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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)

#### 2010 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 2010 is as follows:

#### 1. CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30TH JUNE 2010 – UNAUDITED

	Note	For the six months ended 30th June	
		2010 HK\$'000	2009 HK\$'000
Revenues	2	78,357	85,325
Cost of sales	3	(24,516)	(21,320)
Gross profit		53,841	64,005
Fair value gains on investment properties		213,072	75,353
Other gains/(losses), net	4	653	(8,680)
Administrative expenses	3	(34,884)	(32,095)
Other operating expenses	3	(6,324)	(7,275)
Operating profit		226,358	91,308
Finance income	5	21	80
Finance costs	5	(3,123)	(5,212)
Finance costs, net		(3,102)	(5,132)
Profit before income tax		223,256	86,176
Income tax expense	6	(34,832)	(11,200)
Profit for the period		188,424	74,976
Attributable to:			
Equity holders of the Company		179,434	59,539
Non-controlling interests		8,990	15,437
		188,424	74,976
Dividends	7	8,630	17,260
Interim dividend per share	7	HK3 cents	HK3 cents
Special dividend per share	7	–	HK3 cents
Earnings per share (basic and diluted)	8	HK62 cents	HK21 cents

**2. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30TH JUNE 2010 – UNAUDITED**

	<b>For the six months ended 30th June</b>	
	<b>2010</b>	<b>2009</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Profit for the period	<b>188,424</b>	74,976
Other comprehensive income		
Net fair value loss on available-for-sale financial assets	<b>(1,265)</b>	(1,481)
Impairment loss on available-for-sale financial assets transferred to income statement	<b>1,144</b>	9,457
Cash flow hedge	–	406
Other comprehensive income for the period	<b>(121)</b>	8,382
Total comprehensive income for the period	<b>188,303</b>	83,358
Total comprehensive income attributable to:		
Equity holders of the Company	<b>178,895</b>	67,723
Non-controlling interests	<b>9,408</b>	15,635
	<b>188,303</b>	83,358

**3. CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30TH JUNE 2010 – UNAUDITED**

	<i>Note</i>	As at <b>30th June</b> <b>2010</b> <i>HK\$'000</i>	As at 31st December 2009 <i>HK\$'000</i> (Restated)
<b>Non-current assets</b>			
Property, plant and equipment		<b>169,242</b>	174,288
Investment properties		<b>3,330,038</b>	3,104,423
Available-for-sale financial assets		<b>55,437</b>	56,702
		<u><b>3,554,717</b></u>	<u>3,335,413</u>
<b>Current assets</b>			
Properties for sale		<b>96,428</b>	96,428
Available-for-sale financial assets		<b>8,000</b>	11,960
Debtors and prepayments	9	<b>18,995</b>	20,948
Current income tax recoverable		<b>154</b>	124
Cash and cash equivalents		<b>27,478</b>	56,516
		<u><b>151,055</b></u>	<u>185,976</u>
Investment properties for sale		<b>6,800</b>	–
		<u><b>157,855</b></u>	<u>185,976</u>
<b>Current liabilities</b>			
Rental and other deposits		<b>30,970</b>	26,569
Creditors and accruals	10	<b>24,647</b>	27,495
Current income tax liabilities		<b>28,746</b>	27,864
Short term bank loans – secured		<b>215,000</b>	200,000
Bank overdrafts – secured		<b>5,036</b>	–
Current portion of long term bank loans – secured		<b>1,859</b>	1,859
		<u><b>306,258</b></u>	<u>283,787</u>
Net current liabilities		<u><b>(148,403)</b></u>	<u>(97,811)</u>
Total assets less current liabilities		<u><b>3,406,314</b></u>	<u>3,237,602</u>

	<b>As at 30th June 2010 HK\$'000</b>	As at 31st December 2009 HK\$'000 (Restated)
Non-current liabilities		
Long term bank loans – secured	(134,166)	(135,009)
Deferred income tax liabilities	(392,999)	(361,751)
	<u>(527,165)</u>	<u>(496,760)</u>
Net assets	<u><b>2,879,149</b></u>	<u>2,740,842</u>
Equity		
Capital and reserves attributable to the Company's equity holders		
Share capital	287,670	287,670
Reserves	2,488,079	2,317,814
2009 final dividend proposed	–	20,137
2009 special dividend proposed	–	28,767
2010 interim dividend declared	8,630	–
	<u>2,784,379</u>	<u>2,654,388</u>
Non-controlling interests	<u>94,770</u>	<u>86,454</u>
Total equity	<u><b>2,879,149</b></u>	<u>2,740,842</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 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\$148,403,000 as at 30th June 2010. The current liabilities mainly consisted of short term bank loans of HK\$215,000,000, of which a loan of HK\$200,000,000 was renewed in December 2009 and was subject to future annual renewal. 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 2009 (the “2009 Annual Report”). The Condensed Consolidated Interim Financial Information should be read in conjunction with the 2009 Annual Report, which has been prepared in accordance with the Hong Kong Financial Reporting Standards.

In 2010, the Group adopted the following new/revised standards and amendments of Hong Kong Financial Reporting Standards (“HKFRSs”), which include all Hong Kong Accounting Standards (“HKASs”) and applicable Interpretations, which are effective for the accounting periods beginning on 1st January 2010 and relevant to its operation:

HKFRS 3 (Revised)	Business Combination
HKFRS 8 (Amendment)	Operating Segments
HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 17 (Amendment)	Leases
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement

Except that the adoption of HKAS 27 (Revised), HKFRS 3 (Revised) and HKAS 17 (Amendment) had resulted in a change in accounting policies as described below, the adoption of the other new HKFRSs in the current period did not have any significant effect on the Condensed Consolidated Interim Financial Information or result in any substantial changes in the Group’s significant accounting policies.

- HKAS 27 (Revised) required the effects of all transactions with non-controlling interests to be recorded in equity if there was no change in control. These transactions would no longer result in goodwill or gains and losses. When control over a previous subsidiary company was lost, any remaining interest in the entity was remeasured to fair value and the resulting gain or loss was recognised in the income statement.

- HKFRS 3 (Revised) continued to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business were to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There was a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. When a business combination was achieved in stages, the acquirer should remeasure its previously held interest in the acquiree at its fair value at the date of control is obtained, recognising a gain or loss in the income statement. All acquisition-related costs should be expensed.

The changes in the accounting policy in respect of the adoption of HKAS 27 (Revised) and HKFRS 3 (Revised) had been applied prospectively to transactions during the year ending 31st December 2010. It was not expected to have any significant effect on the Condensed Consolidated Interim Financial Information.

- HKAS 17 (Amendment) removed the specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of the standard. The change in the accounting policy in respect of the adoption of HKAS 17 (Amendment) had been applied retrospectively.

The Group made reassessment of the existing leasehold land located in Hong Kong and concluded that the leasehold land in Hong Kong is classified as finance lease as such arrangement has substantially transferred all risks and rewards incidental to ownership of the leasehold land to the Group notwithstanding that at the end of the lease term, title will not be passed to the Group.

Leasehold land had been reclassified to property, plant and equipment and amortisation of leasehold land had been reclassified to depreciation retrospectively. The effect of the adoption of the amendment on the condensed consolidated balance sheet at 1st January 2010 was to increase property, plant and equipment by HK\$87,936,000 with a corresponding reduction in leasehold land. The depreciation charge for the six months ended 30th June 2010 increased by HK\$1,164,000 with a corresponding reduction in the amortisation charge. As the adoption of the amendment applies retrospectively, it also resulted in an increase in the depreciation charge for the six months ended 30th June 2009 of HK\$1,164,000 and a corresponding reduction in the amortisation charge for that period. Such reclassification had no effect on the results and net assets of the Group.

In addition, leasehold land included in properties for sale would be accounted for in accordance with HKAS 2 "Inventories". No amortisation on leasehold land was recognised and the leasehold land was measured at the lower of cost and net realisable value. However, no retrospective adjustment has been made to prior year financial statements as this change had no material impact to the Condensed Consolidated Interim Financial Information.

The HKICPA has issued certain new and revised standards, interpretations and amendments which are not yet effective for the year ending 31st December 2010. The Group has not early adopted these standards, interpretations and amendments in the Condensed Consolidated Interim Financial Information. The Group is not yet in a position to state whether any substantial changes to the Group's accounting policies and presentation of financial information will be resulted upon adoption of these standards, interpretations and amendments.

**(2) Revenues and 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 underlying profit/(loss), which is measured by profit/(loss) after income tax excluding fair value gains/(losses) on investment properties and deferred income tax expense on fair value gains 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.

	<b>Hong Kong</b>	<b>North</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>For the six months ended 30th June 2010</b>			
Segment revenues			
Property rental	58,519	16,193	74,712
Property related services	3,645	–	3,645
Total segment revenues	<u>62,164</u>	<u>16,193</u>	<u>78,357</u>
Segment results – underlying profit/(loss)	9,785	(2,221)	7,564
Fair value gains on investment properties	195,226	17,846	213,072
Deferred income tax expense on fair value gains on investment properties	(32,212)	–	(32,212)
Profit for the period	<u>172,799</u>	<u>15,625</u>	<u>188,424</u>
Included in segment results:			
Impairment loss on available-for-sale financial assets	(1,144)	–	(1,144)
Finance income	2	19	21
Finance costs	1,709	1,414	3,123
Income tax expense (note)	(2,607)	(13)	(2,620)
Depreciation	5,189	752	5,941
Capital expenditure	<u>19,178</u>	<u>1,128</u>	<u>20,306</u>
<b>As at 30th June 2010</b>			
Property, plant and equipment	153,082	16,160	169,242
Investment properties	3,006,970	323,068	3,330,038
Non-current assets (excluding available-for-sale financial assets)	<u>3,160,052</u>	<u>339,228</u>	<u>3,499,280</u>
Non-current available-for-sale financial assets	55,437	–	55,437
Current assets	141,437	16,418	157,855
Segment assets	<u>3,356,926</u>	<u>355,646</u>	<u>3,712,572</u>
Current liabilities	296,532	9,726	306,258
Non-current liabilities	392,999	134,166	527,165
Segment liabilities	<u>689,531</u>	<u>143,892</u>	<u>833,423</u>

	<b>Hong Kong</b> <i>HK\$'000</i>	<b>North America</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>For the six months ended 30th June 2009</b>			
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	<u>65,478</u>	<u>19,847</u>	<u>85,325</u>
Segment results – underlying profit/(loss)	18,534	(1,001)	17,533
Fair value gains/(losses) on investment properties	116,766	(41,413)	75,353
Deferred income tax expense on fair value gains on investment properties	(17,910)	–	(17,910)
	<u>117,390</u>	<u>(42,414)</u>	<u>74,976</u>
Profit/(loss) for the period	<u>117,390</u>	<u>(42,414)</u>	<u>74,976</u>
Included in segment results:			
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 credit/(expense) (note)	6,723	(13)	6,710
Depreciation	(5,140)	(752)	(5,892)
	<u>5,773</u>	<u>1,125</u>	<u>6,898</u>
Capital expenditure	<u>5,773</u>	<u>1,125</u>	<u>6,898</u>
<b>As at 31st December 2009</b>			
Property, plant and equipment	157,435	16,853	174,288
Investment properties	2,800,270	304,153	3,104,423
	<u>2,957,705</u>	<u>321,006</u>	<u>3,278,711</u>
Non-current assets (excluding available-for-sale financial assets)	2,957,705	321,006	3,278,711
Non-current available-for-sale financial assets	56,702	–	56,702
Current assets	172,217	13,759	185,976
	<u>3,186,624</u>	<u>334,765</u>	<u>3,521,389</u>
Segment assets	<u>3,186,624</u>	<u>334,765</u>	<u>3,521,389</u>
Current liabilities	272,961	10,826	283,787
Non-current liabilities	361,751	135,009	496,760
	<u>634,712</u>	<u>145,835</u>	<u>780,547</u>
Segment liabilities	<u>634,712</u>	<u>145,835</u>	<u>780,547</u>

Note: Balance excludes deferred income tax expense on fair value gains on investment properties.



**(3) Cost and expenses**

	<b>For the six months ended 30th June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Restated)</b>
Depreciation	<b>5,941</b>	5,892
Outgoings in respect of		
– investment properties	<b>16,913</b>	16,210
– properties for sale	<b>4,593</b>	2,081
– property related services	<b>2,680</b>	2,629
– property, plant and equipment	<b>330</b>	400
Operating lease rental for office premises to a related company	<b>1,364</b>	1,279
Staff costs	<b>19,832</b>	18,423
Others	<b>14,071</b>	13,776
	<hr/>	<hr/>
Total cost of sales, administrative and other operating expenses	<b>65,724</b>	60,690
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>For the six months ended 30th June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Dividend income from available-for-sale financial assets		
– listed	<b>631</b>	777
– unlisted	<b>1,200</b>	-
Loss on disposal of plant and equipment, net	<b>(34)</b>	-
Impairment loss on available-for-sale financial assets	<b>(1,144)</b>	(9,457)
	<hr/>	<hr/>
	<b>653</b>	(8,680)
	<hr/> <hr/>	<hr/> <hr/>

**(5) Finance income and costs**

	<b>For the six months ended 30th June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Finance income		
Interest income from banks	<b>21</b>	80
Finance costs		
Interest expense of bank loans and overdrafts wholly repayable within five years	<b>(3,123)</b>	(5,212)
	<hr/>	<hr/>
Finance costs, net	<b>(3,102)</b>	(5,132)
	<hr/> <hr/>	<hr/> <hr/>

**(6) Income tax expense**

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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 (2009: HK\$Nil).

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

	<b>For the six months ended 30th June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current income tax		
– Hong Kong profits tax	<b>(3,584)</b>	(4,901)
	-----	-----
Deferred income tax		
– origination and reversal of temporary differences	<b>(31,248)</b>	(16,752)
– reversal upon classifying investment properties as current assets	-	10,453
	-----	-----
	<b>(31,248)</b>	(6,299)
	-----	-----
	<b>(34,832)</b>	(11,200)
	=====	=====

**(7) Dividends**

	<b>For the six months ended 30th June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim, declared, of HK3 cents		
(2009: HK3 cents) per ordinary share	<b>8,630</b>	8,630
Special, declared, of HK Nil cents		
(2009: HK3 cents) per ordinary share	-	8,630
	-----	-----
	<b>8,630</b>	17,260
	=====	=====

At a meeting held on 20th August 2010, the directors declared an interim dividend of HK3 cents per ordinary share for the year ending 31st December 2010. 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 2010.

**(8) Earnings per share**

The calculation of basic earnings per share is based on profit attributable to equity shareholders of HK\$179,434,000 (2009: HK\$59,539,000) and on 287,669,676 (2009: 287,669,676) ordinary shares in issue during the period.

As there are no dilutive potential ordinary shares as at 30th June 2010 and 2009, 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 of HK\$771,000 (at 31st December 2009: HK\$969,000) and their ageing analysis is as follows:

	<b>As at 30th June 2010 HK\$'000</b>	<b>As at 31st December 2009 HK\$'000</b>
Current	598	436
31-60 days	162	121
61-90 days	5	1
Over 90 days	6	411
	<u>771</u>	<u>969</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 of HK\$1,784,000 (at 31st December 2009: HK\$4,913,000) and their ageing analysis is as follows:

	<b>As at 30th June 2010 HK\$'000</b>	<b>As at 31st December 2009 HK\$'000</b>
Current	1,505	3,100
31-60 days	-	84
Over 90 days	279	1,729
	<u>1,784</u>	<u>4,913</u>

## **CHAIRMAN'S STATEMENT**

### **Result**

The consolidated profit of the Group for the first half of 2010 was HK\$188.4 million, an increase of 151.3% as compared to the same period last year. It included HK\$213.1 million fair value gains on investment properties, net of a provision of HK\$32.2 million for deferred income tax on investment properties. Excluding these items, the underlying profit was approximately HK\$7.5 million and the corresponding figure for the first half of 2009 was approximately HK\$17.5 million. The drop in underlying profit for the current period attributed to the drop in rental income, and the increase in renovation works on properties. The policy of upgrading our rental properties will be continued in the near future.

As at 30th June 2010, the investment properties of the Group were revalued at HK\$3,336.8 million (at 31st December 2009: HK\$3,104.4 million). Total equity amounted to HK\$2,879.10 million (at 31st December 2009: HK\$2,740.8 million).

### **Disposal of investment properties**

During the period, a subsidiary company of the Company entered into a sale and purchase agreement with a third party to sell a property at Shing Wah Building, 31 Shing Fong Street, Kwai Chung, New Territories. The sale was completed on 27th July 2010 and the consideration received by the subsidiary company was HK\$8.5 million. The estimated gain to the Group was in the region of HK\$1.6 million and will be recognised in the second half of year 2010.

### **Dividend**

The directors have declared an interim dividend of HK3 cents (2009: an interim dividend of HK3 cents and a special dividend of HK3 cents) per ordinary share.

### **Outlook**

The low interest rate environment in Hong Kong and the ample of liquidity in the local interbank money market supported residential property price hikes especially in the luxury sector. The rental increased relatively moderate in the leasing market, thus the average rental yield edged down. Following the PRC government restarted the Renminbi revaluation recently and the ongoing accommodative monetary policy in the United States, the property market in Hong Kong will maintain its price for the rest of the year.

### **William Ma Ching Wai**

*Chairman*

Hong Kong, 20th August 2010

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Business Review and Prospects**

In Hong Kong, the gross rental income decreased 5.0% or HK\$3.1 million to HK\$58.5 million as compared to the same period last year. As indicated in our last annual report, the Group has been carrying out major renovation works on certain properties since last year. The rental income was unavoidably affected for a short duration. During the first half of 2010, additional lifts and structural enhancement works were carried out at Tai Sang Container and Godown Centre, certain units were vacated and the related tenancies have been terminated. The rental contribution therefrom dropped significantly by HK\$3.9 million. Demand for the luxury residential units recovers strongly in the mid-2010, the rental contribution from this sector will pick up in the second half of 2010.

In the USA, the rental income from Montgomery Plaza decreased 18.4% or HK\$3.7 million to HK\$16.2 million as compared to the same period last year. The office spaces occupancy rate of Montgomery Plaza dropped to 75% at mid-year 2010 and the average office rent per square feet per annum decreased slightly to US\$34.7. The rental will stabilize for the second half of 2010.

### **The Group's liquidity and financial resources**

During the relevant period, the Group's total bank borrowings increased HK\$19.2 million to HK\$356.1 million. The total equity increased HK\$138.3 million to HK\$2,879.1 million (at 31st December 2009: HK\$2,740.8 million) and long term bank loans outstanding as at 30th June 2010 amounted to HK\$136.0 million (at 31st December 2009: HK\$136.9 million). The debt to equity ratio was 12.4% (at 31st December 2009: 12.3%). The banking facilities available are sufficient for the Group's working capital. The Group's financial flexibility remains healthy.

### **Capital structure of the Group**

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

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

	<b>As at 30th June 2010 HK\$'000</b>	<b>As at 31st December 2009 HK\$'000</b>
– within one year	<b>1,859</b>	1,859
– in the second year	<b>1,859</b>	1,859
– in the third to fifth years inclusive	<b>132,307</b>	133,150
	<b><u>136,025</u></b>	<b><u>136,868</u></b>

The Group's total bank borrowings of HK\$356.1 million (at 31st December 2009: HK\$336.9 million) are secured by certain properties with an aggregate carrying amount of HK\$1,696.5 million (at 31st December 2009: HK\$1,607.9 million) and the rental income thereon, as applicable.

### **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 2010 decreased HK\$6.0 million to HK\$18.0 million as compared to the fair value of HK\$24.0 million as at 31st December 2009. The drop in fair value included a repayment of shareholders' loan from Yangtze of approximately HK\$4.0 million. The fair value of the listed venture fund, The Yangtze China Investment Limited, increased 25% or HK\$2.3 million.

### **Details of number and remuneration of employees**

Including the directors of the Group, as at 30th June 2010 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.

### **INTERIM DIVIDEND AND RECORD DATE**

The Board of Directors has resolved to declare an interim dividend of HK3 cents (2009: an interim dividend of HK3 cents and a special dividend of HK3 cents) per ordinary share, payable on 22nd September 2010 to shareholders whose names standing on the register of members at the close of business on 10th September 2010 (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, 10th September 2010.

## **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 2010 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 included in the interim report to be sent to shareholders.

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

Hong Kong, 20th August 2010

### **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 Non-Executive Director, and Mr. Chau Kwok Fun, Kevin, Mr. Tan Soo Kiu and Mr. Wong Hing Kwok, William are Independent Non-Executive Directors.*