,352	278,624
Unallocated liabilities				<u>334,977</u>
Total liabilities				<u>613,601</u>

Secondary reporting format - geographical segments

	For the six months ended 30th June			
	Revenue		Segment results	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	63,966	68,710	49,228	42,813
North America	<u>21,821</u>	<u>21,487</u>	<u>8,954</u>	<u>8,056</u>
	<u>85,787</u>	<u>90,197</u>	<u>58,182</u>	<u>50,869</u>

There are no sales between the geographical segments.

	Segment assets	
	As at 30th	As at 31st
	June	December
	2007	2006
	HK\$'000	HK\$'000
Hong Kong	2,384,529	2,323,468
North America	<u>638,624</u>	<u>547,151</u>
	<u>3,023,153</u>	<u>2,870,619</u>

5. Cost and expenses by nature

	For the six months	
	ended 30th June	
	2007	2006
	HK\$'000	HK\$'000
Cost of sales		
Costs of properties sold	—	770
Outgoings in respect of		
- investment properties	13,100	27,018
- properties for sale	2,238	2,247
Others	<u>3,109</u>	<u>2,498</u>
	<u>18,447</u>	<u>32,533</u>
Administrative and other operating expenses		
Amortisation of leasehold land	2,190	2,190
Depreciation	3,705	2,782
Operating lease rental for office premises		
to a related company	571	571
Staff costs	17,050	16,396
(Gain)/loss on disposal of plant and equipment, net	(9)	149
Others	<u>14,505</u>	<u>14,046</u>
	<u>38,012</u>	<u>36,134</u>



6. **Other gains**

	<b>For the six months ended 30th June</b>	
	<b>2007</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend income from available-for-sale financial assets		
- listed	562	681
- unlisted	4,800	—
Gain on disposal of a subsidiary company	<u>39,587</u>	<u>—</u>
	<u>44,949</u>	<u>681</u>

7. **Finance income and costs**

	<b>For the six months ended 30th June</b>	
	<b>2007</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		
Interest income from banks	<u>(309)</u>	<u>(372)</u>
Finance costs		
Interest expenses on bank loans and overdrafts wholly repayable within five years	8,072	13,246
Less: amount capitalised in properties under development	<u>(1,242)</u>	<u>(693)</u>
	<u>6,830</u>	<u>12,553</u>
Finance costs, net	<u>6,521</u>	<u>12,181</u>

8. **Income tax expense**

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period. No overseas taxation has been provided as there is no estimated taxable profit of the overseas subsidiary companies for the period (2006: HK\$Nil).

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

	<b>For the six months ended 30th June</b>	
	<b>2007</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
- current year provision	2,777	2,025
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Deferred income tax		
- origination and reversal of temporary differences	51,756	23,212
- reversal upon classifying investment properties as assets held for sale	—	(24,775)
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	51,756	(1,563)
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	54,533	462
	=====	=====

9. **Interim dividend**

	<b>For the six months ended 30th June</b>	
	<b>2007</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim, declared, of HK9 cents (2006: HK7 cents) per ordinary share	25,890	20,137
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At a meeting held on 14th September 2007, the directors declared an interim dividend of HK9 cents per share for the year ending 31st December 2007. 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 2007.

10. **Earnings per share**

The calculation of earnings per share is based on profit attributable to equity shareholders of HK\$149,397,000 (2006: HK\$121,087,000) and on 287,669,676 (2006: 287,669,676) ordinary shares in issue during the period.

As there are no dilutive potential ordinary shares as at 30th June 2007 and 2006, the diluted earnings per share is equal to the basic earnings per share.

### 11. Debtors and prepayments

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

	<b>As at 30th June 2007 HK\$'000</b>	<b>As at 31st December 2006 HK\$'000</b>
Current	545	464
31-60 days	9	84
61-90 days	—	9
Over 90 days	<u>13</u>	<u>21</u>
	<u>567</u>	<u>578</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.

### 12. Creditors and accruals

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

	<b>As at 30th June 2007 HK\$'000</b>	<b>As at 31st December 2006 HK\$'000</b>
Current	797	11,274
31-60 days	6	3,899
61-90 days	—	124
Over 90 days	<u>129</u>	<u>20</u>
	<u>932</u>	<u>15,317</u>

### (3) INTERIM DIVIDEND AND RECORD DATE

The Board of Directors has resolved to declare an interim dividend of HK9 cents (2006: HK7 cents) per share, payable on 15th October 2007 to shareholders whose names standing on the register of members at the close of business on 28th September 2007 (the “Record Date”). In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s Registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:00 p.m. on Friday, 28th September 2007.

#### **(4) MANAGEMENT DISCUSSION AND ANALYSIS**

##### **(a) Business Review and Prospects**

The consolidated profit of the Company for the first half of 2007 was HK\$151.3 million, an increase of 23.3% as compared to the same period last year. It included HK\$138.1 million fair value gains on investment properties and a provision of HK\$43.2 million for deferred income tax on investment properties. Excluding these items, the underlying profit was approximately HK\$56.4 million and the corresponding figure for the first half of 2006 was approximately HK\$7.1 million. The significant increase was attributed to the gain on disposal of a subsidiary company of HK\$39.6 million, the increase in dividend income of HK\$4.7 million and the savings in interest expenses of HK\$5.7 million.

In Hong Kong, the rental income dropped 5.5% or HK\$3.5 million to HK\$59.8 million as compared to the same period last year. The drop in rental attributable to Tai Sang Shatin Warehouse Centre Phase I and Phase II (“Shatin Warehouse Centre”) which was disposed of in July 2006 of HK\$8 million, was however partly compensated by the growth in rental rate in all other properties. Excluding the changes in rental contribution from Shatin Warehouse Centre, there was an 8% increase in the overall rental income as compared to the same period last year. The strong result of Hong Kong operation was mainly contributed from the gain on disposal of a subsidiary company which held a property at Kwai Chung during the first half of 2007 of HK\$39.6 million. The drop in improvement and repair expenditures and the interest expenses further raised the contribution from Hong Kong operation by HK\$17 million for the first half of 2007.

In the USA, the rental income from Montgomery Plaza remained steady at HK\$21.8 million as compared to the same period last year. The overall occupancy rates of Montgomery Plaza increased to 98.6% at mid-year 2007 and the average office rent per square feet per annum increased to US\$35. The interest expenses and other operating expenses remained steady. The contribution from the US operation therefore maintained at similar level as compared to the same period last year. The rental income and interest expenses of Montgomery Plaza for the second half of 2007 will maintain at current level.

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

During the relevant period, the Group's total bank borrowings decreased by HK\$8.3 million to HK\$251.3 million. The total equity increased by HK\$119.1 million to HK\$2,376.1 million (at 31st December 2006: HK\$2,257 million) and long term bank loans outstanding as at 30th June 2007 amounted HK\$240.6 million (at 31st December 2006: HK\$229.2 million). The debt to equity ratio was 10.6% (at 31st December 2006: 11.5%). 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 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 30th June 2007 HK\$'000</b>	<b>As at 31st December 2006 HK\$'000</b>
- within one year	107,236	94,563
- in the second year	2,739	2,623
- in the third to fifth years inclusive	<u>130,661</u>	<u>131,974</u>
	<u>240,636</u>	<u>229,160</u>

The Group's bank borrowings of HK\$225.9 million (at 31st December 2006: HK\$246.8 million) are secured by certain properties under development and related leasehold land and certain investment properties with an aggregate carrying amount of HK\$1,680.7 million (at 31st December 2006: HK\$1,555.5 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 2007 was HK\$50 million whereas the cost of investment was HK\$24 million. Yangtze has declared and paid the Group a dividend of HK\$4.8 million during the first half of 2007. The cumulated dividend received from Yangtze since 2004 was HK\$40.8 million together with the fair value of Yangtze of HK\$50 million yield a return of 3.8 times over the cost of investment.

Upon the listing of two investee companies in the fourth quarter of 2006, the market value of the investment portfolio of Yangtze is more fairly reflected and exit is more readily available. Amongst the five other unlisted investee companies, Carling Technology (Gushan) Limited, which manufactures and sells biodiesel and other by-products, is anticipating to list in the third or fourth quarter of 2007.

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

Including the directors of the Group as at 30th June 2007, the Group employed a total of 149 full-time employees. In addition to salary payment, other benefits include discretionary bonus, insurance, medical schemes and mandatory provident fund schemes.

**(f) Details of future plans for material investments**

The revised land modification premium at HK\$210 million for the hotel development project at 43 Heung Yip Road has been received and accepted. Payment for the land premium has been fully made in August 2007 and banking facilities for the development project will be arranged. Occupation permit for the final phase development of Floral Villas, Tso Wo Hang, Sai Kung, of three luxury seaview houses was issued in July 2007 and the houses was under final touch-up. The Certificate of Compliance of No.1 Barker Road was issued in August 2007. Feasibility studies are carried out to change the use of certain properties of the Group.

**(5) 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.

## **(6) 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 (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited throughout the accounting period covered by the interim report, except for the following deviation.

The code provision A.4.2 stipulates that every director should be subject to retirement by rotation at least once every three years. However, according to the Articles of Association of the Company, at each annual general meeting one third of the directors for the time being shall retire from office. The Articles of Association constitutes a deviation from the CG Code. The Management will propose the amendment of the Articles of Association to comply with the code provision A.4.2 at the next annual general meeting.

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.

## **(7) INDEPENDENT REVIEW**

The interim results for the six months ended 30th June 2007 are unaudited, but have been reviewed 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, by PricewaterhouseCoopers, whose Report on Review of Interim Financial Information is included in the interim report to be sent to shareholders. The interim results have also been reviewed by the Group’s Audit Committee.

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

Hong Kong, 14th September 2007

### **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.*