



LAI FUNG HOLDINGS

Lai Fung Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1125)

Interim Report

For the six months ended 31 January 2013



Corporate Information

PLACE OF INCORPORATION

Cayman Islands

BOARD OF DIRECTORS

Executive Directors

Chew Fook Aun (*Chairman*)
Lam Kin Ming (*Deputy Chairman*)
Lam Kin Hong, Matthew (*Executive Deputy Chairman*)
Lam Hau Yin, Lester (*Chief Executive Officer*)
Cheng Shin How
Lau Shu Yan, Julius
U Po Chu

Non-executive Directors

Leow Juan Thong, Jason
Lucas Ignatius Loh Jen Yuh
(*also Alternate Director to Leow Juan Thong, Jason*)

Independent Non-executive Directors

Ku Moon Lun
Lam Bing Kwan
Law Kin Ho
Mak Wing Sum, Alvin
Shek Lai Him, Abraham

AUDIT COMMITTEE

Law Kin Ho (*Chairman*)
Lam Bing Kwan
Leow Juan Thong, Jason

REMUNERATION COMMITTEE

Lam Bing Kwan (*Chairman*)
Chew Fook Aun
Ku Moon Lun
Law Kin Ho
Leow Juan Thong, Jason

COMPANY SECRETARY

Yim Lai Wa

REGISTERED OFFICE

P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman, Cayman Islands

PRINCIPAL PLACE OF BUSINESS

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

Tel: (852) 2741 0391
Fax: (852) 2741 9763

AUTHORISED REPRESENTATIVES

Chew Fook Aun
Lam Kin Ming

SHARE REGISTRARS AND TRANSFER OFFICE IN CAYMAN ISLANDS

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

INDEPENDENT AUDITORS

Ernst & Young
Certified Public Accountants

PRINCIPAL BANKERS

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

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

1125/1,000 shares

Notes

The 9.125% senior notes due 2014 issued by the Company are listed and traded on Singapore Exchange Securities Trading Limited

WEBSITE

www.laifung.com

INVESTOR RELATIONS

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The board of directors (the “Board”) of Lai Fung Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 January 2013 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement

For the six months ended 31 January 2013

	Notes	For the six months ended	
		31 January 2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
TURNOVER	3	812,169	831,332
Cost of sales		(392,046)	(377,185)
Gross profit		420,123	454,147
Other income and gains		78,976	57,055
Selling and marketing expenses		(39,281)	(39,921)
Administrative expenses		(159,721)	(120,918)
Other operating expenses, net		(59,894)	(61,122)
Fair value gains on investment properties		324,560	480,759
PROFIT FROM OPERATING ACTIVITIES	4	564,763	770,000
Finance costs	5	(75,041)	(45,123)
Share of profit/(losses) of joint ventures		97,135	(7,889)
PROFIT BEFORE TAX		586,857	716,988
Tax	6	(224,706)	(270,110)
PROFIT FOR THE PERIOD		362,151	446,878
ATTRIBUTABLE TO:			
Owners of the Company		331,274	399,129
Non-controlling interests		30,877	47,749
		362,151	446,878
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	7		
Basic		HK\$0.021	(Adjusted) HK\$0.048
Diluted		HK\$0.021	N/A

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2013

	For the six months ended	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	362,151	446,878
OTHER COMPREHENSIVE INCOME/(EXPENSES), NET OF TAX		
Reversal of impairment/(impairment) of investment properties under construction	5,308	(2,469)
Exchange differences arising on translation to presentation currency	96,680	161,568
Share of other comprehensive income of joint ventures	3,291	37,269
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	105,279	196,368
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	467,430	643,246
ATTRIBUTABLE TO:		
Owners of the Company	431,035	586,731
Non-controlling interests	36,395	56,515
	467,430	643,246

Condensed Consolidated Statement of Financial Position

As at 31 January 2013

	Notes	31 January 2013 (Unaudited) HK\$'000	31 July 2012 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,137,798	841,164
Prepaid land lease payments		5,553	5,600
Investment properties		10,795,401	10,289,369
Properties under development		996,357	925,588
Investments in joint ventures		421,024	319,861
Goodwill		2,875	3,400
Total non-current assets		13,359,008	12,384,982
CURRENT ASSETS			
Properties under development		290,083	500,587
Completed properties for sale		1,565,160	1,785,003
Debtors, deposits and prepayments	8	139,698	135,120
Prepaid tax		51,414	49,513
Pledged and restricted time deposits and bank balances		936,538	943,135
Cash and cash equivalents		1,706,672	1,695,551
Total current assets		4,689,565	5,108,909
CURRENT LIABILITIES			
Creditors and accruals	9	669,236	687,195
Deposits received and deferred income		393,848	355,974
Interest-bearing bank loans, secured		1,429,321	1,559,357
Tax payable		383,945	343,117
Total current liabilities		2,876,350	2,945,643
NET CURRENT ASSETS		1,813,215	2,163,266
TOTAL ASSETS LESS CURRENT LIABILITIES		15,172,223	14,548,248
NON-CURRENT LIABILITIES			
Long-term deposits received		67,998	68,045
Interest-bearing bank loans, secured		415,393	358,342
Advances from a former substantial shareholder		57,702	57,200
Fixed rate senior notes		1,431,060	1,427,253
Deferred tax liabilities		1,681,203	1,566,958
Total non-current liabilities		3,653,356	3,477,798
		11,518,867	11,070,450

Condensed Consolidated Statement of Financial Position

(Continued)

As at 31 January 2013

	31 January 2013 (Unaudited) HK\$'000	31 July 2012 (Audited) HK\$'000
EQUITY		
Equity attributable to owners of the Company		
Issued capital	1,609,591	1,609,591
Share premium account	4,065,862	4,065,862
Asset revaluation reserve	41,703	36,448
Share option reserve	29,734	3,678
Exchange fluctuation reserve	1,808,661	1,714,155
Capital reserve	25,974	25,974
Retained earnings	3,268,608	2,937,334
Proposed dividend	—	45,069
	10,850,133	10,438,111
Non-controlling interests	668,734	632,339
	11,518,867	11,070,450

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2013

	Attributable to owners of the Company									Non-controlling interests	Total
	Issued capital	Share premium account	Asset revaluation reserve	Share option reserve	Exchange fluctuation reserve	Capital reserve	Retained earnings	Proposed dividend	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 July 2012 and 1 August 2012 (Audited)	1,609,591	4,065,862	36,448	3,678	1,714,155	25,974	2,937,334	45,069	10,438,111	632,339	11,070,450
Profit for the period	—	—	—	—	—	—	331,274	—	331,274	30,877	362,151
Other comprehensive income for the period, net of tax:											
Reversal of impairment of investment properties under construction	—	—	5,255	—	—	—	—	—	5,255	53	5,308
Exchange differences arising on translation to presentation currency	—	—	—	—	91,215	—	—	—	91,215	5,465	96,680
Share of other comprehensive income of joint ventures	—	—	—	—	3,291	—	—	—	3,291	—	3,291
Total comprehensive income for the period, net of tax	—	—	5,255	—	94,506	—	331,274	—	431,035	36,395	467,430
Equity-settled share option arrangements	—	—	—	26,056	—	—	—	—	26,056	—	26,056
Final 2012 dividend paid	—	—	—	—	—	—	—	(45,069)	(45,069)	—	(45,069)
As at 31 January 2013 (Unaudited)	1,609,591	4,065,862	41,703	29,734	1,808,661	25,974	3,268,608	—	10,850,133	668,734	11,518,867
As at 31 July 2011 and 1 August 2011 (Audited)	804,796	3,876,668	33,894	—	1,594,660	(5,445)	2,169,645	40,240	8,514,458	558,671	9,073,129
Profit for the period	—	—	—	—	—	—	399,129	—	399,129	47,749	446,878
Other comprehensive income/(expenses) for the period, net of tax:											
Impairment of investment properties under construction	—	—	(2,444)	—	—	—	—	—	(2,444)	(25)	(2,469)
Exchange differences arising on translation to presentation currency	—	—	—	—	152,777	—	—	—	152,777	8,791	161,568
Share of other comprehensive income of joint ventures	—	—	—	—	5,850	31,419	—	—	37,269	—	37,269
Total comprehensive income/(expenses) for the period, net of tax	—	—	(2,444)	—	158,627	31,419	399,129	—	586,731	56,515	643,246
Final 2011 dividend paid	—	—	—	—	—	—	—	(40,240)	(40,240)	—	(40,240)
As at 31 January 2012 (Unaudited)	804,796	3,876,668	31,450	—	1,753,287	25,974	2,568,774	—	9,060,949	615,186	9,676,135

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2013

	For the six months ended	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	358,639	(9,852)
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES	(107,077)	61,305
NET CASH FLOW USED IN FINANCING ACTIVITIES	(246,288)	(199,262)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,274	(147,809)
Cash and cash equivalents at beginning of period	1,695,551	883,058
Effect of foreign exchange rate changes, net	5,847	23,228
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,706,672	758,477
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Non-pledged and non-restricted cash and bank balances	735,831	456,817
Non-pledged and non-restricted time deposits with original maturity of less than three months when acquired	970,841	301,660
	1,706,672	758,477

Notes to Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2013 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The condensed consolidated interim financial statements have not been audited by the Company’s independent auditors but have been reviewed by the independent auditors and the audit committee of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of presentation used in the preparation of these interim financial statements are the same as those used in the Group’s audited consolidated financial statements for the year ended 31 July 2012. The Group has adopted the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”, which also include HKASs and Interpretations) which are applicable to the Group and are effective in the current period. The adoption of these new and revised HKFRSs has had no material impact on the reported results or financial position of the Group.

Impact of issued but not yet effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these interim financial statements:

HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹
Amendments to HKFRS 1	Government Loans ¹
Annual Improvements Project	Annual Improvements to HKFRSs 2009-2011 Cycle ¹
HKFRS 7 Amendments	Disclosures — Offsetting Financial Assets and Financial Liabilities ¹
HKFRS 13	Fair Value Measurement ¹
HKAS 19 (2011)	Employee Benefits ¹
HKAS 32 Amendments	Offsetting Financial Assets and Financial Liabilities ²
HKFRS 9 Amendments and HKFRS 7 Amendments	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
HKFRS 10, HKFRS 12, and HKAS 27 (2011) Amendments	Investment Entities ²

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 January 2014

³ Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact upon initial application of the above new and revised HKFRSs. The Group is not yet in a position to state whether they would have a significant impact on the Group’s results or financial position.

Notes to Condensed Consolidated Financial Statements

(Continued)

3. OPERATING SEGMENT INFORMATION

	For the six months ended 31 January (Unaudited)					
	Property development		Property investment		Consolidated	
	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue/results:						
Segment revenue						
Sales to external customers	549,673	604,328	262,496	227,004	812,169	831,332
Other revenue	1,135	201	54,574	47,016	55,709	47,217
Total	550,808	604,529	317,070	274,020	867,878	878,549
Segment results	126,695	228,194	473,237	554,449	599,932	782,643
Unallocated gains					23,267	10,427
Unallocated expenses, net					(58,436)	(23,070)
Profit from operating activities					564,763	770,000
Finance costs					(75,041)	(45,123)
Share of profit/(losses) of joint ventures	97,135	(7,889)	—	—	97,135	(7,889)
Profit before tax					586,857	716,988
Tax					(224,706)	(270,110)
Profit for the period					362,151	446,878
Other segment information:						
Fair value gains on investment properties	—	—	324,560	480,759	324,560	480,759
Reversal of impairment/(impairment) of properties under development/investment properties under construction*	(42,024)	(4,401)	7,076	(3,291)	(34,948)	(7,692)
Loss on disposal of items of property, plant and equipment	—	(17)	(21)	(54,487)	(21)	(54,504)

* Impairment of HK\$42,024,000 (six months ended 31 January 2012: HK\$4,401,000) and reversal of impairment of HK\$7,076,000 (six months ended 31 January 2012: impairment of HK\$3,291,000) were recognised in profit or loss and in other comprehensive income, respectively.

	Property development		Property investment		Consolidated	
	31 January	31 July	31 January	31 July	31 January	31 July
	2013	2012	2013	2012	2013	2012
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets:						
Segment assets	2,911,744	3,266,645	11,901,163	11,099,847	14,812,907	14,366,492
Investments in joint ventures	421,024	319,861	—	—	421,024	319,861
Unallocated assets					2,814,642	2,807,538
Total assets					18,048,573	17,493,891

Notes to Condensed Consolidated Financial Statements

(Continued)

4. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended	
	31 January 2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Cost of completed properties sold	333,090	326,781
Impairment of properties under development ^{##}	42,024	4,401
Depreciation [#]	30,956	29,664
Foreign exchange differences, net ^{##}	(4,515)	(7,863)
Loss on disposal of items of property, plant and equipment [#]	21	54,504
Amortisation of prepaid land lease payments	96	96

[#] The depreciation charge of HK\$22,306,000 (six months ended 31 January 2012: HK\$9,092,000) for service apartments and related leasehold improvements and the loss on disposal of items of property, plant and equipment of HK\$21,000 (six months ended 31 January 2012: HK\$54,504,000) are included in "Other operating expenses, net" on the face of the condensed consolidated income statement.

^{##} These items of expenses/(income) are included in "Other operating expenses, net" on the face of the condensed consolidated income statement.

5. FINANCE COSTS

	For the six months ended	
	31 January 2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Interest on:		
Bank loans wholly repayable within five years	46,851	36,383
Fixed rate senior notes, net	65,755	65,866
Amortisation of fixed rate senior notes	3,806	3,461
Bank financing charges	3,233	826
	119,645	106,536
Less: Capitalised in properties under development	(36,498)	(46,083)
Capitalised in investment properties	(8,106)	(15,330)
	(44,604)	(61,413)
Total finance costs	75,041	45,123

Notes to Condensed Consolidated Financial Statements

(Continued)

6. TAX

No provision for Hong Kong profits tax had been made as the Group had no estimated assessable profits arising in Hong Kong during the period (six months ended 31 January 2012: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	For the six months ended	
	31 January	2012
	2013	(Unaudited)
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Mainland China		
Corporate income tax	47,025	35,147
Land appreciation tax	79,032	93,806
Deferred	98,649	141,157
Total tax charge for the period	224,706	270,110

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts was based on the profit for the period attributable to owners of the Company of HK\$331,274,000 (six months ended 31 January 2012: HK\$399,129,000), and the weighted average number of ordinary shares of 16,095,912,956 (six months ended 31 January 2012: adjusted as 8,357,493,266 to reflect the bonus element inherent in the open offer during the year ended 31 July 2012) in issue during the period.

The calculation of diluted earnings per share amounts was based on the profit for the period attributable to owners of the Company as used in the basic earnings per share calculation. 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 per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended
	31 January 2013
	(Unaudited)
	HK\$'000
Earnings	
Profit attributable to owners of the Company used in the basic earnings per share calculation	331,274
	Number of shares
Shares	
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	16,095,912,956
Effect of dilution — weighted average number of ordinary shares:	
Share options	21,230,419
	16,117,143,375

No adjustment had been made to the basic earnings per share amount presented for the period ended 31 January 2012 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

Notes to Condensed Consolidated Financial Statements

(Continued)

8. DEBTORS, DEPOSITS AND PREPAYMENTS

The 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. Service apartment charges are mainly settled by customers on cash basis except for those corporate clients who maintain credit accounts with the Group, the settlement of which is in accordance with the respective agreements. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

An ageing analysis of the trade receivables as at the end of the reporting period, based on payment due date, is as follows:

	31 January 2013 (Unaudited) HK\$'000	31 July 2012 (Audited) HK\$'000
Trade receivables, net:		
Within one month	66,594	62,651
One to three months	1,712	3,214
	68,306	65,865
Other receivables, deposits and prepayments	71,392	69,255
Total	139,698	135,120

9. CREDITORS AND ACCRUALS

An ageing analysis of the trade payables as at the end of the reporting period, based on payment due date, is as follows:

	31 January 2013 (Unaudited) HK\$'000	31 July 2012 (Audited) HK\$'000
Trade payables:		
Within one month	14,445	40,101
One to three months	519	3,676
Over three months	—	895
	14,964	44,672
Accruals and other payables	654,272	642,523
Total	669,236	687,195

Notes to Condensed Consolidated Financial Statements

(Continued)

10. COMMITMENTS

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

	31 January 2013 (Unaudited) HK\$'000	31 July 2012 (Audited) HK\$'000
Contracted, but not provided for: Construction and compensation costs	53,348	51,424
Authorised, but not contracted for: Construction and resettlement costs	694,385	618,835

11. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	Notes	For the six months ended 31 January 2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Management and other service fees paid or payable to a related company	(i)	4,920	3,958
Consideration for acquisition of a company paid to a related company	(ii)	120,209	—
Consideration for disposal of a company receivable from a related company	(iii)	13,600	—

Notes:

(i) *The related company is a subsidiary of CapitaLand Limited and the Company is an associate of CapitaLand Limited. The related company provides management and other services to the service apartment operation of the Group.*

The terms of the management and other service fees were determined based on the agreement entered into between the Group and the related company.

(ii) *The related company is a subsidiary of eSun Holdings Limited ("eSun"), the ultimate holding company of the Company. Pursuant to a sale and purchase agreement entered into on 21 December 2012, the Company purchased from the related company the entire issued share capital of Favor Move Limited ("Favor Move") and all the rights attached thereto, together with the shareholder's loan advanced to Favor Move at a total consideration of HK\$120,209,000. Completion of this transaction has taken place simultaneously with the execution of the sale and purchase agreement on 21 December 2012. This transaction did not have a significant impact on the Group's results or financial position and further details of this transaction are set out in an announcement of the Company dated 21 December 2012.*

(iii) *The related company is eSun. Pursuant to a sale and purchase agreement entered into on 12 November 2012, the Company will dispose of its entire equity interest in Guangdong May Flower Cinema Limited at a total consideration of HK\$13,600,000. As at 31 January 2013, this transaction has not yet been completed and further details of this transaction are set out in an announcement of the Company dated 12 November 2012.*

Notes to Condensed Consolidated Financial Statements

(Continued)

11. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel of the Group

	For the six months ended	
	31 January 2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Short term employee benefits	11,461	9,619
Pension scheme contributions	56	46
Equity-settled share option expense	13,714	—
Total	25,231	9,665

12. SHARE OPTION SCHEMES

On 18 December 2012, the Company adopted a new share option scheme and terminated the share option scheme previously adopted on 21 August 2003. Subsisting options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the previous scheme.

The table below disclosed movement of the Company's share options held by the Company's directors and other eligible participants:

	Number of underlying shares comprised in share options
Outstanding as at 1 August 2012	80,479,564
Granted during the period	458,726,430
Outstanding as at 31 January 2013	539,205,994

The closing price of the Company's shares immediately before the date of grant of share options granted during the period was HK\$0.227. The fair value of the share options granted during the period was HK\$26,056,000 (HK\$0.0568 each) of which the Group recognised a share option expense of HK\$26,056,000 and HK\$12,376,000 (before and after capitalisation to properties under development/investment properties under construction, respectively) for the six months ended 31 January 2013.

The fair value of equity-settled share options granted during the period was estimated as at the date of grant using Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	1.795
Expected volatility (%)	55.355
Historical volatility (%)	55.355
Risk-free interest rate (%)	1.012
Expected life of options (year)	10
Weighted average share price (HK\$ per share)	0.228

The expected life of the options is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

13. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised for issue by the Board on 28 March 2013.

► Independent Auditors' Review Report



To the board of directors of Lai Fung Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements of Lai Fung Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 2 to 14, which comprise the condensed consolidated statement of financial position as at 31 January 2013 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
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28 March 2013

Interim Dividend

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2013 (six months ended 31 January 2012: Nil).

Management Discussion and Analysis

OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2013, the Group recorded a turnover of HK\$812.2 million (2012: HK\$831.3 million) and a gross profit of HK\$420.1 million (2012: HK\$454.1 million), representing a decrease of approximately 2% and 7%, respectively over the same period last year. Turnover from rental income and sales during the period was HK\$262.5 million (2012: HK\$227.0 million) and HK\$549.7 million (2012: HK\$604.3 million), respectively. Net profit attributable to owners of the Company was approximately HK\$331.3 million (2012: HK\$399.1 million), representing a decrease of approximately 17% over the same period last year.

Basic earnings per share was HK\$0.021 (2012: HK\$0.048). Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK\$107.6 million (2012: HK\$75.5 million), representing an increase of approximately 43% over the same period last year. Basic earnings per share excluding the revaluation effect correspondingly decreased to HK\$0.007 (2012: HK\$0.009).

Equity attributable to owners of the Company as at 31 January 2013 amounted to HK\$10,850.1 million, up from HK\$10,438.1 million as at 31 July 2012. Net asset value per share attributable to owners of the Company increased to HK\$0.674 per share as at 31 January 2013 from HK\$0.648 per share as at 31 July 2012.

Despite the challenging operating environment during the period under review, the business delivered an encouraging set of results underpinned by a sound foundation of rental income from the rental portfolio.

As at 31 January 2013, the Group maintained a property portfolio (excluding car-parking spaces and ancillary facilities) comprising of completed rental properties with attributable gross floor area ("GFA") of approximately 2.485 million square feet, properties under development of approximately 9.479 million square feet, and properties held for sale of approximately 1.147 million square feet. The Group will continue to build on this sound asset base with a view to delivering long-term value to its shareholders.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and car-parking spaces as at 31 January 2013:

	Commercial/ Retail	Office	Service Apartment	Residential	Total (excluding carpark & ancillary facilities)	No. of car-parking spaces attributable to the Group
Rental Properties ¹	1,455	548	482	—	2,485	537
Properties Under Development ²	1,190	1,319	871	6,099	9,479	6,877
Properties Held for Sale ³	176	—	153	818	1,147	1,186
Total GFA	2,821	1,867	1,506	6,917	13,111	8,600

1. Completed and rental generating properties
2. All properties under construction
3. Completed properties for sale/lease

Management Discussion and Analysis (Continued)

PROPERTY INVESTMENT

Rental Income

For the six months ended 31 January 2013, the Group's rental operations recorded a turnover of HK\$262.5 million (2012: HK\$227.0 million), representing a 16% increase over the same period last year. Breakdown of rental turnover by major rental properties is as follows:

	Six months ended 31 January		% Change	Period end occupancy (%)
	2013 HK\$ million	2012 HK\$ million		
Shanghai Hong Kong Plaza	182.9	168.2	9	Retail: 99.9 Office: 95.0 Service Apartments: 80.9
Shanghai Regents Park (commercial podium and car-parking spaces)	6.1	5.2	17	99.7
Shanghai Northgate Plaza I	4.9	2.8	75	89.9
Shanghai May Flower Plaza (commercial podium and car-parking spaces)	13.8	0	N/A	89.2
Guangzhou May Flower Plaza	46.8	43.0	9	Retail: 99.8 Office: 100.0
Guangzhou West Point (commercial podium and car-parking spaces)	8.0	7.8	3	97.0
Total	262.5	227.0	16	

Rental income performed steadily as a whole with almost full occupancy in the major properties. The increase is primarily attributable to rental reversion and change in tenant mix across the portfolio, as well as contribution from the retail podium of the Shanghai May Flower Plaza since the end of the financial year 2012.

A portion of the Palm Spring Rainbow Mall 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.

► Management Discussion and Analysis (Continued)

PROPERTY INVESTMENT (CONTINUED)

Review of major rental properties

Shanghai Hong Kong Plaza

Shanghai Hong Kong Plaza is a twin-tower property located on both the North and South sides of the street at a prime location on Huaihaizhong Road in Huangpu District, Shanghai. The twin-towers are connected by a footbridge. The property's total GFA is approximately 1.18 million square feet excluding 350 car-parking spaces. The property comprises an office tower, shopping arcades and a service apartment tower. The property is directly above the Huangpi South Road Metro Station and is within walking distance of Xintiandi, a well-known landmark in Shanghai. The shopping arcades are now one of the most visible high-end retail venues for global luxury brands in the area. Anchor tenants include The Apple Store, Cartier, Coach, GAP, Tiffany, MCM, Shiatzy Chen, Y3 and internationally renowned luxury brands and high-end restaurants. The service apartments are managed by the Ascott Group and the Group has successfully leveraged the Ascott Group's extensive experience and expertise in operating service apartments to position the service apartments as a high-end product.

Shanghai May Flower Plaza

Shanghai May Flower Plaza is a mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Zhabei District in Shanghai. This project is situated near the Zhongshan Road North Metro Station. The Group retains a 95% interest in the retail podium which has approximately 320,314 square feet of GFA including the basement commercial area. The asset is positioned as a community retail facility with Lotte Mart as the anchor tenant.

Shanghai Northgate Plaza

Shanghai Northgate Plaza I comprises office units, a retail podium (now closed) and car-parking spaces. Located on Tian Mu Road West in the Zhabei District of Shanghai near the Shanghai Railway Terminal, this property has a total GFA of approximately 322,581 square feet excluding car-parking spaces and ancillary area. Shanghai Northgate Plaza II is a vacant site adjacent to Plaza I. The site area of Plaza II is approximately 44,293 square feet and its buildable GFA is approximately 375,007 square feet. The Group plans to redevelop Shanghai Northgate Plaza I and II together under a comprehensive redevelopment plan. The redeveloped project will include an office tower, a shopping arcade and underground car-parking spaces. The Group is currently discussing the redevelopment proposal with professional consultants and local authorities.

Guangzhou May Flower Plaza

Guangzhou May Flower Plaza is a prime property situated at Zhongshanwu Road, Yuexiu District directly above the Gongyuanqian Metro Station in Guangzhou, the interchange station of Guangzhou Subway Lines No. 1 and 2. This 13-storey complex has a total GFA of approximately 436,855 square feet excluding 136 car-parking spaces. The building comprises of retail spaces, restaurants, office units and car-parking spaces. The property is fully leased to tenants comprising well-known corporations, consumer brands and restaurants.

Guangzhou West Point

Guangzhou West Point is located on Zhongshan Qi Road and is within walking distance from the Ximenkou Subway Station. This is a mixed-use property where the Group has effectively sold all the residential and office units and retained a commercial podium with GFA of approximately 182,344 square feet excluding 141 car-parking spaces. Tenants of the retail podium include renowned restaurants and local retail brands.

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT

Recognised Sales

For the six months ended 31 January 2013, the Group's property development operations recorded a turnover of HK\$549.7 million (2012: HK\$604.3 million) from sale of properties, representing a 9% decrease in value and 197,303 square feet increase in GFA over the same period last year. The decrease in recognised sales was due to recognition of sales of Shanghai May Flower Plaza being lower compared to the same period last year and recognition of sales of Palm Spring Phase I which has a lower average selling price, which led to an overall reduction in average selling price. Total recognised sales was primarily driven by the sales performance of Shanghai May Flower Plaza and Zhongshan Palm Spring of which approximately 94,883 and 233,035 square feet of residential GFA were sold respectively.

Sales of Dolce Vita Phase I performed well and achieved an average selling price of HK\$1,779 per square foot. This is recognised as a component of "Share of profit of joint ventures" in the condensed consolidated income statement.

For the six months ended 31 January 2013, average selling price recognised as a whole (excluding Dolce Vita) decreased by HK\$2,513 to approximately HK\$1,664 per square foot (2012: HK\$4,177 per square foot).

Breakdown of turnover for the six months ended 31 January 2013 from property sales is as follows:

Recognised basis	Approximate Gross Floor Area Square feet	Average Selling Price [#] HK\$/square foot	Turnover* HK\$ million
Shanghai May Flower Plaza			
Residential Units	94,883	3,889	348.1
Office Apartment Units	572	2,573	1.4
Zhongshan Palm Spring			
Residential Units — High-rise	230,490	585	127.1
Residential Units — Townhouses	2,545	2,017	4.8
Shanghai Regents Park Phase II			
Residential Units	7,697	4,820	35.0
Guangzhou West Point			
Residential Units	4,854	2,587	11.8
Office Units	9,229	2,464	21.5
Total	350,270	1,664	549.7
Recognised sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units** (47.5% basis)	226,939	1,779	380.7

[#] Before business tax

^{*} After business tax

^{**} Guangzhou Dolce Vita is a joint venture project with CapitaLand China Holdings Pte. Ltd. ("CapitaLand") in which each of the Group and CapitaLand has an effective 47.5% interest. For the six months ended 31 January 2013, the recognised sales (after business tax) attributable to the full project is HK\$801.4 million and approximately 477,766 square feet of GFA were recognised.

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

Contracted Sales

As at 31 January 2013, the Group's property development operations has contracted but not yet recognised sales of HK\$1,060.8 million from sale of properties.

Breakdown of contracted but not yet recognised sales as at 31 January 2013 is as follows:

Contracted basis	Approximate Gross Floor Area Square feet	Average Selling Price [#] HK\$/square foot	Turnover [#] HK\$ million
Shanghai May Flower Plaza			
Residential Units	85,264	3,926	334.8
Office Apartment Units	36,778	2,937	108.0
Shanghai Regents Park Phase II			
Residential Units	3,648	4,951	18.1
Guangzhou West Point			
Residential Units	1,213	2,679	3.2
Zhongshan Palm Spring			
Residential Units — High-rise	78,089	579	45.2
Residential Units — Townhouses	34,255	1,366	46.8
Sub-total	239,247	2,324	556.1
Contracted sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units** (47.5% basis)	271,260	1,861	504.7
Total	510,507	2,078	1,060.8

[#] Before business tax

^{**} Guangzhou Dolce Vita is a joint venture project with CapitaLand in which each of the Group and CapitaLand has an effective 47.5% interest. As at 31 January 2013, the contracted but not yet recognised sales attributable to the full project is HK\$1,062.5 million and approximately 571,074 square feet of GFA were sold.

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

Review of major projects completed for sale and under development

Shanghai May Flower Plaza

Shanghai May Flower Plaza is a completed mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Zhabei District in Shanghai and situated near the Zhongshan Road North Metro Station. The residential portion of Shanghai May Flower Plaza is branded "The Mid-town" which comprises 628 residential units and approximately 627,511 square feet of GFA. During the period under review, 94,883 square feet was recognised at an average selling price of HK\$3,889 per square foot, which contributed HK\$348.1 million to the turnover. As at 31 January 2013, contracted but not yet recognised sales amounted to HK\$334.8 million or 85,264 square feet at an average selling price of HK\$3,926 per square foot. As at 31 January 2013, completed residential units held for sale in this development amounted to 321,685 square feet with a carrying amount of approximately HK\$571.0 million.

The for sale portion of the office apartments comprised of 96 units with a total GFA of approximately 57,486 square feet. During the period under review, sales of 572 square feet was recognised at an average selling price of HK\$2,573 per square foot, which contributed HK\$1.4 million to the turnover. As at 31 January 2013, contracted but not yet recognised sales amounted to HK\$108.0 million or 36,778 square feet at an average selling price of HK\$2,937 per square foot. As at 31 January 2013, completed office apartment units held for sale in this development amounted to 56,914 square feet with a carrying amount of approximately HK\$120.4 million.

Zhongshan Palm Spring

The project is located in Caihong Planning Area, West District of Zhongshan. The overall development has a total planned GFA of approximately 8.813 million square feet. The project will comprise of high-rise residential towers, townhouses, service apartments and commercial blocks totaling 6.379 million square feet.

Phase Ia of the project, which was completed during the six months ended 31 January 2013, comprises of high-rise residential towers and townhouses. During the period under review, 230,490 square feet of high-rise residential units and 2,545 square feet of townhouses were recognised at average selling prices of HK\$585 and HK\$2,017 per square foot, respectively, which contributed a total of HK\$131.9 million to the sales turnover. As at 31 January 2013, contracted but not yet recognised sales amounted to HK\$45.2 million and HK\$46.8 million at average selling prices of HK\$579 and HK\$1,366 per square foot for high-rise units and townhouses, respectively. As at 31 January 2013, completed units held for sale in this development amounted to 471,015 square feet with a carrying amount of approximately HK\$414.5 million.

Set out below is the current expectation on the development of the remaining phases:

Phase	Description	Approximate GFA* (square feet)	Expected completion
Ib	High-rise residential units	957,590	4Q 2016
II	Townhouses	173,988	3Q 2016
III	High-rise residential units including commercial units and service apartments	1,608,128	1Q 2018
IV	High-rise residential units including commercial units	2,596,180	4Q 2018

* Excluding car parks and ancillary facilities

The Group is closely monitoring the market conditions and will adapt the pace of development accordingly.

Guangzhou Eastern Place Phase V

Guangzhou Eastern Place is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. The current Phase V development will have a total GFA attributable to the Group of approximately 914,578 square feet, comprising two residential blocks (GFA 320,291 square feet approximately), an office block and ancillary retail spaces (GFA 594,287 square feet approximately). Construction work for the residential blocks is expected to be completed in 2013 and pre-sale of the residential units is expected to start in the third calendar quarter of 2013. The office block and ancillary retail spaces will be kept as rental properties and they are expected to complete in 2014.

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

Review of major projects completed for sale and under development (Continued)

Guangzhou Dolce Vita

The Guangzhou Dolce Vita is a joint venture project with CapitaLand China Holdings Pte. Ltd (“**CapitaLand**”) in which each of the Group and CapitaLand has a 47.5% interest. This development in Jinshazhou, Hengsha, Baiyun District, Guangzhou will have a total project GFA of approximately 4.857 million square feet. The project will comprise of approximately 2,796 low-rise and high-rise residential units and shopping amenities totaling 3.793 million square feet excluding ancillary facilities and car-parking spaces. It is conveniently located near the business centre of Jinshazhou as well as several shopping and entertainment areas, and is easily accessible via Guangzhou Subway Line 6 and other transport modes. Praised as the model metropolis for Guangzhou and Foshan, Jinshazhou is located in northwest Guangzhou.

The project is divided into five phases of development. Phase I comprises 8 high-rise residential blocks and are almost all sold. Phase Ia (4 high-rise residential blocks) was completed in second half of 2012 and Phase Ib is expected to complete before the end of 2013. During the period under review, 226,939 square feet attributable to the Group was recognised and generated an attributable turnover of HK\$380.7 million. As at 31 January 2013, attributable contracted but not yet recognised sales amounted to HK\$504.7 million or 271,260 square feet at an average selling price of HK\$1,861 per square foot. As at 31 January 2013, attributable completed units held for sale for Phase Ia and units under construction for Phase Ib amounted to 36,264 square feet and 263,052 square feet, respectively.

Set out below is the current expectation on the development of the remaining phases:

Phase	Description	Approximate GFA* (square feet)	Expected completion
Ib	High-rise residential units	553,794	4Q 2013
II	Townhouses including a small amount of commercial units	288,779	3Q 2014
III	High-rise residential units including a small amount of commercial units	424,134	3Q 2014
IV	Townhouses and low-rise residential units	305,644	2Q 2015
V	High-rise residential units	1,666,353	3Q 2017

* Excluding carparks and ancillary facilities

Pre-sale of Phase III of this project commenced shortly after the six months ended 31 January 2013 and achieved strong momentum.

Guangzhou King's Park

This is a high-end residential development located on Donghua Dong Road in Yuexiu District. The permitted GFA is approximately 95,800 square feet excluding 58 car-parking spaces and ancillary facilities. Construction work is substantially completed and sales will commence in the second half of financial year ending 31 July 2013.

Guangzhou Haizhu Plaza

Guangzhou Haizhu Plaza is located on Chang Di Main Road in Yuexiu District, Guangzhou along the Pearl River. The Group owns the entire project. The proposed development has a total project GFA of approximately 1.381 million square feet originally and is intended to be developed into an office and commercial complex. The Group has completed substantially most of the resettlement work of the original occupants. However, due to recent changes in government planning of the site, the Group is now in the process of negotiating the buildable area for the site with the city government.

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

Review of major projects completed for sale and under development (Continued)

Guangzhou Paramount Centre

This is a service apartment development located at the junction of Da Sha Tou Road and Yan Jiang Dong Road in Yuexiu District. The permitted GFA is approximately 80,321 square feet excluding 46 car-parking spaces and ancillary facilities. This project will be added to the rental property portfolio of the Group upon completion. The Group is in discussion with Lai Sun Development Company Limited to manage the operations of the service apartments. Construction work is expected to complete before the end of the next financial year.

Guangzhou Guan Lu Road Project

The site is located on Guan Lu Road in Yuexiu District. The permitted residential and retail GFA is approximately 142,580 square feet excluding 95 car-parking spaces and ancillary facilities. The project is intended to be developed into a residential block with car-parking spaces and ancillary facilities. Construction work is expected to commence once resettlement is completed.

MARKET OUTLOOK

The completion of leadership changes in the United States and China removed some uncertainties and put focus back on global economic growth. Major global economies are still in early phase of recovery with sustained monetary easing by the key central banks around the world.

China's economic growth has slowed inevitably with weakening external demand and falling fixed asset investment growth. The Central government maintained its prudent macro policies and various tightening measures on the economy generally. One of the key focuses was to deliver sustainable growth and rein back a property bubble. Activities in the property market, particularly in the residential property market, have clearly slowed down with the continuing enforcement of the tight credit policy and restrictions on home purchases since they were introduced.

The Home Purchase Restrictions are expected to stay in the medium term. While the details are due to be published around the time of the publication of these interim results, the emphasis is clear: stabilise prices, suppress speculation, increase land supply for mass market residential units, accelerate provision of social housing and strengthen regulatory monitoring on presales/sales.

STRATEGY AND PROSPECTS

The fiscal and monetary stimuli from the major governments and central banks around the world provided the basic conditions for upholding economic stability. However, the global economy is still in a delicate state and much work is still needed to ensure it stays on track for long-term recovery. As such the international financial and economic conditions are expected to remain challenging in the near future without meaningful structural reform. The Group expects the PRC Government to monitor and manage the property sector actively with a view of addressing underlying demand and curbing speculation. The Group strongly believe in the long-term prospects of the property market in China, underpinned by sustainable long-term economic growth, continuous urbanisation, strong underlying demand and a high savings ratio.

The Group will continue its strategy of prudent expansion. The Group will continue its stated intention to retain any sizeable commercial and retail elements to grow its rental property portfolio thus increasing the recurrent rental income base while residential projects will be built primarily for sale. The Group will continue to improve the recurring income base through upgrading existing rental properties and adding new commercial properties from development projects, such as the upcoming Eastern Place Phase V office and retail tower providing approximately 594,287 square feet of rental GFA attributable to the Group. Phase 1 of the Palm Spring project in Zhongshan will add approximately another 187,656 square feet of rental GFA when it is fully leased. The three service apartments with a total attributable GFA of approximately 315,521 square feet in Shanghai, Guangzhou and Zhongshan are progressing as planned. This will provide a solid foundation to mitigate the revenue volatility from residential development projects which are more susceptible to government policies. The Group will continue to strengthen its businesses in China focusing on core cities such as Shanghai, Guangzhou and Zhongshan while leveraging those operational hubs to explore opportunities in the nearby cities and areas. With some of the projects due for completion in the current and following years, the Group is actively reviewing opportunities to replenish its land bank should the right opportunities arise. The key for the Group is to remain nimble and retain sufficient financial flexibility to adapt its growth plans according to market conditions in different areas with a view to delivering long-term value to shareholders.

► Management Discussion and Analysis (Continued)

GROWTH FROM A STABLE FINANCIAL FOUNDATION

For the six months ended 31 January 2013, the amount of undrawn facilities amounted to HK\$146.2 million with HK\$2,643.2 million of cash on hand resulting in a net debt to equity ratio of 6%. As announced in December 2012, the Group has self-arranged a syndicated loan and raised approximately HK\$3,550 million, of which HK\$750 million is a term loan, approximately HK\$1,050 million is for refinancing and the balance comprises revolving facilities, for expansion and general working capital. The Group will be signing and closing this self arranged syndicated loan on or around the time these interim results are published.

The Group is well positioned for future growth through securing new projects with the available resources and will continue to optimise the funding structure of the Group through better utilisation of its growing portfolio of rental properties. In addition, the approval of the Deed of Conditional Waiver in December 2012 opens up the possibility for the Group to tap other Lai Sun group companies' resources and expertise without relinquishing control and will also enable the group to participate in larger projects.

The management will continue its prudent approach in executing its expansion strategy.

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 January 2013, the Group had total borrowings amounting to HK\$3,333.5 million (as at 31 July 2012: HK\$3,402.2 million), representing a decrease of HK\$68.7 million from 2012. The consolidated net assets attributable to the owners of the Company amounted to HK\$10,850.1 million (as at 31 July 2012: HK\$10,438.1 million). The gearing ratio, being net debt (total borrowings less cash and bank balances) to total equity was 6% (as at 31 July 2012: 7%). The maturity profile of the Group's borrowings of HK\$3,333.5 million is well spread with HK\$1,429.3 million repayable within 1 year, HK\$1,728.3 million repayable in the second year and HK\$175.9 million repayable in the third to fifth years.

Approximately 43% and 55% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 2% of the Group's borrowings are interest free.

Apart from the fixed rate senior notes which were denominated in United States Dollars ("USD"), the Group's other borrowings of HK\$1,902.4 million were 71% denominated in Renminbi ("RMB"), 28% in USD and 1% in Hong Kong dollars ("HKD"). The Group's cash and bank balances of HK\$2,643.2 million were 67% denominated in RMB, 31% in HKD and 2% in USD.

The Group's presentation currency is denominated in HKD. The Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HKD. The 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, the Group believes that the corresponding exposure to USD exchange rate fluctuation is nominal. However, the Group has a net exchange exposure to RMB as the Group's assets are principally located in China and the revenues are predominantly in RMB.

Certain assets of the Group have been pledged to secure borrowings of the Group, including rental properties with a total carrying amount of approximately HK\$8,351.1 million, completed properties for sale with a total carrying amount of approximately HK\$625.8 million, properties under development with a total carrying amount of approximately HK\$983.6 million, service apartments and related properties with a total carrying amount of approximately HK\$1,025.8 million, a property with carrying amount of approximately HK\$40.1 million and bank balances of approximately HK\$147.5 million.

Taking into account the amount of cash being held as at the end of the reporting period, the available banking facilities, expected refinancing of certain bank loans and the recurring cashflows from the Group's operating activities, the Group believes that it would have sufficient liquidity to finance its existing property development and investment projects.

CONTINGENT LIABILITIES

There has been no material change in contingent liabilities of the Group since 31 July 2012.

Particulars of Properties

MAJOR RENTAL PROPERTIES

Location	Group Interest	Tenure	Approximate Attributable Gross Floor Area (square feet)				Total (excluding carpark & ancillary facilities)	No. of car-parking spaces attributable to the Group
			Commercial/Retail	Office	Service Apartments			
Shanghai								
Commercial podium and certain office and service apartment units of Hong Kong Plaza, 282 & 283 Huaihaizhong Road, Huangpu District	95%	The property is held for a term of 50 years commencing on 16 September 1992	445,012	342,653	133,345	921,010	333	
Service apartment units in the North Tower of Hong Kong Plaza, 282 Huaihaizhong Road, Huangpu District	100%	The property is held for a term of 50 years commencing on 16 September 1992	—	—	211,758	211,758	—	
Commercial podium and certain service apartment units of May Flower Plaza, Sujiaxiang, Zhabei District	95%	The property is held for a term of 40 years for commercial use and 50 years for office use commencing on 5 February 2007	304,298	—	136,654	440,952	—	
Northgate Plaza I, 99 Tian Mu Road West, Zhabei District	97%	The property is held for a term of 50 years commencing on 15 June 1993	186,578	126,326	—	312,904	99	
Commercial portion of Regents Park, 88 Huichuan Road, Changning District	95%	The property is held for a term of 70 years commencing on 4 May 1996	77,959	—	—	77,959	—	
Guangzhou								
May Flower Plaza, 68 Zhongshanwu Road, Yuexiu District	77.5%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 14 October 1997	259,146	79,417	—	338,563	105	
Commercial podium of West Point, Zhongshan Qi Road, Liwan District	100%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 3 July 2005	169,914	—	—	169,914	—	
Zhongshan								
Portion of commercial center of Stage 1 of Palm Spring	100%	The property is held for a term expiring on 23 October 2073 for commercial/residential uses	11,852	—	—	11,852	—	
Subtotal of major rental properties (Note):			1,454,759	548,396	481,757	2,484,912	537	

Note: Being completed and rental generating properties

Particulars of Properties (Continued)

MAJOR PROPERTIES UNDER DEVELOPMENT

Location	Group Interest	Stage of Construction	Expected completion date	Approximate site area (square feet) <i>Note 3</i>	Commercial/Retail	Approximate Attributable Gross Floor Area (square feet)			Total (excluding carpark & ancillary facilities)	No. of car-parking spaces attributable to the Group
						Office	Service Apartments	Residential		
Guangzhou										
Eastern Place Phase V, 787 Dongfeng East Road, Yuexiu District	100%	Construction work in progress	Residential: Q3 2013 Office: Q3 2014	212,587	56,554	537,738	—	320,110	914,402	362
Haizhu Plaza, Chang Di Main Road, Yuexiu District	100%	Resettlement in progress	2017-2018 <i>Note 1</i>	90,708	141,859	585,346	387,106	—	1,114,311	275
King's Park, Donghua Dong Road, Yuexiu District	100%	Construction work in progress	Q2 2013	35,123	2,530	—	—	93,270	95,800	58
Paramount Centre, Da Sha Tou Road, Yuexiu District	100%	Construction work in progress	Q4 2013	23,788	5,350	—	74,971	—	80,321	46
Guan Lu Road Project, Guan Lu Road, Yuexiu District	100%	Development under planning	Q2 2017	26,178	3,197	—	—	139,383	142,580	95
Various portions of Dolce Vita Jinshazhou, Heng Sha, Baiyun District	47.5%	Construction work in progress	Stage 1b: Q4 2013 Stage 2: Q3 2014 Stage 3: Q3 2014 Stage 4: Q2 2015 Stage 5: Q3 2017	3,217,769 <i>(Note 5)</i>	25,565	—	—	1,512,820	1,538,385	748
Zhongshan										
Various portions of Zhongshan Palm Spring, Caihong Planning Area, Western District	100%	Construction work in progress	Phase 1b: Q4 2016 Phase 2: Q3 2016 Phase 3: Q1 2018 Phase 4: Q4 2018	2,547,298 <i>(Note 5)</i>	893,337	—	409,032	4,033,519	5,335,888	5,116
Shanghai										
Northgate Plaza II, Tian Mu Road West, Zhabei District	99%	Development under planning	2017-2018 <i>Note 2</i>	44,293	61,743	195,566	—	—	257,309	177
Subtotal of major properties under development: <i>Note 4</i>					1,190,135	1,318,650	871,109	6,099,102	9,478,996	6,877

Note 1: Being in the process of negotiating the buildable area for the site with the city government

Note 2: Being in the progress of discussing a comprehensive redevelopment proposal with the district government

Note 3: On project basis

Note 4: Being all properties under construction (including investment properties under construction)

Note 5: Including portions of the projects that has been completed for sale/lease

Particulars of Properties (Continued)

MAJOR COMPLETED PROPERTIES FOR SALE

Location	Group interest	Approximate Attributable Gross Floor Area (square feet)			Total (excluding carpark & ancillary facilities)	No. of car-parking spaces attributable to the Group
		Commercial/ Retail	Service Apartments	Residential		
Shanghai						
Certain residential & service apartment units and carparking spaces in May Flower Plaza, Sujiaxiang, Zhabei District	95%	—	54,068	305,601	359,669	435
Certain residential units and carparking spaces in Regents Park, Phase II, 88 Huichuan Road, Changning District	95%	—	—	3,466	3,466	386
Guangzhou						
Certain residential units and carparking spaces in West Point, Zhongshan Qi Road, Liwan District,	100%	—	—	1,213	1,213	141
Certain residential unit and carparking spaces in Eastern Place, 787 Dongfeng East Road, Yuexiu District	100%	—	—	891	891	2
Certain residential units in Dolce Vita Jinshazhou Heng Sha Baiyun District	47.5%	—	—	36,264	36,264	—
Zhongshan						
Certain residential units and portion of commercial centres of Stage I of Zhongshan Palm Spring, Caihong Planning Area, Western District	100%	175,805 Note 2	98,556	471,015	745,376	222
Subtotal of major properties completed for sale: Note 1		175,805	152,624	818,450	1,146,879	1,186

Note 1: Being completed properties for sale/lease

Note 2: Portion of the property leased out to third parties will be redesignated to investment properties

► Corporate Governance and Other Information

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**” and the “**Listing Rules**”, respectively) throughout the six months ended 31 January 2013 save for the deviations from code provisions A.4.1, A.5.1 and A.6.7 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 (“**NEDs**”, including the independent non-executive directors (“**INEDs**”)) of the Company is appointed for a specific term. However, all directors of the Company (the “**Directors**”) are subject to the retirement provisions of the Articles of Association 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 as an additional Director (including a NED) will hold office only until the next annual general meeting of the Company (the “**AGM**”) and will then be eligible for re-election. Further, in line with the relevant code provision of the CG Code, each of the Directors appointed to fill a casual vacancy would/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. 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.

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders.

Due to other pre-arranged business commitments which must be attended to by him, Mr. Leow Juan Thong, Jason, a NED, was not present at the AGM as well as the extraordinary general meeting of the Company, both held on 18 December 2012.

SECURITIES TRANSACTIONS BY DIRECTORS AND DESIGNATED EMPLOYEES

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees (the “**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 enquiries of all the Directors who have confirmed in writing their compliance with the required standard set out in the Securities Code during the six months ended 31 January 2013.

Corporate Governance and Other Information (Continued)

SHARE OPTION SCHEMES

At the extraordinary general meeting of the Company held on 18 December 2012, the shareholders of the Company approved the adoption of a new share option scheme (the “2012 Share Option Scheme”) and the termination of the share option scheme adopted by the Company on 21 August 2003 (the “2003 Share Option Scheme”). Upon the termination of the 2003 Share Option Scheme, no more options will be granted thereunder but the subsisting options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the 2003 Share Option Scheme.

The 2012 Share Option Scheme is designed to recognise the contribution or future contribution of the Eligible Participants (as defined in the scheme) for their contribution to the Group and to attract, retain and motivate high-caliber Eligible Participants in line with the performance goals of the Relevant Companies (as defined in the scheme). Unless otherwise cancelled or amended, the 2012 Share Option Scheme will remain in force for 10 years from the date of its adoption. The details of the 2012 Share Option Scheme are set out in the circular of the Company dated 1 December 2012. On 18 January 2013, a total of 458,726,430 underlying shares comprised in share options were granted under the 2012 Share Option Scheme.

As at 31 January 2013, a total of 539,205,994 underlying shares comprised in share options were outstanding, of which 80,479,564 underlying shares relate to a share option granted under the 2003 Share Option Scheme and 458,726,430 underlying shares relate to share options granted under the 2012 Share Option Scheme, respectively.

Movements of the share options, which were granted under the 2003 Share Option Scheme and the 2012 Share Option Scheme, during the six months ended 31 January 2013 are as follows:

Name or category of participants	Date of grant*	No. of underlying shares comprised in share options			Exercise period	Exercise price per share **
		As at 1 August 2012	Granted during the period	As at 31 January 2013		
Directors						
Chew Fook Aun	12/6/2012	80,479,564	—	80,479,564	12/6/2012-11/6/2020	HK\$0.133
Lam Hau Yin, Lester	18/1/2013	—	160,959,129	160,959,129	18/1/2013-17/1/2023	HK\$0.228
Lau Shu Yan, Julius	18/1/2013	—	48,287,738	48,287,738	18/1/2013-17/1/2023	HK\$0.228
Cheng Shin How	18/1/2013	—	32,191,825	32,191,825	18/1/2013-17/1/2023	HK\$0.228
		80,479,564	241,438,692	321,918,256		
Other Eligible Participants						
(in aggregate)	18/1/2013	—	217,287,738***	217,287,738	18/1/2013-17/1/2023	HK\$0.228
		—	217,287,738	217,287,738		
Total		80,479,564	458,726,430	539,205,994		

* The 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 similar changes in the Company's share capital.

*** Dr. Lam Kin Ngok, Peter, a substantial shareholder of the Company was granted a share option to subscribe for a total of 16,095,912 shares on 18 January 2013.

Save as disclosed above, no share options were granted, exercised, cancelled, or lapsed in accordance with the terms of the 2003 Share Option Scheme and the 2012 Share Option Scheme during the period under review.

Corporate Governance and Other Information (Continued)

DIRECTORS' INTERESTS

The following Directors and chief executive of the Company who held office on 31 January 2013 were interested in the following interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (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 SFO); or (b) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO (the "Register of Directors and Chief Executive"); or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Securities Code; or (d) as known by the Directors:

(1) The Company

(A) Long positions in the ordinary shares of HK\$0.10 each of the Company ("Shares") and underlying Shares

Name of Director	Capacity	Number of Shares	Number of underlying Shares	Approximate % of Shares in issue	
				Total	
Chew Fook Aun	Beneficial Owner	Nil	80,479,564	80,479,564	0.5
Lam Hau Yin, Lester	Beneficial Owner	Nil	160,959,129	160,959,129	1
Lau Shu Yan, Julius	Beneficial Owner	12,917,658	48,287,738	61,205,396	0.38
Cheng Shin How	Beneficial Owner	Nil	32,191,825	32,191,825	0.2

(B) Long positions in the 9.125% Senior Notes due 2014 issued by the Company ("Senior Notes")

Name of Director	Capacity	Nature of Interests	Principal Amount
Lau Shu Yan, Julius	Beneficial Owner	Personal	US\$300,000

(2) Associated Corporation

eSun Holdings Limited ("eSun") — the ultimate holding company of the Company

Interests in eSun shares and eSun underlying shares

Name of Director	Capacity	Number of eSun shares	Number of eSun underlying shares	Approximate % of eSun's issued shares	
				Total	
Chew Fook Aun	Beneficial owner	Nil	6,216,060 (Note 1)	6,216,060	0.50
Lam Hau Yin, Lester	Beneficial owner	2,794,443	12,432,121 (Note 2)	15,226,564	1.22

Notes:

1. A share option was granted by eSun to Mr. Chew Fook Aun on 5 June 2012 to subscribe for a total of 6,216,060 eSun shares at an exercise price of HK\$0.92 per eSun share during the period from 5 June 2012 to 4 June 2022.
2. A share option was granted by eSun to Mr. Lam Hau Yin, Lester on 18 January, 2013 to subscribe for a total of 12,432,121 eSun shares at an exercise price of HK\$1.612 per eSun share during the period from 18 January 2013 to 17 January 2023.

Corporate Governance and Other Information (Continued)

DIRECTORS' INTERESTS (CONTINUED)

Save as disclosed above, as at 31 January 2013, none of the Directors and chief executive of the Company was interested or was deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange, 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 2013, so far as it is known by or otherwise notified to any Director or the chief executive of the Company, the particulars of the corporations or individuals, other than a Director or the chief executive of the Company, who had 5% or more interests in the following long positions in the Shares and 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 (the "**Voting Entitlements**") (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:—

(A) Long Positions in the Shares of the Company

Name	Capacity	Nature of Interests	Number of Shares	Approximate % of Shares in Issue
eSun Holdings Limited (" eSun ")	Owner of Controlled Corporations	Corporate	7,949,276,422 (Note 1)	49.39
Lai Sun Development Company Limited (" LSD ")	Owner of Controlled Corporations	Corporate	7,949,276,422 (Note 1)	49.39
Lai Sun Garment (International) Limited (" LSG ")	Owner of Controlled Corporations	Corporate	7,949,276,422 (Note 1)	49.39
Lam Kin Ngok, Peter	Owner of Controlled Corporations	Corporate	7,949,276,422 (Note 2)	49.39
Merit Worth Limited (" MWL ")	Beneficial Owner and Owner of Controlled Corporation	Corporate	7,949,276,422 (Note 3)	49.39
CapitaLand China Holdings Pte Ltd. (" CapitaLand China ")	Owner of Controlled Corporation	Corporate	3,220,000,000 (Note 4)	20
CapitaLand LF (Cayman) Holdings Co., Ltd (" CapitaLand Cayman ")	Beneficial Owner	Corporate	3,220,000,000	20
CapitaLand Limited	Owner of Controlled Corporations	Corporate	3,220,000,000 (Note 4)	20
CapitaLand Residential Limited (" CapitaLand Residential ")	Owner of Controlled Corporations	Corporate	3,220,000,000 (Note 4)	20
Temasek Holdings (Private) Limited (" Temasek Holdings ")	Owner of Controlled Corporations	Corporate	3,220,000,000 (Note 4)	20
Silver Glory Securities Limited (" SGS ")	Beneficial Owner	Corporate	3,889,038,698 (Note 3)	24.16

Corporate Governance and Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS (CONTINUED)

(A) Long Positions in the Shares of the Company (Continued)

Notes:

1. These interests in the Company represented all the Shares beneficially owned by MWL (4,060,237,724 shares or about 25.23% of the total issued shares) and SGS (3,889,038,698 shares or about 24.16% of the total issued shares), both being wholly-owned subsidiaries of eSun. eSun is owned as to approximately 39.93% by LSD which in turn is owned as to approximately 49.97% by LSG. As such, both LSD and LSG were deemed to be interested in the same 7,949,276,422 Shares held by eSun.
2. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 7,949,276,422 Shares held by eSun by virtue of his personal and deemed interests in approximately 38.06% of the issued share capital of LSG.
3. SGS is wholly owned by MWL which in turn is wholly owned by eSun. Therefore, MWL is deemed to be interested in the 3,889,038,698 Shares held by SGS and eSun was deemed to be interested in the 7,949,276,422 Shares held and deemed to be held by MWL.
4. These interests in the Company represented the Shares beneficially owned by CapitaLand Cayman which is wholly owned by CapitaLand China which in turn is wholly owned by CapitaLand Residential while CapitaLand Residential is wholly owned by CapitaLand Limited. Temasek Holdings was deemed to be interested in the same 3,220,000,000 Shares held by CapitaLand Cayman by virtue of its approximate 39.60% interest in the issued share capital of CapitaLand Limited.

(B) Long Positions in the Underlying Shares of the Company

Name	Capacity	Number of underlying Shares	Approximate % of Shares in Issue
Lam Kin Ngok, Peter	Beneficial Owner	16,095,912 (Note)	0.10

Note: A share option comprising a total of 16,095,912 underlying shares in the Company was granted to Dr. Lam Kin Ngok, Peter at an exercise price of HK\$0.228 per share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.

Save as disclosed above, the Directors are not aware of any other corporation or individual who, as at 31 January 2013, 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.

DISCLOSURE PURSUANT TO PARAGRAPH 13.21 OF CHAPTER 13 OF THE LISTING RULES

Pursuant to the covenants of the loan agreements and the supplemental loan agreements dated 20 December 2007, 27 July 2010 and 14 September 2010, respectively, the Company and certain subsidiaries of the Company shall procure that (i) LSG, LSD and eSun will together hold not less than 30% of the total issued share capital of the Company at all times throughout the terms of the facilities; (ii) LSG and/or LSD and/or eSun shall together remain as the single largest Shareholder of the Company; and (iii) LSG will maintain management control of the Company.

As at 31 January 2013, the aggregate outstanding loan balances of these facilities amounted to approximately HK\$1,047,889,000 with the last instalment repayment falling due in July 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 January 2013, the Company did not redeem any of its shares listed and traded on the Stock Exchange or the Senior Notes, which are listed and traded on Singapore Exchange Securities Trading Limited. In addition, the Company or any of its subsidiaries did not purchase or sell any of such shares or Senior Notes during the same period.

Corporate Governance and Other Information (Continued)

UPDATE OF 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 2011-2012 are set out as follows:

- (a) The Group usually makes annual adjustment to basic salaries and pays discretionary bonuses in January. The basic salaries of Mr. Lam Hau Yin, Lester, Mr. Chew Fook Aun, and Mr. Cheng Shin How were adjusted upward for 4.5% with effect from 1 January 2013. Mr. Lau Shu Yan, Julius has been entitled to receive a monthly salary of HK\$125,000 since 1 November 2012. The annual fees for each of the independent non-executive directors were increased from HK\$150,000 to HK\$250,000 with effect from 1 November 2012. On 18 January 2013, the Company granted share options to certain Directors under the share option scheme adopted by the Company on 18 December 2012, to subscribe for ordinary shares of HK\$0.10 each in the share capital of the Company. Directors' remuneration for the six months ended 31 January 2013 and 2012 are as follows:

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Equity-settled share option expense HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
For the six months ended 31 January 2013					
<i>Executive directors:</i>					
Lam Kin Ngok, Peter (resigned on 1 November 2012)	—	500	—	—	500
Lam Kin Ming	—	570	—	—	570
Lam Kin Hong, Matthew	—	570	—	28	598
Lam Hau Yin, Lester	—	1,046	9,142	8	10,196
U Po Chu	—	2,172	—	—	2,172
Chew Fook Aun (appointed on 5 June 2012)	—	2,136	—	8	2,144
Lau Shu Yan, Julius	—	375	2,743	3	3,121
Tam Kin Man, Kraven (retired on 1 May 2012)	—	—	—	—	—
Cheung Sum, Sam (resigned on 1 September 2012)	—	507	—	1	508
Cheng Shin How	—	3,192	1,829	8	5,029
Lui Siu Tsuen, Richard (resigned on 1 November 2012)	—	—	—	—	—
	—	11,068	13,714	56	24,838
<i>Non-executive directors:</i>					
Lucas Ignatius Loh Jen Yuh	—	—	—	—	—
Leow Juan Thong, Jason	—	—	—	—	—
	—	—	—	—	—
<i>Independent non-executive directors:</i>					
Lam Bing Kwan	100	—	—	—	100
Ku Moon Lun	100	—	—	—	100
Law Kin Ho	100	—	—	—	100
Mak Wing Sum, Alvin (appointed on 1 November 2012)	63	—	—	—	63
Shek Lai Him, Abraham (appointed on 19 December 2012)	30	—	—	—	30
	393	—	—	—	393
Total	393	11,068	13,714	56	25,231

Corporate Governance and Other Information (Continued)

UPDATE OF DIRECTORS' INFORMATION (CONTINUED)

(a) (Continued)

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Equity-settled share option expense HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
For the six months ended 31 January 2012					
<i>Executive directors:</i>					
Lam Kin Ngok, Peter	—	1,000	—	—	1,000
Lam Kin Ming	—	570	—	—	570
Lam Kin Hong, Matthew	—	570	—	28	598
Lam Hau Yin, Lester	—	1,042	—	6	1,048
U Po Chu	—	2,171	—	—	2,171
Lau Shu Yan, Julius	—	—	—	—	—
Tam Kin Man, Kraven	—	—	—	—	—
Cheung Sum, Sam	—	895	—	6	901
Cheng Shin How	—	3,146	—	6	3,152
Lui Siu Tsuen, Richard	—	—	—	—	—
	—	9,394	—	46	9,440
<i>Non-executive directors:</i>					
Lucas Ignatius Loh Jen Yuh	—	—	—	—	—
Leow Juan Thong, Jason	—	—	—	—	—
	—	—	—	—	—
<i>Independent non-executive directors:</i>					
Lam Bing Kwan	75	—	—	—	75
Ku Moon Lun	75	—	—	—	75
Law Kin Ho	75	—	—	—	75
	225	—	—	—	225
Total	225	9,394	—	46	9,665

- (b) Madam U Po Chu has been re-designated as an executive director from a non-executive director of Lai Sun Garment (International) Limited with effect from 27 November 2012;
- (c) Mr. Law Kin Ho resigned as an independent non-executive director of Coastal Greenland Limited on 31 December 2012;
- (d) Mr. Mak Wing Sum, Alvin has been appointed an independent non-executive director of Luk Fook Holdings (International) Limited with effect from 31 December 2012; and
- (e) Mr. Lam Kin Hong, Matthew was appointed a Council Member of the Business Advisory Council of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) on 15 February 2013.

Corporate Governance and Other Information (Continued)

DIRECTORS, EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2013, the Group employed a total of around 1,300 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.

The Group is delighted to welcome Mr. Mak Wing Sum, Alvin and Mr. Shek Lai Him, Abraham who joined the Board as Independent Non-executive Directors with effect from 1 November 2012 and 19 December 2012, respectively. The Group would also like to thank Dr. Lam Kin Ngok, Peter, Mr. Lui Siu Tsuen, Richard and Mr. Cheung Sum, Sam, who left the Board during the period under review for their valuable contributions to the Company during their tenure.

INVESTOR RELATIONS

To ensure our investors have a better understanding of the Company, our management has begun engaging in a pro-active investor relations programme. Our Executive Directors led by the Chairman of the Company and the 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 business strategy.

For the six months ended 31 January 2013, the Company has met with a number of research analysts and investors, as well as attended conferences and non-deal roadshows as follows:

Month	Event	Organizer	Location
September 2012	UBS Hong Kong/China Property Conference 2012	UBS	Hong Kong
September 2012	JP Morgan Hong Kong Property Corporate Access Days	JP Morgan	Hong Kong
October 2012	Post full year results non-deal roadshow	UBS	Hong Kong
November 2012	Post full year results non-deal roadshow	DBS	Singapore
November 2012	Post full year results non-deal roadshow/ HSBC Asia Corporate Day	HSBC	London
November 2012	Post full year results non-deal roadshow	JP Morgan	New York/Philadelphia/ San Francisco
December 2012	Investors luncheon	Daiwa Securities	Hong Kong
January 2013	Investors luncheon	Bank of China International	Hong Kong
January 2013	Non-deal roadshow	UOB Kay Hian	Taipei

The Company is keen on promoting good 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@laifung.com.

► Corporate Governance and Other Information *(Continued)*

REVIEW OF INTERIM REPORT

The audit committee of the Company (the “**Audit Committee**”) currently comprises two of the INEDs, namely Mr. Law Kin Ho and Mr. Lam Bing Kwan, and a NED, Mr. Leow Juan Thong, Jason (alternate Director: Mr. Lucas Ignatius Loh Jen Yuh). The unaudited interim results (including the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2013 have been reviewed by the Audit Committee and by the Company’s independent auditors in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 28 March 2013