



**eSun Holdings Limited**

**豐德麗控股有限公司**

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

# **INTERIM REPORT**

For the six months ended 31 January 2016

## CORPORATE INFORMATION

### Place of Incorporation

Bermuda

### Board of Directors

#### Executive Directors

Lui Siu Tsuen, Richard (*Chief Executive Officer*)  
Chew Fook Aun  
Lam Hau Yin, Lester  
Yip Chai Tuck

#### Non-executive Directors

U Po Chu  
Andrew Y. Yan

#### Independent Non-executive Directors

Low Chee Keong (*Chairman*)  
Lo Kwok Kwei, David  
Ng Lai Man, Carmen  
Alfred Donald Yap

### Audit Committee

Ng Lai Man, Carmen (*Chairwoman*)  
Low Chee Keong  
Alfred Donald Yap

### Remuneration Committee

Low Chee Keong (*Chairman*)  
Chew Fook Aun  
Lui Siu Tsuen, Richard  
Ng Lai Man, Carmen  
Alfred Donald Yap

### Authorised Representatives

Chew Fook Aun  
Lui Siu Tsuen, Richard

### Company Secretary

Wong Lai Chun

### Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### Principal Office

11th Floor, Lai Sun Commercial Centre  
680 Cheung Sha Wan Road  
Kowloon, Hong Kong

Tel: (852) 2741 0391  
Fax: (852) 2785 2775

### Share Registrar and Transfer Office in Bermuda

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM 08  
Bermuda

### Branch Share Registrar and Transfer Office in Hong Kong

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### Independent Auditors

Ernst & Young  
Certified Public Accountants

### Principal Bankers

Bank of China Limited  
The Bank of East Asia, Limited  
China CITIC Bank Corporation Limited  
DBS Bank Ltd., Hong Kong Branch  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Oversea-Chinese Banking Corporation Limited  
United Overseas Bank Limited

### Listing Information

#### Shares

The issued shares of the Company are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited

#### Stock Code/Board Lot

571/2,000 shares

#### Notes

CNY650,000,000 8.375% secured guaranteed notes due 2018 (Stock Code: 85978) issued by eSun International Finance Limited, a direct wholly-owned subsidiary of the Company, are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited

### Website

www.esun.com

### Investor Relations

Tel: (852) 2853 6116  
Fax: (852) 2853 6651  
E-mail: ir@esun.com

## RESULTS

The board (“**Board**”) of directors (“**Directors**”) of eSun Holdings Limited (“**Company**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (“**Group**”) for the six months ended 31 January 2016 together with the comparative figures of the last corresponding period as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 January 2016

	Notes	Six months ended 31 January	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>TURNOVER</b>	3	<b>1,411,754</b>	1,292,050
Cost of sales		<b>(790,397)</b>	(717,376)
Gross profit		<b>621,357</b>	574,674
Other revenue	4	<b>90,319</b>	105,157
Selling and marketing expenses		<b>(62,959)</b>	(98,461)
Administrative expenses		<b>(307,938)</b>	(306,827)
Other operating gains		<b>10,072</b>	929
Other operating expenses		<b>(200,117)</b>	(190,065)
Fair value losses on cross currency swaps	14	<b>—</b>	(112,721)
Fair value gains on investment properties		<b>220,841</b>	257,354
<b>PROFIT FROM OPERATING ACTIVITIES</b>	5	<b>371,575</b>	230,040
Finance costs	6	<b>(125,359)</b>	(147,091)
Share of profits and losses of joint ventures		<b>50,141</b>	71,181
Share of profits and losses of associates		<b>(849)</b>	(94)
<b>PROFIT BEFORE TAX</b>		<b>295,508</b>	154,036
Income tax expense	7	<b>(178,866)</b>	(135,472)
<b>PROFIT FOR THE PERIOD</b>		<b>116,642</b>	18,564
Attributable to:			
Owners of the Company		<b>33,345</b>	(22,172)
Non-controlling interests		<b>83,297</b>	40,736
		<b>116,642</b>	18,564
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	8		
Basic		<b>HK\$0.027</b>	(HK\$0.018)
Diluted		<b>HK\$0.027</b>	(HK\$0.018)

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 January 2016

	Note	Six months ended 31 January	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>PROFIT FOR THE PERIOD</b>		<b>116,642</b>	18,564
<b>OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX</b>			
Exchange realignment on translation of foreign operations		<b>(937,018)</b>	78,570
Reclassification adjustments relating to disposal of foreign operations during the period		—	(106)
Change in fair value of an available-for-sale investment		<b>(24,905)</b>	363
Share of other comprehensive income/(loss) of joint ventures		<b>(68,108)</b>	5,876
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the period	14	<b>(119,047)</b>	—
Reclassification adjustments for exchange gain included in the condensed consolidated income statement		<b>119,348</b>	—
		<b>301</b>	—
<b>OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX</b>		<b>(1,029,730)</b>	84,703
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>(913,088)</b>	103,267
Attributable to:			
Owners of the Company		<b>(517,531)</b>	22,378
Non-controlling interests		<b>(395,557)</b>	80,889
		<b>(913,088)</b>	103,267

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 January 2016

Notes	<b>31 January 2016 (Unaudited) HK\$'000</b>	31 July 2015 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	2,510,081	2,580,696
Properties under development	1,211,696	1,631,376
Investment properties	14,717,878	14,914,881
Film rights	23,630	25,197
Film products	80,859	81,947
Music catalogs	12,537	14,832
Goodwill	123,440	123,440
Other intangible assets	34,914	—
Investments in joint ventures	1,151,637	1,231,634
Investments in associates	23,860	28,875
Available-for-sale investments	136,564	167,092
Deposit for acquisition of an investment property	230,400	—
Deposits, prepayments and other receivables	126,419	124,273
Pledged and restricted time deposits	93,729	135,669
Deferred tax assets	5,547	5,072
<b>Total non-current assets</b>	<b>20,483,191</b>	<b>21,064,984</b>
<b>CURRENT ASSETS</b>		
Properties under development	593,968	247,155
Completed properties for sale	1,225,118	1,683,336
Films under production	348,171	245,395
Inventories	26,140	27,127
Debtors	238,007	323,788
Deposits, prepayments and other receivables	576,176	470,400
Prepaid tax	47,671	37,300
Pledged and restricted time deposits and bank balances	1,053,638	1,360,665
Cash and cash equivalents	2,770,993	3,151,111
	<b>6,879,882</b>	<b>7,546,277</b>
Asset classified as held for sale	251,309	265,432
<b>Total current assets</b>	<b>7,131,191</b>	<b>7,811,709</b>
<b>CURRENT LIABILITIES</b>		
Creditors and accruals	1,065,937	1,198,969
Deposits received and deferred income	494,111	325,830
Tax payable	384,171	368,114
Interest-bearing bank loans, secured	2,335,896	2,487,367
Loans from a joint venture	353,056	372,897
<b>Total current liabilities</b>	<b>4,633,171</b>	<b>4,753,177</b>
<b>NET CURRENT ASSETS</b>	<b>2,498,020</b>	<b>3,058,532</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>22,981,211</b>	<b>24,123,516</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 January 2016

Notes	<b>31 January 2016 (Unaudited) HK\$'000</b>	31 July 2015 (Audited) HK\$'000
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>22,981,211</b>	24,123,516
<b>NON-CURRENT LIABILITIES</b>		
Long-term deposits received	<b>104,091</b>	103,369
Interest-bearing bank loans, secured	<b>389,505</b>	533,780
Other borrowings	<b>245,134</b>	245,386
Convertible notes	<b>158,714</b>	166,576
Fixed rate senior notes	<b>2,105,311</b>	2,220,914
Guaranteed notes	<b>754,645</b>	794,343
Derivative financial instruments	<b>253,269</b>	111,654
Deferred tax liabilities	<b>2,725,094</b>	2,804,979
Total non-current liabilities	<b>6,735,763</b>	6,981,001
Net assets	<b>16,245,448</b>	17,142,515
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Issued capital	<b>621,606</b>	621,606
Reserves	<b>7,999,535</b>	8,543,074
	<b>8,621,141</b>	9,164,680
<b>Non-controlling interests</b>	<b>7,624,307</b>	7,977,835
Total equity	<b>16,245,448</b>	17,142,515

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2016

	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY											Non-controlling interests	Total equity
	Issued capital	Share premium account	Contributed surplus	Share option reserve	Investment revaluation reserve	Hedge reserve	Exchange reserve	Other reserve	Statutory reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 August 2015 (Audited)	621,606	4,230,797	891,289	15,293	42,683	(2,225)	108,742	679,315	64,690	2,512,490	9,164,680	7,977,835	17,142,515
Profit for the period	-	-	-	-	-	-	-	-	-	33,345	33,345	83,297	116,642
Other comprehensive income/(loss) for the period, net of tax:													
Exchange realignment on translation of foreign operations	-	-	-	-	-	-	(490,701)	-	-	-	(490,701)	(446,317)	(937,018)
Change in fair value of an available-for-sale investment	-	-	-	-	(24,905)	-	-	-	-	-	(24,905)	-	(24,905)
Share of other comprehensive loss of joint ventures	-	-	-	-	-	-	(35,424)	-	-	-	(35,424)	(32,684)	(68,108)
Net gain on cash flow hedges	-	-	-	-	-	154	-	-	-	-	154	147	301
Total comprehensive income/(loss) for the period	-	-	-	-	(24,905)	154	(526,125)	-	-	33,345	(517,531)	(395,557)	(913,088)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	15,749	15,749
Conversion of convertible notes of a subsidiary	-	-	-	-	-	-	-	1,722	-	-	1,722	13,502	15,224
Capital contribution from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	2,999	2,999
Release of reserve upon lapse of share options of a subsidiary	-	-	-	-	-	-	-	-	-	87	87	(87)	-
Shares issued by a subsidiary in lieu of cash dividend	-	-	-	-	-	-	-	(27,817)	-	-	(27,817)	35,789	7,972
Share of statutory reserve of joint ventures	-	-	-	-	-	-	-	-	2,247	(2,247)	-	-	-
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(25,923)	(25,923)
<b>At 31 January 2016 (Unaudited)</b>	<b>621,606</b>	<b>4,230,797*</b>	<b>891,289*</b>	<b>15,293*</b>	<b>17,778*</b>	<b>(2,071)*</b>	<b>(417,383)*</b>	<b>653,220*</b>	<b>66,937*</b>	<b>2,543,675*</b>	<b>8,621,141</b>	<b>7,624,307</b>	<b>16,245,448</b>

\* These reserve accounts comprise the consolidated reserves of HK\$7,999,535,000 (31 July 2015: HK\$8,543,074,000) in the condensed consolidated statement of financial position.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

For the six months ended 31 January 2016

	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY											Non-controlling interests	Total equity
	Issued capital	Share premium account	Contributed surplus	Share option reserve	Investment revaluation reserve	Hedge reserve	Exchange reserve	Other reserve	Statutory reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 August 2014 (Audited)	621,606	4,230,797	891,289	14,876	14,555	(2,225)	197,126	662,373	35,473	2,260,315	8,926,185	7,653,924	16,580,109
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	(22,172)	(22,172)	40,736	18,564
Other comprehensive income/(loss) for the period, net of tax:													
Exchange realignment on translation of foreign operations	-	-	-	-	-	-	41,202	-	-	-	41,202	37,368	78,570
Reclassification adjustments relating to disposal of foreign operations during the period	-	-	-	-	-	-	(67)	-	-	-	(67)	(39)	(106)
Change in fair value of an available-for-sale investment	-	-	-	-	363	-	-	-	-	-	363	-	363
Share of other comprehensive income of joint ventures	-	-	-	-	-	-	3,052	-	-	-	3,052	2,824	5,876
Total comprehensive income/(loss) for the period	-	-	-	-	363	-	44,187	-	-	(22,172)	22,378	80,889	103,267
Acquisition of additional interests in subsidiaries <sup>#</sup>	-	-	-	-	-	-	-	(5,424)	-	-	(5,424)	(57,382)	(62,806)
Equity-settled share options arrangement	-	-	-	417	-	-	-	-	-	-	417	371	788
Release of reserve upon lapse of share options of a subsidiary	-	-	-	-	-	-	-	-	-	138	138	(138)	-
Shares issued by a subsidiary in lieu of cash dividend	-	-	-	-	-	-	-	(11,178)	-	-	(11,178)	15,561	4,383
Transfer to statutory reserve	-	-	-	-	-	-	-	-	4,245	(4,245)	-	-	-
Share of statutory reserve of joint ventures	-	-	-	-	-	-	-	-	10,673	(10,673)	-	-	-
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(24,266)	(24,266)
At 31 January 2015 (Unaudited)	621,606	4,230,797	891,289	15,293	14,918	(2,225)	241,313	645,771	50,391	2,223,363	8,932,516	7,668,959	16,601,475

<sup>#</sup> The amount arose from the acquisition by Lai Fung Holdings Limited ("**Lai Fung**") of additional shareholding interests in its subsidiaries.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 January 2016

	Six months ended 31 January	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES	<b>432,319</b>	(490,375)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investment properties	<b>(308,529)</b>	(270,745)
Advances to joint ventures	<b>(327)</b>	(17,993)
Repayment from joint ventures	<b>54,766</b>	3,477
Capital contribution to a joint venture	—	(7,500)
Disposal of subsidiaries	—	(6,478)
Acquisition of subsidiaries	<b>(6,636)</b>	—
Decrease/(increase) in pledged and restricted time deposits	<b>348,967</b>	(414,021)
Increase in deposit for acquisition of an investment property	<b>(230,400)</b>	—
Other investing cash flows	<b>(28,531)</b>	17,331
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<b>(170,690)</b>	(695,929)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans, net of direct costs	<b>288,528</b>	247,628
Repayment of bank loans	<b>(539,596)</b>	(47,827)
Loan from a joint venture	—	167,993
Interest and bank financing charges paid	<b>(190,640)</b>	(167,718)
Acquisition of non-controlling interests	—	(55,326)
Dividend paid to non-controlling shareholders of subsidiaries	<b>(17,951)</b>	(19,883)
Other financing cash flows	<b>2,999</b>	(5)
NET CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES	<b>(456,660)</b>	124,862
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(195,031)</b>	(1,061,442)
Cash and cash equivalents at beginning of period	<b>3,151,111</b>	3,454,948
Effect of foreign exchange rate changes, net	<b>(185,087)</b>	142
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>2,770,993</b>	2,393,648
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Non-pledged and non-restricted cash and bank balances	<b>1,977,281</b>	1,149,035
Non-pledged and non-restricted time deposits	<b>793,712</b>	1,244,613
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	<b>2,770,993</b>	2,393,648

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2016

## 1. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group ("**Financial Statements**") for the six months ended 31 January 2016 have not been audited by the Company's independent auditors but have been reviewed by the Company's Audit Committee.

The unaudited Financial Statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") and the Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of preparation adopted in the preparation of these unaudited Financial Statements for the period under review are the same as those used in the Group's audited consolidated financial statements for the year ended 31 July 2015.

In addition, the Group has adopted a number of new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**", which also include HKASs and Interpretations) which are applicable to the Group for the first time for the current period's unaudited Financial Statements. The adoption of these new and revised HKFRSs has had no material impact on the reported results or financial position of the Group.

### 3. SEGMENT INFORMATION

#### Segment revenue/results:

	Six months ended 31 January (Unaudited)													
	Property development		Property investment		Media and entertainment		Film production and distribution		Cinema operation		Corporate and others		Consolidated	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Segment revenue:														
Sales to external customers	523,411	231,018	307,431	305,162	247,816	360,045	123,176	207,731	155,419	122,319	54,501	65,775	1,411,754	1,292,050
Intersegment sales	—	—	2,710	1,875	10,244	312	5,030	3,429	575	972	1,253	462	19,812	7,050
Other revenue	351	1,467	50,998	56,073	2,825	4,180	188	615	9,561	10,030	502	508	64,425	72,873
<b>Total</b>	<b>523,762</b>	<b>232,485</b>	<b>361,139</b>	<b>363,110</b>	<b>260,885</b>	<b>364,537</b>	<b>128,394</b>	<b>211,775</b>	<b>165,555</b>	<b>133,321</b>	<b>56,256</b>	<b>66,745</b>	<b>1,495,991</b>	<b>1,371,973</b>
Elimination of intersegment sales													(19,812)	(7,050)
Total revenue													1,476,179	1,364,923
Segment results	120,405	29,838	358,484	380,942	35,681	36,963	(7,875)	12,621	(2,039)	(3,472)	(136,407)	(111,805)	368,249	345,087
Unallocated interest and other revenue	—	—	—	—	—	—	—	—	—	—	—	—	25,894	32,284
Ineffective portion of the effective hedge recognised in profit or loss	—	—	—	—	—	—	—	—	—	—	—	—	(22,568)	—
Fair value losses on cross currency swaps	—	—	—	—	—	—	—	—	—	—	—	—	—	(112,721)
Impairment of asset classified as held for sale	—	—	—	—	—	—	—	—	—	—	—	—	—	(34,934)
Gain on disposal of subsidiaries	—	—	—	—	—	324	—	—	—	—	—	—	—	324
Profit from operating activities	—	—	—	—	—	—	—	—	—	—	—	—	371,575	230,040
Finance costs	—	—	—	—	—	—	—	—	—	—	—	—	(125,359)	(147,091)
Share of profits and losses of joint ventures	43,110	71,416	—	—	2,490	1,721	4,541	(1,956)	—	—	—	—	50,141	71,181
Share of profits and losses of associates	—	—	—	—	(33)	(270)	(2)	(2)	(814)	178	—	—	(849)	(94)
Profit before tax													295,508	154,036
Income tax expense													(178,866)	(135,472)
Profit for the period													116,642	18,564

#### Other segment information:

	Six months ended 31 January (Unaudited)													
	Property development		Property investment		Media and entertainment		Film production and distribution		Cinema operation		Corporate and others		Consolidated	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Fair value gains on investment properties	—	—	220,841	257,354	—	—	—	—	—	—	—	—	220,841	257,354

### 3. SEGMENT INFORMATION (continued)

#### Segment assets/liabilities:

	Property development		Property investment		Media and entertainment		Film production and distribution		Cinema operation		Corporate and others		Consolidated	
	31 January 2016	31 July 2015	31 January 2016	31 July 2015	31 January 2016	31 July 2015	31 January 2016	31 July 2015	31 January 2016	31 July 2015	31 January 2016	31 July 2015	31 January 2016	31 July 2015
	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
Segment assets	3,366,451	3,786,405	17,239,468	17,285,825	458,334	412,958	965,596	939,248	372,475	309,328	3,534,302	4,341,074	25,936,626	27,074,838
Investments in joint ventures	1,093,018	1,166,823	–	–	30,168	39,388	28,451	25,423	–	–	–	–	1,151,637	1,231,634
Investments in associates	–	–	–	–	–	–	19,384	19,380	4,476	9,495	–	–	23,860	28,875
Unallocated assets	–	–	–	–	–	–	–	–	–	–	–	–	250,950	275,914
Asset classified as held for sale	–	–	–	–	–	–	–	–	–	–	–	–	251,309	265,432
Total assets													27,614,382	28,876,693
Segment liabilities	589,241	479,129	409,212	350,510	111,496	145,707	213,620	322,280	104,287	106,003	236,283	224,539	1,664,139	1,628,168
Unallocated liabilities	–	–	–	–	–	–	–	–	–	–	–	–	9,704,795	10,106,010
Total liabilities													11,368,934	11,734,178

### 4. OTHER REVENUE

	Six months ended 31 January	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Property management fee income	47,022	43,969
Bank interest income	22,640	27,985
Government grants	784	1,417
Others	19,873	31,786
Total	90,319	105,157

## 5. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	Note	Six months ended 31 January	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Cost of completed properties sold		360,937	168,782
Outgoings in respect of rental income		75,453	81,095
Cost of film rights, licence rights and film products		77,373	109,102
Cost of artiste management services, advertising agency services, and services for entertainment events provided		131,846	183,983
Cost of theatrical releasing and concessionary sales		61,809	49,749
Cost of inventories sold		82,979	124,665
<b>Total cost of sales</b>		<b>790,397</b>	<b>717,376</b>
Depreciation <sup>##</sup>		71,406	74,825
Impairment of property, plant and equipment <sup>**</sup>		—	17,925
Impairment of asset classified as held for sale <sup>**</sup>		—	34,934
Amortisation of film rights <sup>#</sup>		1,569	6,362
Amortisation of film products <sup>#</sup>		33,142	56,664
Amortisation of music catalogs <sup>#</sup>		2,295	2,046
Reversal of provision for doubtful debts <sup>*</sup>		(4,059)	—
Reversal of provision for advances and other receivables <sup>*</sup>		(2,956)	(4,836)
Provision for amounts due from joint ventures <sup>**</sup>		100	2,105
Gain on disposal of subsidiaries <sup>*</sup>		—	(324)
Ineffective portion of the effective hedge recognised in profit or loss <sup>**</sup>	14	22,568	—
Foreign exchange differences, net <sup>**</sup>		31,444	5,332

\* These items are included in "Other operating gains" on the face of the unaudited condensed consolidated income statement.

\*\* These items are included in "Other operating expenses" on the face of the unaudited condensed consolidated income statement.

# These items are included in "Cost of sales" on the face of the unaudited condensed consolidated income statement.

## Depreciation charges of HK\$60,216,000 (six months ended 31 January 2015: HK\$62,085,000) are included in "Other operating expenses" on the face of the unaudited condensed consolidated income statement of which HK\$48,686,000 (six months ended 31 January 2015: HK\$50,087,000) are for serviced apartments and related leasehold improvements and HK\$11,530,000 (six months ended 31 January 2015: HK\$11,998,000) are related to cinema operation.

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 31 January	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interest on:		
Bank loans	71,030	66,612
Other borrowings	2,847	2,847
2013 Notes (as defined and disclosed in note 12)	70,944	71,324
Second Completion Convertible Notes	—	6,218
TFN Convertible Notes	4,741	—
Specific Mandate Convertible Notes	2,621	—
Guaranteed Notes (as defined and disclosed in note 13)	32,879	34,425
Loans from a joint venture	7,485	3,035
Amortisation of:		
Bank loans	6,407	7,385
2013 Notes	3,744	3,496
Guaranteed Notes	2,612	2,735
Bank financing charges and direct costs	9,410	12,366
	<b>214,720</b>	210,443
Less: Capitalised in properties under development	<b>(45,863)</b>	(22,839)
Capitalised in investment properties under construction	<b>(36,661)</b>	(36,568)
Capitalised in construction in progress	<b>(6,837)</b>	(3,945)
	<b>(89,361)</b>	(63,352)
Total finance costs	<b>125,359</b>	147,091

## 7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at 16.5% on the estimated assessable profits for the periods ended 31 January 2016 and 31 January 2015. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 31 January	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Current		
– Hong Kong		
Charge for the period	2,054	2,669
Overprovision in prior periods	(59)	–
	<b>1,995</b>	2,669
– Elsewhere		
Charge for the period	868	366
– Mainland China		
Corporate income tax		
Charge for the period	51,504	41,538
Land appreciation tax		
Charge for the period	72,472	26,558
	<b>123,976</b>	68,096
	<b>126,839</b>	71,131
Deferred tax	52,027	64,341
Total tax charge for the period	<b>178,866</b>	135,472

## 8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to owners of the Company and ordinary shares of 1,243,212,165 (six months ended 31 January 2015: 1,243,212,165) in issue during the period.

The calculation of diluted earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to owners of the Company, adjusted for the effect of dilutive potential ordinary shares arising from adjustment to the share of profit of Lai Fung based on dilution of its earnings per share. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings/(loss) per share calculation, and weighted average number of ordinary shares assumed to have been issued at no consideration as if all the Company's outstanding share options have been considered.

The exercise of share options of the Company has an anti-dilutive effect on the basic earnings/(loss) per share amount presented during the periods ended 31 January 2016 and 31 January 2015.

The conversion of the outstanding convertible notes issued by Media Asia Group Holdings Limited (together with its subsidiaries collectively known as "MAGHL Group") has an anti-dilutive effect on the basic earnings/(loss) per share amounts presented during the periods ended 31 January 2016 and 31 January 2015.

## 8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY *(continued)*

The calculations of basic and diluted earnings/(loss) per share are based on:

	Six months ended	
	31 January	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Earnings/(loss)</b>		
Profit/(loss) attributable to owners of the Company, used in the basic earnings/(loss) per share calculation	<b>33,345</b>	(22,172)
Effect of dilutive potential ordinary shares arising from adjustment to the share of profit of a subsidiary based on dilution of its earnings per share*	<b>(9)</b>	(103)
Earnings/(loss) for the purpose of diluted earnings/(loss) per share	<b>33,336</b>	(22,275)

\* Balance represented the decrease in the Group's proportionate interest in the earnings of Lai Fung of HK\$9,000 (six months ended 31 January 2015: HK\$103,000) assuming all dilutive outstanding share options of Lai Fung were exercised to subscribe for ordinary shares of Lai Fung at the beginning of the period.

	Number of shares	
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings/(loss) per share calculation	<b>1,243,212,165</b>	1,243,212,165

## 9. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31 January 2016 (six months ended 31 January 2015: Nil).

## 10. DEBTORS

The trading terms of the Group (other than Lai Fung and its subsidiaries ("Lai Fung Group")) with its customers are mainly on credit. Invoices are normally payable within 30 to 90 days of issuance, except for certain well-established customers, where the terms are extended to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise its credit risk. Overdue balances are regularly reviewed by senior management. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries. The Group's trade receivables are non-interest-bearing.

The Lai Fung Group maintains various credit policies for different business operations in accordance with business practices and market conditions in which the respective subsidiaries operate. Sales proceeds receivable from the sale of properties are settled in accordance with the terms of the respective contracts. Rent and related charges in respect of the leasing of properties are receivable from tenants, and are normally payable in advance with rental deposits received in accordance with the terms of the tenancy agreements. Serviced apartments charges are mainly settled by customers on a cash basis except for those corporate clients who maintain credit accounts with the Lai Fung Group, the settlement of which is in accordance with the respective agreements. In view of the aforementioned and the fact that the Lai Fung Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables of the Lai Fung Group were interest-free.



## 10. DEBTORS (continued)

An ageing analysis of the trade debtors, net of provision for doubtful debts, based on payment due date, as at 31 January 2016 and 31 July 2015 is as follows:

	31 January 2016 (Unaudited) HK\$'000	31 July 2015 (Audited) HK\$'000
Trade debtors:		
Neither past due nor impaired	146,855	244,115
1 — 90 days past due	69,867	64,809
Over 90 days past due	21,285	14,864
Total	238,007	323,788

## 11. CREDITORS AND ACCRUALS

An ageing analysis of the trade creditors, prepared based on the date of receipt of the goods and services purchased/payment due date, as at 31 January 2016 and 31 July 2015 is as follows:

	31 January 2016 (Unaudited) HK\$'000	31 July 2015 (Audited) HK\$'000
Trade creditors:		
Less than 30 days	123,840	79,898
31 — 60 days	11,699	7,264
61 — 90 days	6,144	7,593
Over 90 days	5,418	1,167
	147,101	95,922
Other creditors and accruals	918,836	1,103,047
Total	1,065,937	1,198,969

## 12. FIXED RATE SENIOR NOTES

### RMB1,800,000,000 6.875% Senior Notes due 2018

On 25 April 2013, Lai Fung issued RMB1,800,000,000 of 6.875% fixed rate senior notes (the "2013 Notes"), which will mature on 25 April 2018 for bullet repayment. The 2013 Notes bear interest from 25 April 2013 and are payable semi-annually in arrears on 25 April and 25 October of each year, commencing on 25 October 2013. The 2013 Notes are listed on the Stock Exchange.

## 13. GUARANTEED NOTES

### RMB650,000,000 8.375% Secured Guaranteed Notes due 2018

On 24 June 2014, eSun International Finance Limited, a wholly-owned subsidiary of the Company, issued RMB650,000,000 (equivalent to approximately HK\$809,364,000) of 8.375% secured guaranteed notes (the "Guaranteed Notes"), which will mature on 24 June 2018 for bullet repayment. The interest on the Guaranteed Notes are payable semi-annually in arrears on 24 June and 24 December of each year, commencing on 24 December 2014. The Guaranteed Notes are listed on the Stock Exchange.

## 14. DERIVATIVE FINANCIAL INSTRUMENTS

	<b>31 January 2016 (Unaudited) HK\$'000</b>	31 July 2015 (Audited) HK\$'000
Financial liabilities — Cross currency swap agreements (the “CCS”)	<b>253,269</b>	111,654

The carrying amounts of the CCS are the same as their fair values.

The CCS are designated as hedging instruments in respect of the 2013 Notes and the CCS balances vary with the changes in foreign exchange forward rates.

The effectiveness of the cash flow hedges is assessed semi-annually by the Group. The assessment results of the cash flow hedges are set out as follows:

- (a) As at 31 January 2016, the cash flow hedges of the 2013 Notes are assessed to be highly effective and the movements in the financial liabilities arising from the CCS during the period are as follows:

	<b>31 January 2016 (Unaudited) HK\$'000</b>
Note	
Carrying amount at beginning of the period	<b>111,654</b>
Fair value losses charged to the hedge reserve during the period	<b>119,047</b>
Ineffective portion of the effective hedge recognised in profit or loss during the period	<b>22,568</b>
5	
Carrying amount at end of the period	<b>253,269</b>

- (b) As at 31 January 2015, the cash flow hedges of the 2013 Notes were assessed to be ineffective and did not qualify for hedge accounting. The fair value losses of HK\$112,721,000 arising from changes in the fair values of the CCS during the period ended 31 January 2015 was charged to the condensed consolidated income statement.

## 15. COMMITMENTS

The Group had the following capital commitments at the end of the reporting periods:

	<b>31 January 2016 (Unaudited) HK\$'000</b>	31 July 2015 (Audited) HK\$'000
Contracted but not provided for:		
Construction costs, purchase consideration of an investment property and related costs, license fee and royalty	<b>749,161</b>	338,169
Acquisition of items of property, plant and equipment	<b>94,707</b>	2,624
	<b>843,868</b>	340,793

## 16. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

### Assets and liabilities measured at fair values:

	Carrying amounts		Fair values	
	31 January 2016 (Unaudited) HK\$'000	31 July 2015 (Audited) HK\$'000	31 January 2016 (Unaudited) HK\$'000	31 July 2015 (Audited) HK\$'000
<b>Financial assets</b>				
Available-for-sale investments	81,659	106,564	81,659	106,564
<b>Financial liabilities</b>				
Derivative financial instruments	253,269	111,654	253,269	111,654

### Liabilities for which fair values are disclosed:

	Carrying amounts		Fair values	
	31 January 2016 (Unaudited) HK\$'000	31 July 2015 (Audited) HK\$'000	31 January 2016 (Unaudited) HK\$'000	31 July 2015 (Audited) HK\$'000
<b>Financial liabilities</b>				
Convertible notes	158,714	166,576	155,434	167,123
2013 Notes	2,105,311	2,220,914	1,981,890	2,157,600
Guaranteed Notes	754,645	794,343	740,413	811,391
	<b>3,018,670</b>	3,181,833	<b>2,877,737</b>	3,136,114

Each year, the Group's management appoints external valuers to be responsible for the external valuations of the Group's derivative financial instruments (the "Financial Instrument Valuers"). Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the Financial Instrument Valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (i) the fair values of available-for-sale investments are based on quoted prices from the fund manager;
- (ii) derivative financial instruments, being the CCS, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot rates and interest rate curves. The carrying amounts of the derivative financial instruments are the same as their fair values;
- (iii) the fair values of the liability portion of the convertible notes are estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar instrument with consideration of MAGHL Group's own non-performance risk. The interest rates used to discount the future cash flows of the TFN Convertible Notes and the Specific Mandate Convertible Notes were 9.5% (31 July 2015: 9.5%) and 9.9% (31 July 2015: 9.9%), respectively; and
- (iv) the fair values of 2013 Notes and Guaranteed Notes are based on quoted market prices.

## 16. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Below is a summary of significant unobservable inputs to the valuation of financial instruments:

	<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Value of unobservable inputs</b>	<b>Notes</b>
Derivative financial Instruments — CCS	Discounted cash flow with swaption approach	Expected exposure at default — counterparty	HK\$24.6 to HK\$13.5 million	1
		Expected exposure at default — Lai Fung	HK\$147.7 million to HK\$161.0 million	2
		Credit spread — counterparty	40.43 basis point to 243.06 basis point	3
		Credit spread — Lai Fung	478.67 basis point to 830.83 basis point	4
		Loss given default ratio — counterparty non-performance risk	80%	5
		Loss given default ratio — Lai Fung credit risk	60%	6

Notes:

1. *The higher the expected exposure at default — counterparty, the lower the fair value of CCS*
2. *The higher the expected exposure at default — Lai Fung, the higher the fair value of CCS*
3. *The higher the credit spread — counterparty, the lower the fair value of CCS*
4. *The higher the credit spread — Lai Fung, the higher the fair value of CCS*
5. *The higher the loss given default ratio — counterparty, the lower the fair value of CCS*
6. *The higher the loss given default ratio — Lai Fung, the higher the fair value of CCS*

Other than the above financial assets and liabilities, the carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 January 2016 and 31 July 2015.

## 16. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

### Assets and liabilities measured at fair values:

As at 31 January 2016	Fair value measurement using			Total (Unaudited) HK\$'000	
	Quoted prices in active markets (Level 1) (Unaudited) HK\$'000	Significant observable inputs (Level 2) (Unaudited) HK\$'000	Significant unobservable inputs (Level 3) (Unaudited) HK\$'000		
	<b>Financial assets</b>				
	Available-for-sale investments	—	81,659		—
<b>Financial liabilities</b>					
Derivative financial instruments	—	—	253,269	253,269	

As at 31 July 2015	Fair value measurement using			Total (Audited) HK\$'000	
	Quoted prices in active markets (Level 1) (Audited) HK\$'000	Significant observable inputs (Level 2) (Audited) HK\$'000	Significant unobservable inputs (Level 3) (Audited) HK\$'000		
	Financial assets				
	Available-for-sale investments	—	106,564		—
Financial liabilities					
Derivative financial instruments	—	—	111,654	111,654	

During the period and the year ended 31 July 2015, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

## 17. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the Financial Statements, the Group had the following material transactions with related parties during the period under review:

### (a) Transactions with related parties

	Notes	Six months ended 31 January	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Lai Sun Development Company Limited and its subsidiaries, and/or Lai Sun Garment (International) Limited and its subsidiaries, major shareholders of the Company:			
Rental expense and building management fee paid or payable	(i)	5,711	5,757
Rental income and management fee income received or receivable	(ii)	35	—
Sharing of corporate salaries on a cost basis allocated from		26,344	24,517
Sharing of administrative expenses on a cost basis allocated from		3,150	4,607
Sharing of corporate salaries on a cost basis allocated to		3,873	3,786
Sharing of administrative expenses on a cost basis allocated to		464	245
Joint ventures:			
Consultancy and production service fee paid	(iii)	2,310	2,240
Interest income	(iv)	301	—
Advance of a loan received	(v)	—	167,993
Interest expenses	(v)	7,485	3,035
Management and other service fees paid or payable to a related company	(vi)	5,156	5,310

Notes:

- (i) The rental expense and building management fee were charged with reference to market rates.
- (ii) The terms of the rental income and management fee income were determined based on the agreements entered into between the Group and the related companies.
- (iii) The consultancy and production service fee were charged on bases mutually agreed by the respective parties.
- (iv) The interest income was charged with reference to the People's Bank of China's base interest rate per annum.
- (v) The related company is a joint venture of the Group, Guangzhou Beautiwin Real Estate Development Company Limited ("Guangzhou Beautiwin"). The terms of the loans are determined based on the agreements entered into between the Group and Guangzhou Beautiwin. During the period ended 31 January 2016, the interest expenses were charged at fixed interest rates at 3.92% — 4.20% per annum (six months ended 31 January 2015: 4.20% per annum) for loans advanced from Guangzhou Beautwin to the Group.
- (vi) The management and other service fees were charged based on an agreement entered into between the Group and a subsidiary of CapitaLand Limited, a substantial shareholder of Lai Fung.

## 17. RELATED PARTY TRANSACTIONS *(continued)*

### (b) Compensation of key management personnel of the Group:

	Six months ended 31 January	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Short-term employee benefits	21,196	20,042
Post-employment benefits	52	37
Total compensation paid to key management personnel	21,248	20,079

## INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2016 (six months ended 31 January 2015: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Outlook

#### *Media and Entertainment/Film Production and Distribution/Cinema Operation*

The Mainland China entertainment market continues to grow at an unprecedented pace. The Group continues to expand its media and entertainment businesses in Mainland China, maximising income from its film, TV, live entertainment, artiste management, music and cinema in this fast growing market. The Group is well positioned to capitalise on this trend with its solid foundation in the industry and progress further.

- Film — continued drive to increase its original production of films which appeal to Chinese language audiences and emphasis will be put on focusing on increasing production capabilities and deriving more fee related income from the production.
- TV — expanded its activities in production and investments in quality TV drama series in line with the continued strong demand for good programmes from TV stations and online video websites in Mainland China as well as a way to provide exposure and training for the Group's stable of artistes.
- Live Entertainment — successfully produced and promoted a large number of concerts in Hong Kong and Mainland China performed by prominent local, Asian and international artistes. The Group is expanding its activities and continues to be a driving force in this area whilst exploring other types of live entertainment such as musicals and theatrical performances in addition to concerts.
- Artiste Management — expanded its Chinese artiste roster as well as collaborated with high profile Asian artistes such as top Korean music groups. With diverse projects including film, TV, music and live events which ensure maximum commercial value and appeal, the Group is in a good position to attract stars and develop new talents.
- Music — as international music labels are coming to a mutually acceptable licensing model with major Chinese music portals, the long awaited pay model for digital music is taking shape. With a vast and well-known Chinese music library under management and a continual supply of new hits, the Group is poised to capitalise on this new economic model.
- Cinema — acquisition of Intercontinental Group Holdings Limited bolstered the Group's ambition in this segment and supplemented the film distribution segment of the Group in Hong Kong and Mainland China. Our new cinema in Causeway Bay in Hong Kong, the Grand Windsor Cinema was opened on 26 September 2015 and MCL South Horizons Cinema in Hong Kong was opened on 23 March 2016. It is expected that two more new cinemas in Hong Kong, one of which in the Festival Walk in Kowloon Tong and the other in Green Code in Fanling will commence operations in 2016. The Group also secured three cinema projects in Chengdu, Suzhou and Wuxi respectively in Mainland China, which are expected to commence businesses in the financial year ending 31 July 2017.



## Business Review and Outlook *(continued)*

### *Media and Entertainment/Film Production and Distribution/Cinema Operation (continued)*

In November 2015, Media Asia Group Holdings Limited (“**MAGHL**”, and together with its subsidiaries, “**MAGHL Group**”), a non-wholly-owned subsidiary of the Company, announced its strategic cooperation with Shenzhen Media Group. The collaboration will enhance the Group’s entertainment platform in Mainland China for better development of its film, TV and media businesses. A sitcom “The Taste of Love” has started broadcasting since February 2016 and a TV drama “Don’t Go Breaking My Heart” will be broadcasted in mid-2016.

In summary, the Group believes that its integrated media platform comprising film, TV, live entertainment, artiste and events management, music and cinema presents the most balanced and synergistic approach to growing a Chinese entertainment powerhouse. The Group will continue to optimise its resources and strive towards this goal.

### *Mainland China Property Market*

Major global economies continue to struggle despite continuous support from central banks around the world. The run up to the presidential election in the United States and geopolitical uncertainties around the world such as those in the Middle East cast a shadow over the already delicate economic environment.

The Central Government continued its emphasis on quality and sustainable growth through implementing a combination of proactive fiscal policy and prudent monetary policy. A combination of: cuts in the benchmark interest rates; reduction in reserve requirement ratio for banks and devaluation of the Renminbi have been made to sustain the economic growth momentum in Mainland China. More specific measures for the property sector implemented include: relaxation of the transaction taxes; lowering of down payment requirement; encourage migrant workers to own properties during the period under review. The property sector is an important economic pillar and continues to be shaped significantly by government policies. The Central Government’s approach to the economy is certainly good news to the sector in the long run and supportive fiscal policy would be beneficial to investors and developers alike.

The regional focus of Lai Fung Holdings Limited (“**Lai Fung**”, and together with its subsidiaries, “**Lai Fung Group**”), a non-wholly-owned subsidiary of the Company, coupled with the rental-led strategy that Lai Fung Group adopted since 2012 has demonstrated resilience against such a challenging operating environment. The rental portfolio of approximately 2.9 million square feet, primarily in Shanghai and Guangzhou, delivered steady performance in rental income at close to full occupancies for the key assets despite a general slowdown in retail sales.

During the six months ended 31 January 2016, Lai Fung Group performed admirably against a weakened market but suffered from currency translation against a depreciated Renminbi on a reported basis. The sale of Guangzhou Eastern Place Phase V residential portion, Shanghai May Flower Plaza office apartment units and Zhongshan Palm Spring residential units underpinned this set of results and once again confirmed the strength and depth of the underlying demand.

Lai Fung Group has a number of projects in various stages of development in Shanghai, Guangzhou, Zhongshan and Hengqin. The rental portfolio is expected to increase from approximately 2.9 million square feet to approximately 7.1 million square feet through developing the existing projects in the next few years. On 30 September 2015, Lai Fung Group entered into an agreement to acquire the 6th to 11th floors of Hui Gong Building that is physically connected to Northgate Plaza I in Shanghai, together with the right to use 20 car-parking spaces in the basement which will facilitate the redevelopment plan of Northgate Plaza I and the adjacent Northgate Plaza II and enhance the overall value of the combined development once they are redeveloped. This transaction has been approved by the shareholders of the Company at a special general meeting on 11 December 2015 and is now pending for completion.

## Business Review and Outlook *(continued)*

### Mainland China Property Market *(continued)*

The remaining residential units in Guangzhou Dolce Vita Phases IV and V, Guangzhou King's Park, Guangzhou Eastern Place Phase V and Zhongshan Palm Spring are expected to contribute to the income statement of the Group in the current and coming financial years. Lai Fung Group will continue its prudent and flexible approach in growing its landbank.

The Group's consolidated cash position of HK\$3,918.4 million (HK\$936.8 million excluding Lai Fung Group and MAGHL Group) (31 July 2015: HK\$4,647.4 million (HK\$1,061.3 million excluding Lai Fung Group and MAGHL Group)) with a net debt to equity ratio of 28.1% as at 31 January 2016 (31 July 2015: 23.7%) provides the Group with full confidence and the means to review opportunities more actively. However, the Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

## Overview of Interim Results

For the six months ended 31 January 2016, the Group recorded a turnover of HK\$1,411.8 million, representing an increase of 9.3% from HK\$1,292.1 million during the same period of last year. The gross profit increased by approximately 8.1% to HK\$621.4 million (2015: HK\$574.7 million).

For the six months ended 31 January 2016, net profit attributable to owners of the Company was approximately HK\$33.3 million (2015: net loss of HK\$22.2 million). Basic earnings per share was HK\$0.027 (2015: basic loss per share: HK\$0.018). The increase is primarily due to: (a) increased profit contribution from the recognition of the sale of properties of Lai Fung for the six months ended 31 January 2016 as compared to the same period of last year; and (b) a significant fair value loss arising on the cross currency swaps which were entered into in relation to Lai Fung's RMB1.8 billion senior notes issued in 2013 charged to the consolidated income statement in the same period of last year. No such fair value loss was recorded in the consolidated income statement in the period under review. This increase in net profit attributable to owners of the Company was offset against a depreciated Renminbi during the period under review.

Net loss attributable to owners of the Company for the period excluding the effect of property revaluations was approximately HK\$51.0 million (2015: net loss of HK\$121.3 million). Net loss per share attributable to owners of the Company excluding the effect of property revaluations was HK\$0.041 per share.

Excluding the effect of property revaluations, fair value losses on cross currency swaps and ineffective portion of the effective hedge recognised in profit or loss, net loss attributable to owners of the Company for the six months ended 31 January 2016 decreased to HK\$39.4 million as compared to the same period of last year. Net loss per share attributable to owners of the Company excluding the effect of property revaluations, fair value losses on cross currency swaps and ineffective portion of the effective hedge recognised in profit or loss decreased from HK\$0.051 to HK\$0.032 per share, correspondingly.

## Overview of Interim Results *(continued)*

Profit/(loss) attributable to owners of the Company	Six months ended 31 January	
	2016 HK\$'million	2015 HK\$'million
Reported	33.3	(22.2)
Adjustments in respect of investment properties		
Revaluation of properties	(113.3)	(132.2)
Deferred tax on investment properties	28.3	33.1
Non-controlling interests' share of revaluation movements less deferred tax	0.7	—
Net loss after tax excluding revaluation gains of investment properties	(51.0)	(121.3)
Adjustment in respect of fair value losses on cross currency swaps	—	57.9
Adjustment in respect of ineffective portion of the effective hedge recognised in profit or loss	11.6	—
Net loss after tax excluding adjustments in respect of investment properties, fair value losses on cross currency swaps and ineffective portion of the effective hedge recognised in profit or loss	(39.4)	(63.4)

Equity attributable to owners of the Company as at 31 January 2016 amounted to HK\$8,621.1 million (31 July 2015: HK\$9,164.7 million). Net asset value per share attributable to owners of the Company decreased to HK\$6.935 per share as at 31 January 2016 from HK\$7.372 per share as at 31 July 2015. The decrease in net asset value is primarily due to the depreciation of Renminbi partially offset by net profit earned during the period under review.

### Media and Entertainment

For the six months ended 31 January 2016, this segment recorded a turnover of HK\$247.8 million (2015: HK\$360.0 million) and segment result decreased slightly from a profit of HK\$37.0 million to a profit of HK\$35.7 million.

#### Live Entertainment

The Group remains highly active on the live entertainment front. During the six months ended 31 January 2016, the Group organised and invested in 68 (2015: 39) shows by popular local, Asian and internationally renowned artistes, including Sammi Cheng, Miriam Yeung, Ivana Wong, EXO, a group of Ekin Cheng, Jordan Chan, Michael Tse, Jerry Lamb and Chin Ka Lok, Kelly Chen, George Lam and Edmond Leung. The Group continues to work with leading international companies such as Korea's CJ E&M Corp. ("CJ") and has just successfully co-produced the Mnet Asian Music Awards (MAMA) with CJ for the third year. Besides pop music event, the Group has also extended its production to Cantonese Opera to promote traditional Chinese culture. A famous title 《牡丹亭驚夢》 featuring Ms. Chan Po Chu and Ms. Mui Suet See will be on stage in May 2016.

#### Music Production, Distribution and Publishing

For the six months ended 31 January 2016, the Group released 28 (2015: 45) albums, including titles by Miriam Yeung, C AllStar, a group of Richie Jen, William So, Edmond Leung and Steve Wong, Justin Lo, Sean Pang, RubberBand and Han Hong. The Group is expected to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution.

## Overview of Interim Results *(continued)*

### *Media and Entertainment (continued)*

#### *Artiste Management*

The Group has a strong artiste management team and a sizeable number of talents and will continue to expand its profile and in tandem with our growing television drama production and film production business. The Group's artiste Ms. Karena Lam has won the Best Actress Award at the Golden Horse Awards, making her the first person ever to have won all the Best Actress, Best Supporting Actress and Best New Performer Golden Horse awards. The Group is actively looking for new talent in Mainland China and co-operation with Asian artistes.

#### *Film and TV Program Production and Distribution*

For the six months ended 31 January 2016, this segment recorded a turnover of HK\$123.2 million (2015: HK\$207.7 million) and segment results of a loss of HK\$7.9 million (2015: a profit of HK\$12.6 million).

For the six months ended 31 January 2016, the Group released theatrically a total of 4 (2015: 3) films which were produced/ invested by the Group, namely *The Assassin*, *All You Need Is Love*, *Office* and *She Remembers*, *He Forgets* and distributed 20 (2015: 13) films and 149 (2015: 83) videos with high profile titles including *No Escape*, *Fast and Furious 7*, *Minions*, *Terminator Genisys*, *Ant Man*, *Avengers: Age of Ultron*, *Mission: Impossible – Rogue Nation* and *Inside Out*.

The Group has made investments in the production of 7 (2015: 4) TV drama series in Mainland China which are expected to generate return to the Group in the coming financial years.

#### *Cinema Operation*

For the six months ended 31 January 2016, this segment recorded a turnover of HK\$155.4 million (2015: HK\$122.3 million). As at 31 January 2016, the Group operates two cinemas under the brand of "May Flower" in Mainland China and eight cinemas under the brand of "MCL" in Hong Kong and Mainland China as well as one joint venture cinema in Hong Kong. Our new cinema in Causeway Bay in Hong Kong, the Grand Windsor Cinema was opened on 26 September 2015 and MCL South Horizons Cinema in Hong Kong was opened on 23 March 2016. It is expected that two more new cinemas in Hong Kong, one of which in the Festival Walk in Kowloon Tong and the other in Green Code in Fanling will commence operations in 2016. The Group also secured three cinema projects in Chengdu, Suzhou and Wuxi respectively in Mainland China, which are expected to commence businesses in the financial year ending 31 July 2017. The cinema operation provides a complementary distribution channel for the Group's film production and distribution businesses.

## Overview of Interim Results *(continued)*

### Cinema Operation *(continued)*

Details on the number of screens and seats of each cinema as at 31 January 2016 are as follows:

Cinema	Attributable Interest to the Group (%)	No. of Screens <sup>(Note)</sup>	No. of Seats <sup>(Note)</sup>
<b>Mainland China</b>			
Guangzhou May Flower Cinema City	100	7	606
Zhongshan May Flower Cinema City	100	5	926
MCL Cinema City in Shekou	85	5	629
MCL Cinema City in Luohu	85	5	529
	<b>Subtotal</b>	<b>22</b>	<b>2,690</b>
<b>Hong Kong</b>			
MCL Metro Cinema	85	7	957
MCL Telford Cinema	85	6	819
STAR Cinema	85	6	622
MCL Kornhill Cinema	85	5	836
MCL JP Cinema	85	2	658
Grand Windsor Cinema	85	3	246
The Grand Cinema	25.5	12	1,566
	<b>Subtotal</b>	<b>41</b>	<b>5,704</b>
	<b>Total</b>	<b>63</b>	<b>8,394</b>

Note: On 100% basis

## Overview of Interim Results *(continued)*

### Property Investment

The following details are extracted from Lai Fung's interim reports for the six months ended 31 January 2016 and 31 January 2015.

#### Rental Income

For the six months ended 31 January 2016, Lai Fung Group's rental operations recorded a turnover of HK\$310.1 million (2015: HK\$307.1 million), representing a 1.0% increase over the same period of last year. Breakdown of rental turnover by major rental properties is as follows:

	Six Months Ended		Approximate Percentage Change (%)	Period End Occupancy (%)
	31 January			
	2016 HK\$'million	2015 HK\$'million		
<b>Shanghai</b>				
Shanghai Hong Kong Plaza	197.6	202.7	-2.5	Retail: 89.9 Office: 97.7 Serviced Apartments: 87.1
Shanghai May Flower Plaza	34.7	28.2	23.0	Retail: 94.8 Hotel: 82.5
Shanghai Regents Park	6.6	6.8	-2.9	99.7
Shanghai Northgate Plaza I	4.1	5.2	-21.2	63.2
<b>Guangzhou</b>				
Guangzhou May Flower Plaza	54.6	52.4	4.2	98.3
Guangzhou West Point	8.7	8.5	2.4	97.6
<b>Zhongshan</b>				
Zhongshan Palm Spring	3.8	3.3	15.2	Retail: 86.0* Serviced Apartments: 46.7
<b>Total</b>	<b>310.1</b>	<b>307.1</b>	<b>1.0</b>	

\* Excluding self-use area

Rental income performed steadily as a whole with high occupancy in all the major properties. The significant increase in turnover of Shanghai May Flower Plaza is mainly driven by a better performance of the STARR Hotel Shanghai since its soft opening in November 2013 with an average occupancy rate of 83% during the period under review. A portion of the Zhongshan Palm Spring Rainbow Mall, amounting to approximately 48% of total Gross Floor Area ("GFA"), has been reclassified as rental properties as the floor space was leased out. Further reclassification and rental income recognition will take place in due course as the property becomes fully leased.

## Overview of Interim Results *(continued)*

### Property Development

The following details are extracted from Lai Fung's interim reports for the six months ended 31 January 2016 and 31 January 2015.

#### Recognised Sales

For the six months ended 31 January 2016, Lai Fung Group's property development operations recorded a turnover of HK\$523.5 million (2015: HK\$231.0 million) from sale of properties, representing a 126.6% increase in sales revenue over the same period of last year.

Total recognised sales was primarily driven by the sales performance of Guangzhou Eastern Place Phase V and Zhongshan Palm Spring of which approximately 57,943 and 69,642 square feet of GFA were sold, respectively, achieving sales revenue of HK\$322.0 million and HK\$91.6 million, respectively.

For the six months ended 31 January 2016, average selling price recognised as a whole (excluding Guangzhou Dolce Vita) increased slightly to approximately HK\$3,598 per square foot (2015: HK\$3,521 per square foot) against a depreciated Renminbi. Sales of Guangzhou Dolce Vita performed well and achieved an average selling price of HK\$3,100 per square foot. This is recognised as a component of "Share of profits of joint ventures" in the condensed consolidated income statement.

Breakdown of turnover for the six months ended 31 January 2016 from property sales is as follows:

Recognised Basis	Approximate GFA Square feet	Average Selling Price <sup>#</sup> HK\$/square foot	Turnover* HK\$'million
Shanghai May Flower Plaza			
Residential Units	5,083	5,170	24.8
Office Apartment Units	11,994	3,704	41.9
Guangzhou Eastern Place			
Residential Units — Phase V	57,943	5,892	322.0
Guangzhou King's Park			
Residential Units	9,569	4,789	43.2
Zhongshan Palm Spring			
Residential High-Rise Units	9,160	707	6.1
Residential House Units	60,482	1,498	85.5
<b>Total</b>	<b>154,231</b>	<b>3,598</b>	<b>523.5</b>
<b>Recognised sales from joint venture project</b>			
Guangzhou Dolce Vita			
Residential Units** (47.5% basis)	118,954	3,081	345.8
Retail Units** (47.5% basis)	798	5,971	4.5
<b>Subtotal</b>	<b>119,752</b>	<b>3,100</b>	<b>350.3</b>
Car-parking Spaces** (47.5% basis)			13.2
<b>Total</b>			<b>363.5</b>

# Before business tax

\* After business tax

\*\* Guangzhou Dolce Vita is a joint venture project with CapitaLand China Holdings Pte Ltd ("**CapitaLand China**") in which each of Lai Fung Group and CapitaLand China has an effective 47.5% interest. For the six months ended 31 January 2016, the recognised sales (after business tax) attributable to the full project is HK\$737.4 million (excluding car-parking spaces) and approximately 252,111 square feet (excluding car-parking spaces) of GFA were recognised. The recognised sales from car-parking spaces attributable to the full project is HK\$27.8 million.

## Overview of Interim Results *(continued)*

### Property Development *(continued)*

#### Contracted Sales

As at 31 January 2016, Lai Fung Group's property development operations, excluding Guangzhou Dolce Vita, has contracted but not yet recognised sales of HK\$567.6 million from sale of properties (31 July 2015: HK\$202.8 million) with an average selling price of HK\$1,247 per square foot (31 July 2015: HK\$2,642 per square foot). The decrease in the average selling price was due to Renminbi depreciation and sales mix with more sales from Zhongshan Palm Spring. The total contracted but not yet recognised sales of Lai Fung Group as at 31 January 2016 including Guangzhou Dolce Vita amounted to HK\$2,033.7 million (including car-parking spaces of Guangzhou Dolce Vita).

Sales momentum for the remaining units at Shanghai May Flower Plaza, Guangzhou Eastern Place Phase V and Guangzhou King's Park was steady and achieved a blended average selling price of HK\$5,090 per square foot, HK\$6,149 per square foot and HK\$4,783 per square foot respectively. Sales of the remainder of the residential units of Guangzhou Dolce Vita were steady and average selling price decreased slightly to HK\$2,423 per square foot (31 July 2015: HK\$2,590 per square foot).

Breakdown of contracted but not yet recognised sales as at 31 January 2016 is as follows:

Contracted Basis	Approximate GFA Square feet	Average Selling Price <sup>#</sup> HK\$/square foot	Turnover <sup>#</sup> HK\$'million
Shanghai May Flower Plaza			
Residential Units	4,598	5,285	24.3
Office Apartment Units	569	3,515	2.0
Guangzhou Eastern Place			
Residential Units — Phase V	26,086	6,149	160.4
Residential Units — Phase IV	891	4,265	3.8
Guangzhou King's Park			
Residential Units	8,363	4,783	40.0
Zhongshan Palm Spring			
Residential High-rise Units	347,561	708	245.9
Residential House Units	66,932	1,363	91.2
<b>Subtotal</b>	<b>455,000</b>	<b>1,247</b>	<b>567.6</b>
<b>Contracted sales from joint venture project</b>			
Guangzhou Dolce Vita			
Residential Units <sup>**</sup> (47.5% basis)	604,738	2,423	1,465.5
<b>Subtotal</b>	<b>604,738</b>	<b>2,423</b>	<b>1,465.5</b>
Car-parking Spaces <sup>**</sup> (47.5% basis)			0.6
<b>Subtotal</b>			<b>1,466.1</b>
<b>Total (excluding car-parking spaces)</b>	<b>1,059,738</b>	<b>1,918</b>	<b>2,033.1</b>

<sup>#</sup> Before business tax

<sup>\*\*</sup> Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of Lai Fung Group and CapitaLand China has an effective 47.5% interest. As at 31 January 2016, the contracted but not yet recognised sales attributable to the full project is HK\$3,085.2 million (excluding car-parking spaces) and approximately 1,273,133 square feet of GFA (excluding car-parking spaces) were sold. The contracted but not yet recognised sales from car-parking spaces attributable to the full project is HK\$1.2 million.



## Liquidity, Financial Resources, Charge on Assets and Gearing

### Cash and Bank Balances

As at 31 January 2016, cash and bank balances held by the Group amounted to HK\$3,918.4 million (31 July 2015: HK\$4,647.4 million) of which around 23% was denominated in Hong Kong dollar (“**HKD**”) and United States dollar (“**USD**”) currencies, and around 77% was denominated in Renminbi (“**RMB**”). Cash and bank balances held by the Group excluding cash and bank balances held by MAGHL Group and Lai Fung Group as at 31 January 2016 was HK\$936.8 million (31 July 2015: HK\$1,061.3 million). As HKD is pegged to USD, the Group considers that the corresponding exposure to USD exchange rate fluctuation is nominal. The conversion of RMB denominated cash and bank balances into foreign currencies and the remittance of such foreign currencies denominated balances out of Mainland China are subject to the relevant rules and regulations of foreign exchanges control promulgated by the government authorities concerned. Apart from the cross currency swap arrangements of Lai Fung Group, the Group does not have any derivative financial instruments or hedging instruments outstanding.

### Borrowings

As at 31 January 2016, the Group had outstanding consolidated total borrowings (after intra-group elimination) in the amount of HK\$6,342.2 million. The borrowings of the Group (other than MAGHL and Lai Fung), MAGHL and Lai Fung, are as follows:

#### Group (other than MAGHL and Lai Fung)

As at 31 January 2016, the Group has guaranteed notes (“**Guaranteed Notes**”) of HK\$754.6 million which are denominated in RMB. The Guaranteed Notes are secured by the share charge in respect of the ordinary shares of Lai Fung and certain of the Group’s interest in the ordinary shares of MAGHL and the interest reserve accounts, and have the benefit of a keepwell and security shortfall support deed and a deed of equity interest purchase undertaking by Lai Sun Development Company Limited, the controlling shareholder of the Company. The Guaranteed Notes bear interest of 8.375% per annum payable semi-annually in arrears on 24 June and 24 December of each year, with a maturity date of 24 June 2018 for bullet repayment. In addition, there existed unsecured other borrowings due to the late Mr. Lim Por Yen in the principal amount of HK\$113.0 million which is interest-bearing at the HSBC prime rate per annum. The Group’s recorded interest accruals were HK\$77.0 million for the said unsecured other borrowings as at 31 January 2016. At the request of the Group, the executor of Mr. Lim Por Yen’s estate confirmed that no demand for the repayment of the outstanding other borrowings or the related interest would be made within one year from 31 January 2016.

#### MAGHL

As at 31 January 2016, MAGHL has unsecured and unguaranteed 3-year zero coupon TFN Convertible Notes with an aggregate outstanding principal amount of approximately HK\$130.0 million issued to a subscriber. As at 31 January 2016, MAGHL has unsecured and unguaranteed 3-year zero coupon Specific Mandate Convertible Notes with an aggregate outstanding principal amount of HK\$166.8 million, comprising approximately HK\$100.0 million and approximately HK\$66.8 million issued to the Group and other subscribers respectively. Unless previously converted, redeemed, purchased or cancelled in accordance with the terms and conditions of the TFN Convertible Notes and the Specific Mandate Convertible Notes, they will be redeemed by MAGHL on the maturity dates of 13 May 2018 and 3 July 2018, respectively, at the principal amount outstanding. For accounting purpose, after deducting the equity portion of the convertible notes from the principal amount, the carrying amount of the TFN Convertible Notes as recorded in the Group was HK\$105.7 million and the resultant carrying amount of the Specific Mandate Convertible Notes as recorded in the Group was HK\$53.0 million as at 31 January 2016 after adjusting for (i) accrued interest and (ii) intra-group elimination.

## Liquidity, Financial Resources, Charge on Assets and Gearing *(continued)*

### *Borrowings (continued)*

#### *Lai Fung*

As at 31 January 2016, Lai Fung Group had total borrowings in the amount of HK\$5,456.9 million comprising bank loans of HK\$2,725.4 million, fixed rate senior notes of HK\$2,105.3 million, loans from a subsidiary of the Company of HK\$218.0 million, loans from a joint venture of HK\$353.1 million and other borrowing of HK\$55.1 million. The maturity profile of Lai Fung Group's borrowings of HK\$5,456.9 million is well spread with HK\$2,689.0 million repayable within 1 year, HK\$383.1 million repayable in the second year, HK\$2,223.3 million repayable in the third to fifth years and HK\$161.5 million repayable beyond the fifth year.

Approximately 45% and 50% of Lai Fung Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 5% of Lai Fung Group's borrowings were interest free.

Apart from the fixed rate senior notes, Lai Fung Group's other borrowings of HK\$3,351.6 million were 45% denominated in RMB, 41% in HKD and 14% in USD.

Lai Fung Group's fixed rate senior notes of HK\$2,105.3 million were denominated in RMB. On 25 April 2013, issue date of the RMB denominated senior notes ("**2013 Notes**"), Lai Fung Group entered into cross currency swap agreements with financial institutions for the purpose of hedging the foreign currency risk arising from such notes. Accordingly, the 2013 Notes have been effectively converted into USD denominated loans.

Lai Fung Group's presentation currency is denominated in HKD. Lai Fung Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HKD. Lai Fung Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against USD and RMB, respectively. Considering that HKD is pegged against USD, Lai Fung Group believes that the corresponding exposure to USD exchange rate fluctuation is nominal. However, Lai Fung Group has a net exchange exposure to RMB as Lai Fung Group's assets are principally located in Mainland China and the revenues are predominantly in RMB. Apart from the aforesaid cross currency swap arrangements, Lai Fung Group does not have any derivative financial instruments or hedging instruments outstanding.

### *Charge on Assets and Gearing*

Certain assets of the Group have been pledged to secure borrowings of the Group, including investment properties with a total carrying amount of approximately HK\$8,619.5 million, completed properties for sale with a total carrying amount of approximately HK\$76.4 million, properties under development with a total carrying amount of approximately HK\$87.0 million, serviced apartments (including related leasehold improvements) with a total carrying amount of approximately HK\$1,484.1 million, properties with a total carrying amount of approximately HK\$120.0 million and time deposits and bank balances of approximately HK\$660.9 million (including HK\$160.5 million deposited into an interest reserve account).

In addition, as at 31 January 2016, a revolving term loan facility in the amount of HK\$60.0 million was granted by a bank to the Group. The said loan facility is subject to an annual review by the bank for renewal and is secured by a pledge of the Group's land and buildings with a carrying amount of HK\$46.8 million as at 31 January 2016. Such bank loan facility had not been utilised by the Group as at 31 January 2016. As at 31 January 2016, unsecured general banking facilities in the amount of HK\$99.0 million were granted by other banks to the Group. The said unsecured general banking facilities are subject to annual review by the banks for renewal and the Group had utilised letter of credit and letter of guarantee facilities for an amount of HK\$12.8 million as at 31 January 2016. As such, the Group (other than Lai Fung) has the undrawn facilities of HK\$146.2 million. The undrawn facilities of the Lai Fung Group was HK\$712.5 million as at 31 January 2016.

## Liquidity, Financial Resources, Charge on Assets and Gearing *(continued)*

### *Charge on Assets and Gearing (continued)*

As at 31 January 2016, the consolidated net assets attributable to the owners of the Company amounted to HK\$8,621.1 million (31 July 2015: HK\$9,164.7 million). The gearing ratio, being net debt (total borrowings of HK\$6,342.2 million less pledged bank balances and time deposits of HK\$1,147.4 million and cash and cash equivalents of HK\$2,771.0 million) to net assets attributable to the owners of the Company was approximately 28.1%.

Taking into account the amount of cash being held as at the end of the reporting period, the expected refinancing of certain bank loans and the recurring cash flows from the Group's operating activities, the Group believes that it would have sufficient liquidity for its present requirements to finance its existing operations and projects underway.

### **Contingent Liabilities**

There has been no material change in contingent liabilities of the Group since 31 July 2015.

# PARTICULARS OF MAJOR PROPERTIES

## Completed Properties Held for Rental

Property name	Location	Group interest	Tenure	Approximate attributable gross floor area (square feet)			No. of car-parking spaces attributable to the Group
				Commercial/Retail	Office	Total (excluding car-parking spaces & ancillary facilities)	
<b>Shanghai</b>							
Shanghai Hong Kong Plaza	282 & 283 Huaihaizhong Road, Huangpu District	51.08%	The property is held for a term of 50 years commencing on 16 September 1992	239,276	184,239	423,515	179
May Flower Plaza	Sujiaxiang, Zhabei District	51.08%	The property is held for a term of 40 years for commercial use commencing on 5 February 2007	163,616	—	163,616	—
Northgate Plaza I	99 Tian Mu Road West, Zhabei District	50.57%	The property is held for a term of 50 years commencing on 15 June 1993	97,269	65,858	163,127	52
Regents Park	88 Huichuan Road, Changning District	48.53%	The property is held for a term of 70 years commencing on 4 May 1996	39,821	—	39,821	—
<b>Subtotal of major completed properties held for rental in Shanghai:</b>				<b>539,982</b>	<b>250,097</b>	<b>790,079</b>	<b>231</b>
<b>Guangzhou</b>							
May Flower Plaza	68 Zhongshanwu Road, Yuexiu District	51.08%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 14 October 1997	182,572	40,573	223,145	69
West Point	Zhongshan Qi Road, Liwan District	51.08%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 11 January 2006	87,841	—	87,841	—
Eastern Place Phase V	787 Dongfeng East Road, Yuexiu District	51.08%	The property is held for a term of 40 years for commercial uses and 50 years for other uses commencing on 21 October 1997	11,915	—	11,915	104
<b>Subtotal of major completed properties held for rental in Guangzhou:</b>				<b>282,328</b>	<b>40,573</b>	<b>322,901</b>	<b>173</b>
<b>Zhongshan</b>							
Palm Spring	Caihong Planning Area, West District	51.08%	The property is held for a term expiring on 30 March 2075 for commercial/residential uses	44,359	—	44,359	—
<b>Subtotal of major completed properties held for rental in Zhongshan:</b>				<b>44,359</b>	<b>—</b>	<b>44,359</b>	<b>—</b>
<b>Total of major completed properties held for rental:</b>				<b>866,669</b>	<b>290,670</b>	<b>1,157,339</b>	<b>404</b>

## PARTICULARS OF MAJOR PROPERTIES *(continued)*

### Completed Hotel Properties and Serviced Apartments

Property name	Location	Group interest	Tenure	No. of rooms	Approximate attributable gross floor area (square feet)	No. of car-parking spaces attributable to the Group
<b>Shanghai</b>						
Ascott Huaihai Road Shanghai	282 Huaihaizhong Road, Huangpu District	51.08%	The property is held for a term of 50 years commencing on 16 September 1992	299	180,945	—
STARR Hotel Shanghai	Sujiaxiang, Zhabei District	51.08%	The property is held for a term of 50 years for commercial use commencing on 5 February 2007	239	73,477	—
<b>Subtotal of major hotel properties and serviced apartments in Shanghai:</b>				<b>538</b>	<b>254,422</b>	<b>—</b>
<b>Zhongshan</b>						
STARR Resort Residence Zhongshan	Caihong Planning Area, West District	51.08%	The property is held for a term expiring on 23 October 2073	90	50,342	—
<b>Subtotal of major hotel properties and serviced apartments in Zhongshan:</b>				<b>90</b>	<b>50,342</b>	<b>—</b>
<b>Total of major hotel properties and serviced apartments:</b>				<b>628</b>	<b>304,764</b>	<b>—</b>

# PARTICULARS OF MAJOR PROPERTIES *(continued)*

## Properties Under Development

Property name	Location	Group interest	Stage of construction	Expected completion date	Approximate site area (square feet) <i>(Note 1)</i>	Approximate attributable gross floor area (square feet)					No. of car-parking spaces attributable to the Group
						Commercial/Retail	Office	Serviced apartments	Residential	Total (excluding car-parking spaces & ancillary facilities)	
<b>Guangzhou</b>											
Dolce Vita	Jinshazhou, Hengsha, Baiyun District	24.26%	Construction work in progress	Phase 4: Q2 2016 Phase 5: Q1 2016	3,217,769 <i>(Note 2)</i>	4,707	–	–	435,566	440,273	433
Eastern Place Phase V	787 Dongfeng East Road, Yuexiu District	51.08%	Construction work in progress	Q2 2016	186,142 <i>(Note 2)</i>	41,132	276,562	–	–	317,694	–
Haizhu Plaza	Chang Di Main Road, Yuexiu District	51.08%	Resettlement in progress	2017-2018 <i>(Note 3)</i>	90,708	46,955	260,947 <i>(Note 4)</i>	–	–	307,902	153
<b>Subtotal of major properties under development in Guangzhou:</b>						<b>92,794</b>	<b>537,509</b>	<b>–</b>	<b>435,566</b>	<b>1,065,869</b>	<b>586</b>
<b>Zhongshan</b>											
Palm Spring	Caihong Planning Area, Western District	51.08%	Construction work in progress	Phase 1b: Q4 2016 Phase 2: Q3 2017 Phase 3: Q3 2020 Phase 4: Q3 2022	2,547,298 <i>(Note 2)</i>	103,813	–	–	2,472,976	2,576,789	1,234
<b>Subtotal of major properties under development in Zhongshan:</b>						<b>103,813</b>	<b>–</b>	<b>–</b>	<b>2,472,976</b>	<b>2,576,789</b>	<b>1,234</b>
<b>Shanghai</b>											
Northgate Plaza II	Tian Mu Road West, Zhabei District	50.57%	Development under planning	Q4 2020 <i>(Note 5)</i>	44,293	31,538	99,895	–	–	131,433	79
Wuli Bridge Project	Wulijiao Road, 104 Jie Fang, Huangpu District	51.08%	Development under planning	Q4 2018	74,112	–	–	–	49,784	49,784	40
<b>Subtotal of major properties under development in Shanghai:</b>						<b>31,538</b>	<b>99,895</b>	<b>–</b>	<b>49,784</b>	<b>181,217</b>	<b>119</b>
<b>Hengqin</b>											
Creative Culture City Phase 1	East side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City	60.86%	Construction work in progress	Q4 2017	1,401,184	586,226	561,452	625,089	–	1,772,767	1,271
<b>Subtotal of major properties under development in Hengqin:</b>						<b>586,226</b>	<b>561,452</b>	<b>625,089</b>	<b>–</b>	<b>1,772,767</b>	<b>1,271</b>
<b>Total of major properties under development:</b>						<b>814,371</b>	<b>1,198,856</b>	<b>625,089</b>	<b>2,958,326</b>	<b>5,596,642</b>	<b>3,210</b>

### Notes:

1. On project basis
2. Including portions of the projects that have been completed for sale/lease
3. In the process of negotiating the buildable area for the site with the city government
4. Office/office apartments
5. In the process of discussing a comprehensive redevelopment proposal with the district government

## PARTICULARS OF MAJOR PROPERTIES *(continued)*

### Completed Properties Held for Sale

Property name	Location	Group interest	Approximate attributable gross floor area (square feet)					Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
			Commercial/Retail	Serviced apartments	Residential	Office			
<b>Zhongshan</b>									
Palm Spring	Caihong Planning Area, Western District	51.08%	48,150	—	54,693	—	102,843	—	
<b>Subtotal of major completed properties held for sale in Zhongshan:</b>			<b>48,150</b>	<b>—</b>	<b>54,693</b>	<b>—</b>	<b>102,843</b>	<b>—</b>	
<b>Shanghai</b>									
May Flower Plaza	Sujiaxiang, Zhabei District	51.08%	—	291	2,349	—	2,640	234	
Regents Park, Phase II	88 Huichuan Road, Changning District	48.53%	—	—	—	—	—	197	
<b>Subtotal of major completed properties held for sale in Shanghai:</b>			<b>—</b>	<b>291</b>	<b>2,349</b>	<b>—</b>	<b>2,640</b>	<b>431</b>	
<b>Guangzhou</b>									
Eastern Place Phase V	787 Dongfeng East Road, Yuexiu District	51.08%	—	—	78,392	—	78,392	76	
Dolce Vita	Jinshazhou, Heng Sha, Baiyun District	24.26%	2,186	—	50,489	—	52,675	18	
Paramount Centre	Nos 407 and 409 Yan Jiang Dong Road, Yuexiu District	51.08%	2,862	—	—	39,061	41,923	23	
King's Park	Donghua Dong Road, Yuexiu District	51.08%	1,705	—	6,043	—	7,748	29	
Eastern Place	787 Dongfeng East Road, Yuexiu District	51.08%	—	—	455	—	455	1	
West Point	Zhongshan Qi Road, Liwan District	51.08%	—	—	—	—	—	65	
<b>Subtotal of major completed properties held for sale in Guangzhou:</b>			<b>6,753</b>	<b>—</b>	<b>135,379</b>	<b>39,061</b>	<b>181,193</b>	<b>212</b>	
<b>Total of major completed properties held for sale:</b>			<b>54,903</b>	<b>291</b>	<b>192,421</b>	<b>39,061</b>	<b>286,676</b>	<b>643</b>	

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## Corporate Governance

The Company has complied with all applicable code provisions set out from time to time in the Corporate Governance Code (“**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**” and “**Stock Exchange**”, respectively) throughout the six months ended 31 January 2016 save for the deviations from code provisions A.4.1 and A.5.1 as follows:

*Under code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election.*

None of the existing non-executive directors of the Company (“**NEDs**”, including the independent non-executive directors, “**INEDs**”) is appointed for a specific term. However, all directors of the Company (“**Directors**”) are subject to the retirement provisions of the Bye-laws of the Company, which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by shareholders of the Company (“**Shareholders**”) and the retiring Directors are eligible for re-election. In addition, any person appointed by the board of Directors (“**Board**”) (including a NED) will hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and will then be eligible for re-election at that meeting. Further, in line with the relevant code provision of the CG Code, each of the Directors appointed to fill a casual vacancy has been/will be subject to election by the Shareholders at the first general meeting after his/her appointment. In view of these, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1 and therefore, does not intend to take any remedial steps in this regard.

*Under code provision A.5.1, a nomination committee comprising a majority of the independent non-executive directors should be established and chaired by the chairman of the board or an independent non-executive director.*

The Company has not established a nomination committee whose functions are assumed by the full Board. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors (“**Executive Directors**”). As the above selection and nomination policies and procedures have already been in place and the other duties of the nomination committee as set out in the CG Code have long been performed by the full Board effectively, the Board does not consider it necessary to establish a nomination committee at the current stage.

## Board

The Board oversees the overall management of the Company’s business and affairs. The Board’s primary duty is to ensure the viability of the Company and to ascertain that it is managed in the best interests of its Shareholders as a whole while taking into account the interests of other stakeholders.

The Board has delegated the day-to-day management of the Company’s business to the management and the Executive Committee, and focuses its attention on matters affecting the Company’s long-term objectives and plans for achieving these objectives, the overall business and commercial strategy of the Company and its subsidiaries (“**Group**”) as well as overall policies and guidelines.

The Board currently comprises ten members, of whom four are Executive Directors, two are NEDs and the remaining four are INEDs. The current composition of the Board, two out of its ten members being women, is characterised by diversity, whether considered in terms of gender, nationality, professional background and skills.



## Corporate Governance *(continued)*

### *Board (continued)*

The Board meets at least four times a year with meeting dates scheduled prior to the beginning of the year. Additional board meetings will be held when warranted. Directors also participate in the consideration and approval of matters of the Company by way of written resolutions circulated to Directors together with supporting explanatory materials as and when required.

All Directors have been provided, on a monthly basis, with the Group's management information updates, giving a balanced and understandable assessment of the Group's performance, position, recent developments and prospects in sufficient detail to keep them abreast of the Group's affairs and facilitate them to discharge their duties under the relevant requirements of the Listing Rules.

### *Chairman and Chief Executive*

During the six months ended 31 January 2016 and up to the date of this Report, Mr. Low Chee Keong (an INED) is the Chairman of the Board and Mr. Lui Siu Tsuen, Richard (an Executive Director) is the Chief Executive Officer. This segregation ensures a clear distinction between the Chairman's responsibilities to manage the Board and the Chief Executive Officer's responsibilities to manage the Company's businesses. The division of responsibilities between the Chairman and the Chief Executive Officer is clearly established and set out in writing.

## Securities Transactions by Directors and Designated Employees

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees ("**Securities Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors and they have confirmed in writing their compliance with the required standard set out in the Securities Code during the six months ended 31 January 2016.

## Share Option Schemes

### *(1) The Company*

On 11 December 2015, the Company adopted a new share option scheme ("**2015 Scheme**") and terminated its share option scheme adopted on 23 December 2005 ("**2005 Scheme**"). Upon the termination of the 2005 Scheme, no further share options will be granted thereunder but the subsisting options granted prior to the termination will continue to be valid and exercisable. The 2015 Scheme which became effective on 23 December 2015 remains in force for a period of 10 years commencing on its adoption date. The details of the 2015 Scheme are set out in the circular of the Company dated 12 November 2015.

As at 31 January 2016 and the date of this Report, no share options have been granted under the 2015 Scheme since its adoption and the Company has a total of 33,450,665 underlying shares of the Company ("**Shares**") comprised in options outstanding under the 2005 Scheme (representing approximately 2.69% of the total issued Shares as at those dates).

## Share Option Schemes (continued)

### (1) The Company (continued)

The movements of the share options granted under the 2005 Scheme during the six months ended 31 January 2016 are set as follows:

Category/Name of participants	Date of grant (dd/mm/yyyy) <i>(Note 1)</i>	Number of underlying Shares comprised in share options				As at 31 January 2016	Exercise period (dd/mm/yyyy)	Exercise price per Share HK\$ <i>(Note 2)</i>
		As at 1 August 2015	Granted during the period	Lapsed during the period				
<b>Directors</b>								
Chew Fook Aun	05/06/2012	6,216,060	—	—	6,216,060	05/06/2012 — 04/06/2022	0.92	
Lam Hau Yin, Lester	18/01/2013	12,432,121	—	—	12,432,121	18/01/2013 — 17/01/2023	1.612	
Lui Siu Tsuen, Richard	18/01/2013	3,729,636	—	—	3,729,636	18/01/2013 — 17/01/2023	1.612	
<b>Subtotal</b>		<b>22,377,817</b>	<b>—</b>	<b>—</b>	<b>22,377,817</b>			
<b>Employees and other eligible participants</b>								
Lam Kin Ngok, Peter ("Dr. Peter Lam") <i>(Note 3)</i>	18/01/2013	1,243,212	—	—	1,243,212	18/01/2013 — 17/01/2023	1.612	
Employees (in aggregate)	18/01/2013	8,029,636	—	—	8,029,636	18/01/2013 — 17/01/2023	1.612	
	21/01/2015	1,800,000	—	—	1,800,000	21/01/2015 — 20/01/2025	0.728	
<b>Subtotal</b>		<b>11,072,848</b>	<b>—</b>	<b>—</b>	<b>11,072,848</b>			
<b>Total</b>		<b>33,450,665</b>	<b>—</b>	<b>—</b>	<b>33,450,665</b>			

Notes:

- The above share options were vested on the date of grant.
- The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other specific changes in the Company's share capital.
- Dr. Peter Lam, a substantial shareholder of the Company (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")), was an Executive Director from 15 October 1996 to 13 February 2014.

Save as disclosed above, no share options had been granted, exercised, cancelled, or lapsed in accordance with the terms of the 2005 Scheme and the 2015 Scheme during the six months ended 31 January 2016.

## Share Option Schemes *(continued)*

### (2) *Media Asia Group Holdings Limited (“MAGHL”)*

On 18 December 2012, MAGHL, a company listed on the Growth Enterprise Market of the Stock Exchange (“**GEM**”) and a non-wholly-owned subsidiary of the Company since 9 June 2011, adopted a new share option scheme (“**2012 MAGHL Scheme**”) and terminated its share option scheme adopted on 19 November 2009 (“**2009 MAGHL Scheme**”), under which no further share options will be granted. The adoption of the 2012 MAGHL Scheme and the termination of the 2009 MAGHL Scheme were also approved by the Shareholders at a special general meeting of the Company (“**SGM**”) held on 18 December 2012. The 2012 MAGHL Scheme will remain in force for a period of 10 years commencing on its adoption date.

In compliance with Chapter 23 of the GEM Listing Rules, MAGHL’s shareholders passed a resolution at its annual general meeting held on 11 December 2015 for approving the refreshment of scheme limit under the 2012 MAGHL Scheme, allowing MAGHL to grant options for subscription of up to a total of 213,605,682 MAGHL’s shares (“**Refreshment**”), representing 10% of its total issued shares as at the date of passing the relevant resolution. The Refreshment was also approved by the Shareholders at a SGM held on 11 December 2015 pursuant to the requirement of Rule 17.01 (4) of the Listing Rules and Rule 23.01(4) of the GEM Listing Rules.

All outstanding share options under the 2009 MAGHL Scheme had lapsed in the financial year ended 31 July 2013. No share options have been granted under the 2012 MAGHL Scheme since its adoption.

### (3) *Lai Fung Holdings Limited (“Lai Fung”)*

On 18 December 2012, Lai Fung, a non-wholly-owned subsidiary of the Company listed on the Main Board of the Stock Exchange, adopted a new share option scheme (“**2012 Lai Fung Scheme**”) and terminated its share option scheme adopted on 21 August 2003 (“**2003 Lai Fung Scheme**”). Upon the termination of the 2003 Lai Fung Scheme, no further share options will be granted thereunder but the subsisting options granted prior to the termination will continue to be valid and exercisable. The adoption of the 2012 Lai Fung Scheme and the termination of the 2003 Lai Fung Scheme were also approved by the Shareholders at a SGM held on 18 December 2012. The 2012 Lai Fung Scheme will remain in force for a period of 10 years commencing on its adoption date.

As at 31 January 2016 and the date of this Report, Lai Fung has a total of 536,205,994 underlying shares of Lai Fung (“**Lai Fung Shares**”) comprised in options outstanding (representing about 3.31% of total issued Lai Fung Shares as at those dates), of which a share option comprising 80,479,564 underlying Lai Fung Shares was granted under the 2003 Lai Fung Scheme and share options comprising 455,726,430 underlying Lai Fung Shares were granted under the 2012 Lai Fung Scheme.

## Share Option Schemes *(continued)*

### (3) *Lai Fung Holdings Limited (“Lai Fung”)* *(continued)*

The movements of the share options granted under the 2003 Lai Fung Scheme and the 2012 Lai Fung Scheme during the six months ended 31 January 2016 are as follows:

Category/Name of participants	Date of grant (dd/mm/yyyy) <i>(Note 1)</i>	Number of underlying Lai Fung Shares comprised in share options				As at 31 January 2016	Exercise period (dd/mm/yyyy)	Exercise price per Lai Fung Share HK\$ <i>(Note 2)</i>
		As at 1 August 2015	Granted during the period	Lapsed during the period				
<b>Directors of Lai Fung</b>								
Chew Fook Aun	12/06/2012	80,479,564	—	—	80,479,564	12/06/2012 – 11/06/2020	0.133	
Lam Hau Yin, Lester	18/01/2013	160,959,129	—	—	160,959,129	18/01/2013 – 17/01/2023	0.228	
Cheng Shin How	18/01/2013	32,191,825	—	—	32,191,825	18/01/2013 – 17/01/2023	0.228	
Lee Tze Yan, Ernest	18/01/2013	32,000,000	—	—	32,000,000	18/01/2013 – 17/01/2023	0.228	
<b>Subtotal</b>		<b>305,630,518</b>	<b>—</b>	<b>—</b>	<b>305,630,518</b>			
<b>Employees and other eligible participants (in aggregate)</b>								
Batch 1	18/01/2013	210,575,476 <i>(Note 3)</i>	—	—	210,575,476	18/01/2013 – 17/01/2023	0.228	
Batch 2	26/07/2013	14,000,000	—	(3,000,000)	11,000,000	26/07/2013 – 25/07/2023	0.190	
Batch 3	16/01/2015	9,000,000	—	—	9,000,000	16/01/2015 – 15/01/2025	0.160	
<b>Subtotal</b>		<b>233,575,476</b>	<b>—</b>	<b>(3,000,000)</b>	<b>230,575,476</b>			
<b>Total</b>		<b>539,205,994</b>	<b>—</b>	<b>(3,000,000)</b>	<b>536,205,994</b>			

Notes:

- The above share options were vested on the date of grant.
- The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other specific changes in Lai Fung's share capital.
- Dr. Peter Lam, a substantial shareholder of Lai Fung (within the meaning of Part XV of the SFO), was granted a share option to subscribe for a total of 16,095,912 Lai Fung Shares on 18 January 2013.

Save as disclosed above, no share options had been granted, exercised, cancelled, or lapsed under the 2003 Lai Fung Scheme and the 2012 Lai Fung Scheme during the six months ended 31 January 2016.

## Directors' Interests

The following Directors and chief executive of the Company who held office on 31 January 2016 and their respective close associates (as defined in the Listing Rules) were interested, or were deemed to be interested, in the following long or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) on that date (a) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO ("**Register of Directors and Chief Executive**"); or (c) as notified to the Company and the Stock Exchange pursuant to the Securities Code; or (d) as otherwise known by the Directors:

### (I) Interests in the Company

Name of Directors	Capacity	Long positions in the Shares and underlying Shares				Approximate percentage of total issued Shares <small>(Note 1)</small>
		Number of Shares		Share options	Total	
		Personal interests	Corporate interests	Personal interests		
Andrew Y. Yan ("Mr. Andrew Yan")	Owner of controlled corporations	Nil	125,000,000 <small>(Note 2)</small>	Nil	125,000,000	10.05%
Lam Hau Yin, Lester ("Mr. Lester Lam")	Beneficial owner	2,794,443	Nil	12,432,121 <small>(Note 3)</small>	15,226,564	1.22%
Chew Fook Aun ("Mr. FA Chew")	Beneficial owner	Nil	Nil	6,216,060 <small>(Note 3)</small>	6,216,060	0.50%
Lui Siu Tsuen, Richard ("Mr. Richard Lui")	Beneficial owner	Nil	Nil	3,729,636 <small>(Note 3)</small>	3,729,636	0.30%

Notes:

1. The total number of issued Shares as at 31 January 2016 (1,243,212,165 Shares) has been used in the calculation of the approximate percentage.
2. Mr. Andrew Yan, a NED, was deemed to be interested in 125,000,000 Shares owned by SAIF Partners IV LP, as the said limited partnership was indirectly controlled by Mr. Andrew Yan as a director and the sole shareholder of SAIF IV GP Capital Limited which was the sole general partner of SAIF IV GP LP which in turn was the sole general partner of SAIF Partners IV LP.
3. Details of the share options granted to Mr. Lester Lam and Mr. FA Chew (both Executive Directors) and Mr. Richard Lui (an Executive Director and the Chief Executive Officer) under the share option scheme of the Company are shown in the section headed "Share Option Schemes" of this Report.

## Directors' Interests *(continued)*

### (II) Interests in Associated Corporation – Lai Fung

Name of Directors	Capacity	Long positions in Lai Fung Shares and underlying Lai Fung Shares					Approximate percentage of total issued Lai Fung Shares <i>(Note 1)</i>
		Number of Lai Fung Shares		Lai Fung share options	Total		
		Personal interests	Corporate interests	Personal interests			
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	160,959,129 <i>(Note 2)</i>	160,959,129	0.99%	
Chew Fook Aun	Beneficial owner	Nil	Nil	80,479,564 <i>(Note 3)</i>	80,479,564	0.50%	

Notes:

1. The total number of issued Lai Fung Shares as at 31 January 2016 (16,197,692,086 Lai Fung Shares) has been used in the calculation of the approximate percentage.
2. Details of the share option granted to Mr. Lester Lam, an Executive Director (currently also the chief executive officer and an executive director of Lai Fung) under the share option scheme of Lai Fung are shown in the section headed "Share Option Schemes" of this Report.
3. Details of the share option granted to Mr. FA Chew, an Executive Director (currently also the chairman and an executive director of Lai Fung) under the share option scheme of Lai Fung are shown in the section headed "Share Option Schemes" of this Report.

Save as disclosed above, as at 31 January 2016, none of the Directors and the chief executive of the Company and their respective close associates was interested, or was deemed to be interested, in the long and short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations which were required to be notified to the Company and the Stock Exchange under the SFO, recorded in the Register of Directors and Chief Executive, notified under the Securities Code or otherwise known by the Directors.

## Substantial Shareholders' Interests

As at 31 January 2016, so far as it was known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals (one being an existing Director), who had 5% or more interests in the following long positions in the Shares and/or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO ("**Register of Shareholders**") or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company ("**Voting Entitlements**") (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

## Substantial Shareholders' Interests *(continued)*

Name	Capacity	Long positions in the Shares and underlying Shares	
		Number of Shares and underlying Shares held	Approximate percentage of total issued Shares <small>(Note 1)</small>
<b>Substantial Shareholders</b>			
Lai Sun Development Company Limited (" <b>LSD</b> ") <small>(Note 2)</small>	Owner of controlled corporation	521,204,186	41.92% <small>(Note 4)</small>
Lai Sun Garment (International) Limited (" <b>LSG</b> ") <small>(Note 3)</small>	Owner of controlled corporations	521,204,186	41.92% <small>(Note 4)</small>
Dr. Lam Kin Ngok, Peter	Beneficial owner and owner of controlled corporations	525,241,841	42.25% <small>(Note 4)</small>
SAIF Partners IV LP	Beneficial owner	125,000,000	10.05% <small>(Note 5)</small>
SAIF IV GP LP	Owner of controlled corporation	125,000,000	10.05% <small>(Note 5)</small>
SAIF IV GP Capital Limited	Owner of controlled corporations	125,000,000	10.05% <small>(Note 5)</small>
Mr. Andrew Y. Yan	Owner of controlled corporations	125,000,000	10.05% <small>(Note 5)</small>

### Notes:

- The total number of issued Shares as at 31 January 2016 (1,243,212,165 Shares) has been used in the calculation of the approximate percentage.
- As at 31 January 2016, Mr. FA Chew and Mr. Lester Lam, both Executive Directors, were also executive directors of LSD. Madam U Po Chu ("**Madam U**"), a NED, was also a non-executive director of LSD.
- As at 31 January 2016, Mr. FA Chew and Mr. Lester Lam, both Executive Directors, and Madam U, a NED, were also executive directors of LSG. Mr. Yip Chai Tuck ("**Mr. CT Yip**"), an Executive Director, was also the chief executive officer of LSG.
- Dr. Peter Lam (an Executive Director from 15 October 1996 to 13 February 2014) and LSG were deemed to be interested in the same 521,204,186 Shares held by LSD. As at 31 January 2016, Dr. Peter Lam was deemed to be interested in 521,204,186 Shares (approximately 41.92% of the total issued Shares) indirectly owned by LSD by virtue of his personal and deemed controlling shareholding interests of approximately 42.23% (excluding share option) in LSG. LSD was approximately 51.84% (as at the date of this Report: 61.93%) directly and indirectly owned by LSG. LSG was approximately 12.53% (excluding share option) owned by Dr. Peter Lam and approximately 29.70% owned by Wisdom Limited, which was in turn 100% beneficially owned by Dr. Peter Lam.  
  
Dr. Peter Lam also holds 2,794,443 Shares as beneficial owner and he was granted an option by the Company on 18 January 2013 to subscribe for 1,243,212 Shares (details of which are shown in the section headed "Share Option Schemes" of this Report).
- Mr. Andrew Yan, a NED, was deemed to be interested in the same 125,000,000 Shares owned by SAIF Partners IV LP, SAIF IV GP LP and SAIF IV GP Capital Limited. Please refer to Note 2 of paragraph (I) in the "Directors' Interests" section above for further details.

Save as disclosed above, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) which/who, as at 31 January 2016, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares as recorded in the Register of Shareholders.

## Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 31 January 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

## Disclosure Pursuant to Paragraph 13.21 of Chapter 13 of the Listing Rules

Pursuant to two loan facility agreements both dated 28 March 2013 (as amended and restated), Lai Fung shall procure that Dr. Peter Lam, his family members and inter alias, LSG, LSD and the Company (collectively "**Lam Family Holders**") (taken together) shall at all times throughout the terms of the facilities remain (directly or indirectly) the beneficial owners of, or beneficially interested in, the total voting power of the capital stock having the power to vote for the election of directors, managers or other voting members of the governing body of Lai Fung that is greater than that held by any other person that is not a Lam Family Holder.

As at 31 January 2016, the aggregate outstanding loan balances of these facilities amounted to approximately HK\$2,288,786,000 with the last instalment repayment falling due in March 2016.



## Update on Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the Directors' information since the disclosure made in the Company's annual report for the year ended 31 July 2015 are set out as follows:

- Mr. FA Chew's appointment as a council member of the Financial Reporting Council ended on 30 November 2015.
- Mr. Andrew Yan was appointed as a director of ATA Online (Beijing) Education Technology Co., Ltd. on 16 July 2015. The said company was listed on the New Third Board, the over-the-counter stock exchange in Mainland China, on 21 December 2015 (Stock Code: 835079.OC).
- With effect from 1 February 2016, the annual director's fee of each of Mr. Andrew Yan, Mr. Lo Kwok Kwei and Mr. Alfred Donald Yap (both INEDs) has been increased from HK\$240,000 to HK\$290,000; the annual director's fee of Mr. Low Chee Keong (the Chairman of the Board, the Chairman of the Remuneration Committee and an INED) has been increased from HK\$675,000 to HK\$725,000; and the annual director's fee of Dr. Ng Lai Man, Carmen (the Chairman of the Audit Committee and an INED) has been increased from HK\$340,000 to HK\$390,000.
- The Group usually makes annual adjustment to basic salaries and pays discretionary bonuses in January. The basic salaries of Messrs. Richard Lui, FA Chew, Lester Lam and CT Yip, all Executive Directors, have been adjusted upward within the range from 3% to 4.5% with effect from 1 January 2016. Directors' remuneration for the six months ended 31 January 2016 and 2015 are as follows:

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
<b>Six months ended 31 January 2016</b>				
<i>Executive Directors:</i>				
Lui Siu Tsuen, Richard	60	1,955	7	2,022 <sup>*</sup>
Chew Fook Aun	—	4,305	18	4,323 <sup>**</sup>
Lam Hau Yin, Lester	—	880	9	889 <sup>^</sup>
Yip Chai Tuck	—	1,219	18	1,237 <sup>^^</sup>
	<b>60</b>	<b>8,359</b>	<b>52</b>	<b>8,471</b>
<i>Non-executive Directors:</i>				
U Po Chu	—	2,164	—	2,164 <sup>^</sup>
Andrew Y. Yan	120	5	—	125
	<b>120</b>	<b>2,169</b>	<b>—</b>	<b>2,289</b>
<i>Independent Non-executive Directors:</i>				
Low Chee Keong	338	35	—	373
Lo Kwok Kwei, David	120	35	—	155
Ng Lai Man, Carmen	170	35	—	205
Alfred Donald Yap	120	25	—	145
	<b>748</b>	<b>130</b>	<b>—</b>	<b>878</b>
<b>Total</b>	<b>928</b>	<b>10,658</b>	<b>52</b>	<b>11,638</b>

\* The amounts included salaries and pension scheme contributions of HK\$327,000 paid by Lai Fung and fees of HK\$60,000 paid by MAGHL.

\*\* The amounts included salaries and pension scheme contributions of HK\$2,162,000 paid by Lai Fung.

^ The amounts were paid by Lai Fung.

^^ The amounts included salaries and pension scheme contributions of HK\$618,000 paid by MAGHL.

## Update on Directors' Information *(continued)*

(d) *(continued)*

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Six months ended 31 January 2015				
<i>Executive Directors:</i>				
Lui Siu Tsuen, Richard	60	1,872	7	1,939*
Chew Fook Aun	—	4,666	18	4,684**
Lam Hau Yin, Lester	—	843	9	852^
Yip Chai Tuck	—	1,173	3	1,176^^
	60	8,554	37	8,651
<i>Non-executive Directors:</i>				
U Po Chu	—	2,185	—	2,185^
Andrew Y. Yan	120	10	—	130
	120	2,195	—	2,315
<i>Independent Non-executive Directors:</i>				
Low Chee Keong	338	30	—	368
Lo Kwok Kwei, David	120	25	—	145
Ng Lai Man, Carmen	170	35	—	205
Alfred Donald Yap	120	30	—	150
	748	120	—	868
<b>Total</b>	<b>928</b>	<b>10,869</b>	<b>37</b>	<b>11,834</b>

\* The amounts included salaries and pension scheme contributions of HK\$313,000 paid by Lai Fung and fees of HK\$60,000 paid by MAGHL.

\*\* The amounts included salaries and pension scheme contributions of HK\$2,342,000 paid by Lai Fung.

^ The amounts were paid by Lai Fung.

^^ The amounts included salaries and pension scheme contributions of HK\$588,000 paid by MAGHL.

## Employees and Remuneration Policies

As at 31 January 2016, the Group employed a total of around 1,990 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

## Investor Relations

To ensure our investors have a better understanding of the Company, our management engages in a pro-active investor relations programme. Our Executive Directors and Investor Relations Department communicate with research analysts and institutional investors on an on-going basis and meet with research analysts and the press after our results announcements, attend major investors' conferences and participate in international non-deal roadshows to communicate the Company's financial performance and global business strategy.

During the six months ended 31 January 2016, the Company has met with a number of research analysts and investors, attended conferences and non-deal roadshows as follows:

Month	Event	Organiser	Location
October 2015	Post results non-deal roadshow	BNP	Hong Kong
October 2015	Post results non-deal roadshow	DBS	New York/Philadelphia/ Boston/San Francisco
October 2015	Post results non-deal roadshow	Daiwa	Paris/Basel/Zurich/ London
November 2015	Post results non-deal roadshow	BNP	Singapore
January 2016	DBS Vickers Pulse of Asia Conference	DBS	Singapore
January 2016	Asia Pacific Financial, Property & Logistics Conference	BNP	Hong Kong
January 2016	The Sixth Hong Kong Corporate Summit	Daiwa	Hong Kong

The Company is keen on promoting investor relations and enhancing communication with the Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Investor Relations Department by phone on (852) 2853 6116 during normal business hours, by fax at (852) 2853 6651 or by e-mail at [ir@esun.com](mailto:ir@esun.com).

## Review of Interim Report

The Audit Committee of the Company currently comprises three INEDs, namely Dr. Ng Lai Man, Carmen (Chairwoman), Mr. Low Chee Keong and Mr. Alfred Donald Yap. The Audit Committee has reviewed with the management the unaudited interim report (including the unaudited condensed consolidated interim financial statements) of the Company for the six months ended 31 January 2016, the accounting principles and practices adopted by the Company, and internal control and financial reporting matters.

By Order of the Board  
**Low Chee Keong**  
*Chairman*

Hong Kong, 23 March 2016