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 2015

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
Lee Tze Yan, Ernest
U Po Chu

Non-executive Directors
Lucas Ignatius Loh Jen Yuh
Chan Boon Seng
(also alternate director to Lucas Ignatius Loh Jen Yuh)

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
Lucas Ignatius Loh Jen Yuh

REMUNERATION COMMITTEE
Lam Bing Kwan *(Chairman)*
Chew Fook Aun
Ku Moon Lun
Law Kin Ho
Lucas Ignatius Loh Jen Yuh

COMPANY SECRETARY
Yim Lai Wa

REGISTERED OFFICE
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
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 REGISTRAR 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 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

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
CNY1,800,000,000 6.875% senior notes due 2018 (Stock Code: 85920) issued by the Company are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited

WEBSITE
www.laifung.com

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

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 2015 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement

For the six months ended 31 January 2015

	Notes	For the six months ended 31 January 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
TURNOVER	3	**538,055**	590,180
Cost of sales		**(217,424)**	(256,922)
Gross profit		**320,631**	333,258
Other income and gains		**76,468**	100,202
Selling and marketing expenses		**(24,280)**	(23,811)
Administrative expenses		**(142,702)**	(159,219)
Other operating expenses, net		**(72,888)**	(31,362)
Fair value losses on cross currency swaps		**(112,721)**	—
Fair value gains on investment properties		**236,688**	598,714
PROFIT FROM OPERATING ACTIVITIES	4	**281,196**	817,782
Finance costs	5	**(100,807)**	(191,050)
Share of profits of joint ventures		**148,651**	75,607
PROFIT BEFORE TAX		**329,040**	702,339
Tax	6	**(144,181)**	(194,326)
PROFIT FOR THE PERIOD		**184,859**	508,013
ATTRIBUTABLE TO:			
Owners of the Company		**184,256**	501,697
Non-controlling interests		**603**	6,316
		184,859	508,013
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	7		
Basic		**HK$0.011**	HK$0.031
Diluted		**HK$0.011**	HK$0.031

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2015

	For the six months ended 31 January 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
PROFIT FOR THE PERIOD	**184,859**	508,013
OTHER COMPREHENSIVE INCOME/(EXPENSES) TO BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX		
Reversal of impairment/(impairment) of investment properties under construction	**(267)**	6,599
Exchange differences arising on translation to presentation currency	**70,996**	171,791
Release of exchange fluctuation reserve upon disposal of a subsidiary	**—**	(1,439)
Share of other comprehensive income of joint ventures	**3,168**	6,324
Net gain on cash flow hedges	**—**	63,979
	73,897	247,254
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**258,756**	755,267
ATTRIBUTABLE TO:		
Owners of the Company	**257,717**	745,117
Non-controlling interests	**1,039**	10,150
	258,756	755,267

Condensed Consolidated Statement of Financial Position

As at 31 January 2015

	Notes	**31 January 2015 (Unaudited) HK$'000**	31 July 2014 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,196,127**	1,499,769
Prepaid land lease payments		**5,283**	5,354
Investment properties		**14,110,106**	13,479,025
Properties under development		**875,818**	662,386
Investments in joint ventures		**743,259**	590,758
Deposit for acquisition of land use right		**728,811**	89,765
Goodwill		**—**	426
Total non-current assets		**17,659,404**	16,327,483
CURRENT ASSETS			
Properties under development		**665,316**	572,906
Completed properties for sale		**1,019,060**	1,157,773
Debtors, deposits and prepayments	8	**197,287**	174,641
Prepaid tax		**43,372**	43,250
Pledged and restricted time deposits and bank balances		**939,136**	490,690
Cash and cash equivalents		**1,032,792**	2,072,368
		3,896,963	4,511,628
Asset classified as held for sale	9	**269,053**	—
Total current assets		**4,166,016**	4,511,628
CURRENT LIABILITIES			
Creditors and accruals	10	**641,714**	580,273
Deposits received and deferred income		**363,678**	218,974
Interest-bearing bank loans, secured		**944,381**	708,382
Loan from a joint venture		**167,993**	—
Tax payable		**183,123**	166,660
Total current liabilities		**2,300,889**	1,674,289
NET CURRENT ASSETS		**1,865,127**	2,837,339
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,524,531**	19,164,822
NON-CURRENT LIABILITIES			
Long-term deposits received		**88,439**	92,564
Interest-bearing bank loans, secured		**1,588,941**	1,604,858
Advances from a former substantial shareholder		**58,992**	58,688
Loans from a fellow subsidiary		**162,901**	152,760
Fixed rate senior notes	11	**2,247,948**	2,232,738
Derivative financial instruments		**137,883**	25,162
Deferred tax liabilities		**2,294,334**	2,203,747
Total non-current liabilities		**6,579,438**	6,370,517
		12,945,093	12,794,305

Condensed Consolidated Statement of Financial Position

(Continued)

As at 31 January 2015

	31 January 2015 (Unaudited) HK$'000	31 July 2014 (Audited) HK$'000
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**1,612,968**	1,610,190
Reserves	**11,252,023**	11,053,244
	12,864,991	12,663,434
Non-controlling interests	**80,102**	130,871
	12,945,093	12,794,305

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2015

	Attributable to owners of the Company												
	Issued capital HK$'000	Share premium account HK$'000	Asset revaluation reserve HK$'000	Share option reserve HK$'000	Hedge reserve HK$'000	Exchange fluctuation reserve HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Retained earnings HK$'000	Proposed final dividend HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
As at 31 July 2014 and 1 August 2014 (Audited)	1,610,190	4,066,482	66,609	29,677	(6,656)	1,994,853	155,496	173,403	4,523,464	49,916	12,663,434	130,871	12,794,305
Profit for the period	—	—	—	—	—	—	—	—	184,256	—	184,256	603	184,859
Other comprehensive income/(expenses) for the period, net of tax:													
Impairment of investment properties under construction	—	—	(264)	—	—	—	—	—	—	—	(264)	(3)	(267)
Exchange differences arising on translation to presentation currency	—	—	—	—	—	70,557	—	—	—	—	70,557	439	70,996
Share of other comprehensive income of joint ventures	—	—	—	—	—	3,168	—	—	—	—	3,168	—	3,168
Total comprehensive income/(expenses) for the period, net of tax	—	—	(264)	—	—	73,725	—	—	184,256	—	257,717	1,039	258,756
Acquisition of additional interests in a subsidiary from a non-controlling shareholder	—	—	—	—	—	—	(10,998)	—	—	—	(10,998)	(51,808)	(62,806)
Equity settled share option arrangements	—	—	—	371	—	—	—	—	—	—	371	—	371
Release of reserve upon lapse of share options	—	—	—	(284)	—	—	—	—	284	—	—	—	—
Transfer to statutory reserve	—	—	—	—	—	—	—	8,799	(8,799)	—	—	—	—
Share of statutory reserve of joint ventures	—	—	—	—	—	—	—	20,772	(20,772)	—	—	—	—
Final 2014 dividend paid	—	—	—	—	—	—	—	—	—	(49,916)	(49,916)	—	(49,916)
Shares issued in lieu of cash dividend**	2,778	1,605	—	—	—	—	—	—	—	—	4,383	—	4,383
As at 31 January 2015 (Unaudited)	**1,612,968**	**4,068,087***	**66,345***	**29,764***	**(6,656)***	**2,068,578***	**144,498***	**202,974***	**4,678,433***	**—**	**12,864,991**	**80,102**	**12,945,093**

* These reserve accounts comprise the consolidated reserves of HK$11,252,023,000 (31 July 2014: HK$11,053,244,000) in the condensed consolidated statement of financial position.

** On 9 December 2014, the Company's shareholders approved at the annual general meeting a final dividend of HK$0.0031 per share payable in cash with a scrip dividend alternative (the "**Scrip Dividend Scheme**") for the year ended 31 July 2014 (the "**2014 Final Dividend**"). During the period, 27,775,212 new shares were issued by the Company at a deemed price of HK$0.1578 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash under the Scrip Dividend Scheme to settle HK$4,383,000 of the 2014 Final Dividend. The remaining of the 2014 Final Dividend of HK$45,533,000 was satisfied by cash.

Further details of the Scrip Dividend Scheme are set out in the Company's circular dated 30 December 2014.

Condensed Consolidated Statement of Changes in Equity

(Continued)

For the six months ended 31 January 2015

	Attributable to owners of the Company												
	Issued capital HK$'000	Share premium account HK$'000	Asset revaluation reserve HK$'000	Share option reserve HK$'000	Hedge reserve HK$'000	Exchange fluctuation reserve HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Retained earnings HK$'000	Proposed final dividend HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
As at 31 July 2013 and 1 August 2013 (Audited)	1,609,591	4,065,862	56,925	30,188	(59,761)	1,995,222	25,974	133,360	3,513,185	48,288	11,418,834	693,016	12,111,850
Profit for the period	—	—	—	—	—	—	—	—	501,697	—	501,697	6,316	508,013
Other comprehensive income/ (expenses) for the period, net of tax:													
Reversal of impairment of investment properties under construction	—	—	6,533	—	—	—	—	—	—	—	6,533	66	6,599
Exchange differences arising on translation to presentation currency	—	—	—	—	—	168,023	—	—	—	—	168,023	3,768	171,791
Release of reserve upon disposal of a subsidiary	—	—	—	—	—	(1,439)	—	—	—	—	(1,439)	—	(1,439)
Share of other comprehensive income of joint ventures	—	—	—	—	—	6,324	—	—	—	—	6,324	—	6,324
Net gain on cash flow hedges	—	—	—	—	63,979	—	—	—	—	—	63,979	—	63,979
Total comprehensive income for the period, net of tax	—	—	6,533	—	63,979	172,908	—	—	501,697	—	745,117	10,150	755,267
Acquisition of additional interests in subsidiaries from non-controlling shareholders	—	—	—	—	—	—	133,845	—	—	—	133,845	(541,968)	(408,123)
Release of reserve upon lapse of share options	—	—	—	(511)	—	—	—	—	511	—	—	—	—
Transfer to statutory reserve	—	—	—	—	—	—	—	24,078	(24,078)	—	—	—	—
Share of statutory reserve of joint ventures	—	—	—	—	—	—	—	2,379	(2,379)	—	—	—	—
Final 2013 dividend paid	—	—	—	—	—	—	—	—	—	(48,288)	(48,288)	—	(48,288)
Shares issued in lieu of cash dividend	599	620	—	—	—	—	—	—	—	—	1,219	—	1,219
As at 31 January 2014 (Unaudited)	1,610,190	4,066,482	63,458	29,677	4,218	2,168,130	159,819	159,817	3,988,936	—	12,250,727	161,198	12,411,925

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2015

	For the six months ended 31 January 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	**(464,199)**	92,581
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**13,133**	15,507
Purchase of items of property, plant and equipment	**(12,206)**	(40,616)
Additions to investment properties	**(270,745)**	(75,138)
Advances of loans to joint ventures	**(667)**	(465)
Decrease/(increase) in pledged and restricted time deposits and bank balances	**(448,446)**	27,856
Disposal of a subsidiary	**—**	8,845
Increase in deposit for acquisition of land use rights	**—**	(333,540)
NET CASH FLOW USED IN INVESTING ACTIVITIES	**(718,931)**	(397,551)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans, net of direct costs	**242,628**	—
Repayment of bank loans	**(42,827)**	(153,219)
Loans from a fellow subsidiary	**9,359**	72,682
Loan from a joint venture	**167,993**	—
Interest and bank financing charges paid	**(140,294)**	(206,891)
Dividend paid	**(45,533)**	(47,069)
Acquisition of non-controlling interests	**(55,326)**	(404,945)
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES	**136,000**	(739,442)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,047,130)**	(1,044,412)
Cash and cash equivalents at beginning of period	**2,072,368**	3,608,327
Effect of foreign exchange rate changes, net	**7,554**	25,909
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,032,792**	2,589,824
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Non-pledged and non-restricted cash and bank balances	**587,400**	951,953
Non-pledged and non-restricted time deposits	**445,392**	1,637,871
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	**1,032,792**	2,589,824

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 2015 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 the "**Stock Exchange**") 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 Company's audit committee.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements for the period under review are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 July 2014. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2014.

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 condensed consolidated interim 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. OPERATING SEGMENT INFORMATION

	For the six months ended 31 January (Unaudited)					
	Property development		**Property investment**		**Consolidated**	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Segment revenue/results:						
Segment revenue						
Sales to external customers	**231,018**	307,006	**307,037**	283,174	**538,055**	590,180
Other revenue	**1,467**	99	**57,788**	62,925	**59,255**	63,024
Total	**232,485**	307,105	**364,825**	346,099	**597,310**	653,204
Segment results	**62,137**	89,618	**397,701**	739,291	**459,838**	828,909
Interest income from bank deposits					**13,133**	15,507
Unallocated gains					**4,080**	21,671
Fair value losses on cross currency swaps					**(112,721)**	—
Impairment of asset classified as held for sale					**(33,474)**	—
Unallocated expenses, net					**(49,660)**	(48,305)
Profit from operating activities					**281,196**	817,782
Finance costs					**(100,807)**	(191,050)
Share of profits of joint ventures	**148,651**	75,607	**—**	—	**148,651**	75,607
Profit before tax					**329,040**	702,339
Tax					**(144,181)**	(194,326)
Profit for the period					**184,859**	508,013
Other segment information:						
Fair value gains on investment properties	**—**	—	**236,688**	598,714	**236,688**	598,714
Reversal of impairment/(impairment) of investment properties under construction*	**—**	—	**(356)**	8,799	**(356)**	8,799
Loss on disposal of items of property, plant and equipment	**72**	—	**—**	143	**72**	143

* *Impairment of investment properties under construction of HK$356,000 (six months ended 31 January 2014: Reversal of impairment of HK$8,799,000) was recognised in other comprehensive income during the period.*

3. OPERATING SEGMENT INFORMATION *(CONTINUED)*

	Property development		Property investment		Consolidated	
	31 January 2015 (Unaudited) HK$'000	31 July 2014 (Audited) HK$'000	**31 January 2015 (Unaudited) HK$'000**	31 July 2014 (Audited) HK$'000	**31 January 2015 (Unaudited) HK$'000**	31 July 2014 (Audited) HK$'000
Segment assets/liabilities:						
Segment assets	**3,377,225**	2,464,699	**15,304,054**	14,966,049	**18,681,279**	17,430,748
Investments in joint ventures	**743,259**	590,758	**—**	—	**743,259**	590,758
Unallocated assets					**2,131,829**	2,817,605
Asset classified as held for sale					**269,053**	—
Total assets					**21,825,420**	20,839,111
Segment liabilities	**609,305**	445,957	**342,472**	309,129	**951,777**	755,086
Unallocated liabilities					**7,928,550**	7,289,720
Total liabilities					**8,880,327**	8,044,806

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	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Cost of completed properties sold	**136,329**	184,182
Outgoings in respect of rental income	**81,095**	72,740
Depreciation#	**37,420**	35,776
Foreign exchange differences, net##	**6,861**	(8,844)
Gain on disposal of a subsidiary##	**—**	(6,672)
Loss on disposal of items of property, plant and equipment##	**72**	143
Amortisation of prepaid land lease payments	**98**	98
Impairment of asset classified as held for sale ##	**33,474**	—

The depreciation charge of HK$31,528,000 (six months ended 31 January 2014: HK$30,460,000) for serviced apartments and related leasehold improvements is 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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on:		
Bank loans wholly repayable within five years	**59,943**	67,273
Bank loans repayable beyond five years	**6,610**	—
2007 Notes (as defined and disclosed in note 11)	**—**	65,755
2013 Notes (as defined and disclosed in note 11)	**71,324**	71,844
Loan from a joint venture	**3,035**	—
Amortisation of:		
Bank loans	**7,385**	7,358
2007 Notes	**—**	4,186
2013 Notes	**3,496**	3,255
Bank financing charges and direct costs	**12,366**	13,381
	164,159	233,052
Less: Capitalised in properties under development	**(22,839)**	(22,490)
Capitalised in investment properties under construction	**(36,568)**	(9,502)
Capitalised in construction in progress	**(3,945)**	(10,010)
	(63,352)	(42,002)
Total finance costs	**100,807**	191,050

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 2014: 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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current — Mainland China		
Corporate income tax	**38,105**	26,424
Land appreciation tax	**26,558**	27,978
Deferred	**79,518**	164,226
Tax indemnity	**—**	(24,302)
Total tax charge for the period	**144,181**	194,326

In connection with the listing of the Company on the Stock Exchange (currently on the Main Board), a tax indemnity deed was signed on 12 November 1997, pursuant to which Lai Sun Development Company Limited ("**LSD**") has undertaken to indemnify the Group in respect of certain potential Mainland China income tax and land appreciation tax payable or shared by the Group in consequence of the disposal of any of the property interests attributable to the Group through its subsidiaries and its joint ventures as at 31 October 1997. During the six months ended 31 January 2014, an amount of HK$24,302,000 was receivable by the Company under the aforesaid indemnities.

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the period attributable to owners of the Company of HK$184,256,000 (six months ended 31 January 2014: HK$501,697,000), and the weighted average number of ordinary shares of 16,102,201,162 (six months ended 31 January 2014: 16,096,400,970) in issue during the period.

The calculation of diluted earnings per share amounts is 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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	**184,256**	501,697
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**16,102,201,162**	16,096,400,970
Effect of dilution — weighted average number of ordinary shares:		
Share options	**16,115,270**	25,598,790
	16,118,316,432	16,121,999,760

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. Serviced apartments charges are mainly settled by customers on a 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. Trade receivables of the Group were interest-free.

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 2015	31 July 2014
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Trade receivables, net:		
Within one month	**81,114**	61,319
One to three months	**1,293**	2,303
Over three months	**1,572**	1,726
	83,979	65,348
Other receivables, deposits and prepayments	**113,308**	109,293
Total	**197,287**	174,641

9. ASSET CLASSIFIED AS HELD FOR SALE

On 23 November 1993, Grand Wealth Limited ("**Grand Wealth**"), an indirect wholly-owned subsidiary of the Company, and Guangzhou Light Industry Real Estate Development Company ("**Guangzhou Light Industry**") entered into a joint venture agreement (as supplemented, the "**JVA**") to form a co-operative joint venture company, Guangzhou Grand Wealth Properties Limited ("**Guangzhou Grand Wealth**") in relation to a property development project in Guangzhou, the PRC known as Guangzhou Eastern Place.

In accordance with the original terms of the JVA, upon completion of Guangzhou Eastern Place Phase V, certain residential and office units of Guangzhou Eastern Place Phase V will be allocated and transferred to Guangzhou Light Industry.

On 15 January 2015, Grand Wealth and Guangzhou Light Industry entered into a new supplemental agreement (the "**Supplemental Agreement**") to, among other things, amend the above arrangement whereby Grand Wealth and Guangzhou Light Industry conditionally agreed that in lieu of allocating certain office units of Guangzhou Eastern Place Phase V (the "**Original Property**") to Guangzhou Light Industry as contemplated under the JVA, Grand Wealth would procure the transfer of Guangzhou Paramount Centre, a serviced apartment under development of the Group in Guangzhou, the PRC (the "**Substituted Property**") to Guangzhou Light Industry.

The completion of the conditional swap of the Original Property and the Substituted Property between Grand Wealth and Guangzhou Light Industry on the terms and conditions of the Supplemental Agreement (the "**Transaction**") is subject to, among others, the following conditions having been fulfilled:

(1) the transfer of the Substituted Property to Guangzhou Light Industry having completed before the registration of completion of the construction work of office units of Guangzhou Eastern Place Phase V, failing that Guangzhou Light Industry is entitled to require the Original Property to be allocated and transferred to it; and

(2) the shareholders of eSun Holdings Limited ("**eSun**"), the ultimate holding company of the Company, having approved the Transaction.

Further details of which are set out in a joint announcement of the Company and eSun dated 15 January 2015, and in a circular of eSun dated 16 February 2015.

The Supplemental Agreement and the Transaction were approved by eSun's shareholders at a special general meeting held on 5 March 2015.

As at 31 January 2015, the Substituted Property was reclassified as asset classified as held for sale and its non-recurring fair value measurement is as follows:

	31 January 2015 (Unaudited) HK$'000	31 July 2014 (Audited) HK$'000
Asset classified as held for sale — property, plant and equipment	**269,053**	—

In accordance with HKFRS 5, asset classified as held for sale with a carrying amount of HK$302,527,000 was written down to its fair value of HK$ 317,292,000 less costs to sell of HK$48,239,000, resulting in an impairment loss of HK$33,474,000 which was included in ''Other operating expenses, net" on the face of the condensed consolidated income statement for the period.

10. 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 2015 (Unaudited) HK$'000	31 July 2014 (Audited) HK$'000
Trade payables:		
Within one month	**150,668**	102,207
One to three months	**2,409**	3,872
Over three months	**4,523**	79
	157,600	106,158
Accruals and other payables	**484,114**	474,115
Total	**641,714**	580,273

11. FIXED RATE SENIOR NOTES

US$200,000,000 9.125% Senior Notes due 2014

On 4 April 2007, the Company issued US$200,000,000 of 9.125% fixed rate senior notes (the "**2007 Notes**"), which matured on 4 April 2014 for bullet repayment. The 2007 Notes bore interest from 4 April 2007 and were payable semi-annually in arrears on 4 April and 4 October of each year, commencing on 4 October 2007. The 2007 Notes were listed on the Singapore Exchange Securities Trading Limited. The 2007 Notes have been fully redeemed on the maturity date.

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

On 25 April 2013, the Company 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.

12. COMMITMENTS

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

	31 January 2015 (Unaudited) HK$'000	31 July 2014 (Audited) HK$'000
Contracted, but not provided for:		
Construction and compensation costs	**452,861**	546,828
Authorised, but not contracted for:		
Construction and resettlement costs	**3,322,674**	3,354,158

13. DISPOSAL OF A SUBSIDIARY

On 12 November 2012, the Company entered into a sale and purchase agreement with eSun to sell the entire equity interest in Guangdong May Flower Cinema Limited and the amount owed by Guangdong May Flower Cinema Limited to the Group at a total consideration of HK$13,600,000 (note 14(a)(ix)). The disposal was completed on 29 November 2013. A gain on disposal of HK$6,672,000 (note 4) has been recognised in profit or loss for the six months ended 31 January 2014. Further details of the disposal are set out in an announcement of the Company dated 12 November 2012.

Notes to Condensed Consolidated Financial Statements
(Continued)

14. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	Notes	For the six months ended 31 January 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Lai Sun Garment (International) Limited ("**LSG**") and its subsidiaries (the "**LSG Group**"):			
Rental and management fee expenses paid or payable	(i)	**1,279**	1,109
Rental and management fee income received or receivable	(ii)	**37**	114
Charges paid or payable relating to the serving of food and beverages to the occupants of the serviced apartments	(iii)	**—**	172
Tax indemnity receivable	(iv)	**—**	24,302
Sharing of corporate salaries on a cost basis allocated from		**10,956**	6,899
Sharing of administrative expenses on a cost basis allocated from		**1,855**	4,941
Sharing of corporate salaries on a cost basis allocated to		**1,113**	597
Sharing of administrative expenses on a cost basis allocated to		**214**	514
eSun and its subsidiaries (the "**eSun Group**") excluding the Group:			
Advertising and promotion fees paid or payable	(v)	**—**	753
Management fee paid or payable	(vi)	**—**	303
Rental and management fee income received or receivable	(vii)	**3,544**	1,231
Consideration for disposal of partial interest in a subsidiary received	(viii)	**—**	72,423
Consideration for disposal of a company received	(ix)	**—**	13,600
Advance of loans received	(x)	**9,356**	—
Sharing of corporate salaries on a cost basis allocated from		**903**	1,019
Sharing of administrative expenses on a cost basis allocated from		**20**	73
Sharing of corporate salaries on a cost basis allocated to		**541**	233
Sharing of administrative expenses on a cost basis allocated to		**74**	207
A subsidiary of CapitaLand Limited:			
Management and other service fees paid or payable	(xi)	**5,310**	5,175
A joint venture:			
Advance of a loan received	(xii)	**167,993**	—
Interest expenses paid or payable	(xii)	**3,035**	—

14. RELATED PARTY TRANSACTIONS (*CONTINUED*)

(a) Transactions with related parties (*Continued*)

Notes:

(i) *The related companies are LSD and a subsidiary of LSD, which are the subsidiaries of LSG. eSun, an associate of LSD, is the ultimate holding company of the Company. The Company is therefore also an associate of LSD. The terms of the rent and management fee were determined based on the agreements entered into between the Group and the related companies.*

(ii) *The related companies are subsidiaries of LSD. The terms of the rent and management fee were determined based on the agreements entered into between the Group and the related companies.*

(iii) *The related company is a subsidiary of LSD. The terms of the food and beverages charges were determined based on the agreement entered into between the Group and the related company.*

(iv) *The related company is LSD and further details of this transaction are set out in note 6 to the condensed consolidated financial statements.*

(v) *The related companies are subsidiaries of eSun where the Company does not hold, directly or indirectly, any equity interest in the related companies. The terms of the advertising and promotion fees were determined based on the agreements entered into between the Group and the related companies.*

(vi) *The related company is a subsidiary of eSun where the Company does not hold, directly or indirectly, any equity interest in the related company. The related company provided management services in relation to a cinema complex of the Group, which was disposed to eSun on 29 November 2013 as mentioned in note (ix). The terms of the management fee were determined based on the agreement entered into between the Group and the related company.*

(vii) *The related companies are subsidiaries of eSun where the Company does not hold, directly or indirectly, any equity interest in the related companies. The terms of the rent and management fee were determined based on the agreements entered into between the Group and the related companies.*

(viii) *The related company is a subsidiary of eSun where the Company does not hold, directly or indirectly, any equity interest in the related company. Pursuant to a subscription agreement entered into on 25 September 2013, the Group disposed to the related company 20% of the equity interest in Rosy Commerce Holdings Limited ("**RCHL**", an indirect wholly-owned subsidiary of the Company) together with 20% of the shareholder's loan advanced to RCHL, at a total consideration of HK$72,423,000. The transaction was completed on 19 December 2013 and further details of which are set out in a circular of the Company dated 26 November 2013.*

(ix) *The related company is eSun and further details of this transaction are set out in note 13 to the condensed consolidated financial statement.*

(x) *The related company is a subsidiary of eSun where the Company does not hold, directly or indirectly, any equity interest in the related company. During the period, the related company advanced loans amounting to HK$9,356,000 to RCHL.*

(xi) *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 on the serviced 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.*

(xii) *The related company is Guangzhou Beautiwin Real Estate Development Company Limited ("**Guangzhou Beautiwin**"), a joint venture of the Company. During the period, Guangzhou Beautiwin advanced a loan amounting to HK$167,993,000 to the Group and the interest expenses were charged at a fixed interest rate at 4.2% per annum.*

14. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(b) Compensation of key management personnel of the Group

	For the six months ended 31 January	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Short term employee benefits	**11,737**	11,464
Pension scheme contributions	**65**	60
Total	**11,802**	11,524

15. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	31 January 2015	31 July 2014	**31 January 2015**	31 July 2014
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities				
Derivative financial instruments	**137,883**	25,162	**137,883**	25,162
2013 Notes	**2,247,948**	2,232,738	**2,144,858**	2,199,063
	2,385,831	2,257,900	**2,282,741**	2,224,225

Each year, the Group's management appoints external valuers to be responsible for the external valuations of the Group's derivative financial instruments (the "**Valuers**"). Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the 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 fixed rate senior notes are based on quoted market prices; and

(ii) Derivative financial instruments, being the cross currency swaps, 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.

Other than the above financial liabilities, the carrying amounts of the Group's and the Company's financial instruments carried at amortised cost are not materially different from their fair values as at 31 January 2015 and 31 July 2014.

15. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(CONTINUED)*

Fair value hierarchy

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

	Valuation Techniques	**Significant unobservable inputs**	**Value of unobservable inputs**	Notes
Derivative financial instruments — CCS	Discounted cash flow with swaption approach	Expected exposure at default — counterparty	HK$279 to HK$11.7 million	1
		Expected exposure at default — the Company	HK$86.5 million to HK$125 million	2
		Credit spread — counterparty	26.82 basis point to 120.25 basis point	3
		Credit spread — the Company	366.55 basis point to 670.39 basis point	4
		Loss given default ratio — counterparty non-performance risk	80%	5
		Loss given default ratio — own 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 — the Company, 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 — the Company, 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 — the Company, the higher the fair value of CCS*

Liabilities measured at fair value

As at 31 January 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Derivative financial instruments	**—**	**—**	**137,883**	**137,883**

As at 31 July 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Derivative financial instruments	—	—	25,162	25,162

The Group did not have any financial assets measured at fair value as at 31 January 2015 and 31 July 2014.

15. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(CONTINUED)*

Liabilities measured at fair value *(Continued)*

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

During the year ended 31 July 2014, the fair value measurements of the derivative financial instruments transferred from Level 2 to Level 3 as the financial effect arising from unobservable inputs became more significant.

Liabilities for which fair values are disclosed

The Group's financial liabilities for which fair values are disclosed includes fixed rate senior notes, fair value of which are based on quoted market prices and are categorised in Level 1 as at 31 January 2015 and 31 July 2014.

16. SHARE OPTION SCHEME

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 2014	**538,205,994**
Granted during the period	**9,000,000**
Lapsed during the period	**(5,000,000)**
Outstanding as at 31 January 2015	**542,205,994**

The closing price of the Company's shares immediately before the date of grant of share options granted during the period was HK$0.16.

The fair value of the share options granted during the period was HK$371,000 (HK$0.0412 each) of which the Group recognised as a share option expense of HK$371,000 and HK$169,000 (before and after capitalisation to properties under development/investment properties under construction, respectively) for the six months ended 31 January 2015 (six months ended 31 January 2014: Nil).

The fair value of equity-settled share options granted during the period was estimated as at the date of grant using the 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:

Date of grant	**16 January 2015**
Dividend yield (%)	**1.856**
Expected volatility (%)	**48.787**
Historical volatility (%)	**48.787**
Risk-free interest rate (%)	**1.357**
Expected life of options (years)	**10**
Closing share price of the date of grant (HK$ per share)	**0.16**

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.

17. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised for issue by the Board on 25 March 2015.

Interim Dividend

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2015 (six months ended 31 January 2014: Nil).

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The global economies remain on a delicate recovery path, despite continuous support from central banks around the world. Major economies such as the United States, the Euro Zone and Japan continue to struggle against a backdrop of geopolitical uncertainties around the world such as those in the Middle East and between Russia and Ukraine.

The Chinese economy delivered 7.4% GDP growth for 2014 despite the challenging economic environments globally. The Chinese Government has since revised the 2015 GDP growth target to around 7.0%. It further emphasised the need to focus on quality and sustainability in economic development with a view to upgrade China's economy to a medium-high-level of development while maintaining China's economic growth at a medium-high speed. It was indicated at China's recent annual parliamentary session that this would be achieved through implementing a combination of proactive fiscal policy and prudent monetary policy to balance steady growth and ongoing economic restructuring. This has been seen through the cuts in the benchmark interest rates and reduction in reserve requirement ratio for banks as well as some relaxation in the Home Purchase Restrictions in certain cities in mainland China during the period under review. The property sector is an important economic pillar and continues to be shaped significantly by government policies. The Chinese 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 Group's regional focus coupled with the rental-led strategy that the Group adopted since 2012 is validated against this challenging operating environment. The rental portfolio of approximately 2.8 million square feet, primarily in Shanghai and Guangzhou, delivered steady increases in rental income at close to full occupancies for the key assets despite a general slowdown in retail sales.

The control measures implemented by the Chinese Government slowed sales across the sector and affected different participants to different degrees. The Group is affected without exception but to a lesser extent as it is blessed with a quality rental portfolio. Nevertheless, the Group experienced a steady increase in average selling prices in some of its projects for sale, which indicated the strength and depth of the underlying demand. The management believes it is important to prepare the Group for the challenges and opportunities ahead.

The Group was successful in the auction for Phase I of the Creative Culture City project in Hengqin ("**Phase I CCC**") in September 2013 which it will co-develop with its ultimate holding company, eSun Holdings Limited ("**eSun**"), with 80% held by the Group and 20% held by eSun. Phase I CCC has total gross floor area ("**GFA**") of approximately 2.8 million square feet and a minimum investment requirement of approximately RMB3.0 billion (equivalent to approximately HK$3.8 billion), of which approximately RMB523.3 million (equivalent to approximately HK$661.0 million) is land cost as per the land grant contract entered into between the Group and The Land and Resources Bureau of Zhuhai on 27 September 2013. The master layout plan for Phase I CCC has been approved in January 2015 and construction work is expected to commence in the second half of the year.

BUSINESS REVIEW AND OUTLOOK *(CONTINUED)*

The expected GFA breakdown by usage is set out below:

Usage	**Approximate GFA** (square feet)
Cultural themed hotel	597,300
Cultural workshop	452,300
Cultural commercial area	540,700
Performance halls	387,500
Office	559,900
Cultural studios	244,700
Ancillary facilities and others	20,000
Total:	**2,802,400**

Architect's impression of Phase I of the Creative Culture City project in Hengqin

BUSINESS REVIEW AND OUTLOOK *(CONTINUED)*

The proposed transaction with 廣州市輕工房地產開發公司 (Guangzhou Light Industry Real Estate Development Company) ("**Guangzhou Light Industry**") as announced on 15 January 2015 was approved by the shareholders of eSun on 5 March 2015 and it is expected to complete before the end of 2015. This would enable the Group to consolidate its ownership of the office units in Guangzhou Eastern Place Phase V completely and provide additional flexibility and strategic value to the Group. The acquisition of the remaining 5% interest in Shanghai May Flower Plaza completed in January 2015 demonstrated the Group's commitment in consolidating interests in quality rental assets.

Asset enhancement aimed at improving foot traffic at the higher levels of the retail podium of the Shanghai Hong Kong Plaza has been completed. New tenants have commenced operations during the period under review which is expected to improve the overall rental contribution from this property.

The Group has a number of projects in various stages of development in Shanghai, Guangzhou and Zhongshan. The rental portfolio is expected to increase from approximately 2.8 million square feet to approximately 7.1 million square feet through developing the existing projects in the next few years. The remaining residential units in Guangzhou Dolce Vita Phases I and III, Guangzhou King's Park and Guangzhou Eastern Place V are expected to contribute to the profit and loss account in the current and coming financial years. The Group will continue its prudent and flexible approach in growing its landbank.

As at 31 January 2015, the Group has a landbank of 10.2 million square feet. The Group's strong cash position of HK$1,971.9 million of cash on hand with a net debt to equity ratio of 25% as at 31 January 2015 provides the Group full confidence and the means to review opportunities more actively.

OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2015, the Group recorded a turnover of HK$538.1 million (2014: HK$590.2 million) and a gross profit of HK$320.6 million (2014: HK$333.3 million), representing a decrease of approximately 8.8% and 3.8%, respectively over the same period last year. Turnover from rental income and sales of properties during the period were HK$307.1 million (2014: HK$283.2 million) and HK$231.0 million (2014: HK$307.0 million), representing an increase of 8.4% and a decrease of 24.8%, respectively.

Net profit attributable to owners of the Company was approximately HK$184.3 million (2014: HK$501.7 million), representing a decrease of approximately 63.3% over the same period last year. Basic earnings per share was HK$0.011 (2014: HK$0.031). The decrease is primarily due to (i) a significantly lower revaluation gain arising in the revaluation of the Group's investment properties for the six months ended 31 January 2015 as compared to the same period last year; and (ii) the fair value loss, mainly as a result of worse than expected outlook on Renminbi depreciation, arising on the cross currency swap which was entered into in relation to the Company's RMB1.8 billion senior notes issued in 2013. The effect of the fair value loss on the consolidated income statement of the Company will either be reversed or offset by the exchange gain arising from the RMB1.8 billion senior notes upon the expiry of the cross currency swap contracts.

Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK$6.8 million (2014: HK$54.2 million), representing a decrease of approximately 87.5% over the same period of last year. Basic earnings per share excluding the effect of property revaluations decreased to HK$0.0004 (2014: HK$0.003). Net profit attributable to owners of the Company excluding revaluation gains of investment properties and fair value losses on cross currency swaps was approximately HK$119.5 million.

Management Discussion and Analysis *(Continued)*

OVERVIEW OF INTERIM RESULTS *(CONTINUED)*

Profit attributable to owners of the Company (HK$ million)	Six months ended 31 January **2015**	2014
Reported	**184.3**	501.7
Adjustments in respect of investment properties		
Revaluation of properties	**236.7**	598.7
Deferred tax on investment properties	**(59.2)**	(149.7)
Non-controlling interests' share of revaluation movements less deferred tax	**(0.0)**	(1.5)
Net profit after tax excluding revaluation gains of investment properties	**6.8**	54.2
Net profit after tax excluding revaluation gains of investment properties and fair value losses on cross currency swaps	**119.5**	54.2

Net assets attributable to owners of the Company as at 31 January 2015 amounted to HK$12,865.0 million, up from HK$12,663.4 million as at 31 July 2014. Net asset value per share attributable to owners of the Company increased to HK$0.798 per share as at 31 January 2015 from HK$0.786 per share as at 31 July 2014.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and number of car-parking spaces as at 31 January 2015:

	Commercial/ Retail	Office	Serviced apartments	Residential	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces
Completed Properties Held for Rental[1]	1,649	569	—	—	2,218	587
Completed Hotel Properties and Serviced Apartments	—	—	597	—	597	—
Properties Under Development[2]	1,454	1,968	840	5,978	10,240	4,317
Completed Properties Held for Sale	123[3]	—	13	491	627	1,071
Total GFA of major properties of the Group	**3,226**	**2,537**	**1,450**	**6,469**	**13,682**	**5,975**

1. *Completed and rental generating properties*
2. *All properties under construction*
3. *Completed properties for sale, including 119,165 square feet of shopping arcade space which is expected to be reclassified as completed properties held for rental purpose as it is being leased out over time*

PROPERTY INVESTMENT

Rental Income

For the six months ended 31 January 2015, the Group's rental operations recorded a turnover of HK$307.1 million (2014: HK$283.2 million), representing a 8.4% increase over the same period last year. Breakdown of rental turnover by major rental properties is as follows:

	Six months ended 31 January			
	2015 (HK$ million)	2014 (HK$ million)	**% Change**	**Period end occupancy (%)**
Shanghai				
Shanghai Hong Kong Plaza	**202.7**	192.2	5.5	Retail: 99.2% Office: 96.3% Serviced Apartments: 86.2%
Shanghai May Flower Plaza	**28.2**	17.4	62.1	Retail: 85.8% Hotel: 47.4%
Shanghai Regents Park	**6.8**	7.0	-2.9	100.0%
Shanghai Northgate Plaza I	**5.2**	5.4	-3.7	87.6%
Guangzhou				
Guangzhou May Flower Plaza	**52.4**	52.5	-0.2	98.2%
Guangzhou West Point	**8.5**	8.3	2.4	98.3%
Zhongshan				
Zhongshan Palm Spring	**3.3**	0.4	725.0	Retail: 57.0%* Serviced Apartments: 51.7%
Total:	**307.1**	283.2	8.4	

* *excluding self-use area*

Rental income performed steadily as a whole with high occupancy in all the major properties. The increase is primarily attributable to rental reversion and change in tenant mix across the portfolio. Asset enhancement aimed at improving foot traffic at the higher levels of the retail podium of the Shanghai Hong Kong Plaza has been completed. New tenants have commenced operations during the period under review which is expected to improve overall rental contribution. The serviced apartments in the Zhongshan Palm Spring, STARR Resort Residence Zhongshan and the hotel in Shanghai May Flower Plaza, STARR Hotel Shanghai, commenced operations in August 2013 and November 2013, respectively and operated against a background of challenging conditions.

A portion of the Zhongshan Palm Spring Rainbow Mall, amounting to approximately 36.5% of total 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.

Management Discussion and Analysis *(Continued)*

PROPERTY INVESTMENT *(CONTINUED)*

Rental Income *(Continued)*

Breakdown of turnover by usage of our major rental properties is as follows:

	Six months ended 31 January 2015			Six months ended 31 January 2014		
	Group interest	**Turnover** (HK$ million)	**Approximate attributable GFA** (square feet)	**Group interest**	**Turnover** (HK$ million)	**Approximate attributable GFA** (square feet)
Shanghai						
Shanghai Hong Kong Plaza	100%			100%		
Retail		88.6	468,434		84.6	468,434
Office		47.7	360,687		42.5	360,687
Serviced Apartments (room revenue and F&B)		62.7	354,239		61.7	353,180
Car-parking Spaces		3.7	N/A		3.4	N/A
		202.7	**1,183,360**		**192.2**	**1,182,301**
Shanghai May Flower Plaza	100%			95%		
Retail		13.8	320,314		16.7	304,298
Hotel (room revenue and F&B)		13.7	143,846		0.2	136,653
Car-parking Spaces		0.7	N/A		0.5	N/A
		28.2	**464,160**		**17.4**	**440,951**
Shanghai Regents Park	95%			95%		
Retail		5.5	77,959		5.9	77,959
Car-parking Spaces		1.3	N/A		1.1	N/A
		6.8	**77,959**		**7.0**	**77,959**
Shanghai Northgate Plaza I	99%			97%		
Retail		—	190,425		—	186,578
Office		4.9	128,931		5.0	126,326
Car-parking Spaces		0.3	N/A		0.4	N/A
		5.2	**319,356**		**5.4**	**312,904**
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		45.0	357,424		45.3	357,424
Office		5.5	79,431		5.3	79,431
Car-parking Spaces		1.9	N/A		1.9	N/A
		52.4	**436,855**		**52.5**	**436,855**
Guangzhou West Point	100%			100%		
Retail		**8.5**	**171,968**		**8.3**	**172,718**
Zhongshan						
Zhongshan Palm Spring	100%			100%		
Retail		0.8	61,942		—	56,048
Serviced Apartments (room revenue)		2.5	98,556		0.4	98,556
		3.3	**160,498**		**0.4**	**154,604**
Total:		**307.1**	**2,814,156**		**283.2**	**2,778,292**

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 serviced apartment tower with total GFA of approximately 360,700 square feet, 468,400 square feet and 354,200 square feet, respectively. 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, MCM, Shiatzy Chen, Tiffany, Y3 and internationally renowned luxury brands and a wide array of dining options. Asset enhancement aimed at improving foot traffic at the higher levels of the retail podium of the Shanghai Hong Kong Plaza has been completed and new tenants has moved in by the end of 2014.

The serviced apartments are managed by the Ascott Group and the Group has successfully leveraged the Ascott Group's extensive experience and expertise in operating serviced apartments to position the serviced apartments as a high-end product.

The Group acquired the 5% minority interest in this property in August 2013 and now owns 100% of this property.

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 acquired the 5% minority interest in this property in January 2015 and now owns 100% in the retail podium which has approximately 320,300 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 pending redevelopment) 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 322,600 square feet excluding car-parking spaces and ancillary area. The Group acquired the 2% minority interest in this property in July 2014 and now owns 99% of this property.

Shanghai Northgate Plaza II is a vacant site adjacent to Plaza I. The site area of Plaza II is approximately 44,300 square feet and its buildable GFA is approximately 259,900 square feet excluding car-parking spaces and ancillary facilities. 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.

Management Discussion and Analysis *(Continued)*

PROPERTY INVESTMENT *(CONTINUED)*

Review of Major Rental Properties *(Continued)*

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 436,900 square feet excluding 136 car-parking spaces.

The building comprises of retail spaces, restaurants, office units and car-parking spaces. The property is almost fully leased to tenants comprising well-known corporations, consumer brands and restaurants.

The Group acquired the 22.5% minority interest in this property in September 2013 and now owns 100% of this property.

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 sold all the residential and office units and retained a commercial podium with GFA of approximately 172,000 square feet. Tenants of the retail podium include renowned restaurants and local retail brands.

Zhongshan Palm Spring Mall

Zhongshan Palm Spring Mall is the commercial element of the wholly owned residential project, Zhongshan Palm Spring. Zhongshan Palm Spring is located in Caihong Planning Area, West District of Zhongshan. It has a total GFA of approximately 181,100 square feet and excluding self-use area, the occupancy rate as at period end was approximately 57.0%.

Hotel and Serviced Apartments

Ascott Huaihai Road Shanghai

Ascott Huaihai Road in Shanghai Hong Kong Plaza is managed by the Ascott Group and it is one of a premier collection of the Ascott Limited's serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence with total GFA of approximately 357,000 square feet and approximately 354,200 square feet GFA attributable to the Group has 308 contemporary apartments of various sizes: studios (640-750 sq.ft.), one-bedroom apartments (915-1,180 sq.ft.), two-bedroom apartments (1,720 sq.ft.), three-bedroom apartments (2,370 sq.ft.) and two luxurious penthouses on the highest two floors (4,520 sq.ft.). An average occupancy rate of 86.2% was achieved during the period under review and the average room tariff was approximately HK$1,347.8.

STARR Hotel Shanghai

STARR Hotel Shanghai soft opened in November 2013 and is a 17-storey hotel located in the Mayflower Lifestyle complex right in the heart of the Zhabei inner ring road district, within walking distance to Lines 1, 3 and 4 of the Shanghai Metro Station with easy access to major motorways. There are 287 fully furnished and equipped hotel units with stylish separate living room, bedroom, fully-equipped kitchenette and luxurious bathroom amenities for short or extended stays to meet the needs of the business travelers from around the world and the total GFA is approximately 172,700 square feet. The GFA attributable to the Group is approximately 143,800 square feet. An average occupancy rate of 47.4% was achieved during the period under review since its soft opening in November 2013 and the average room tariff was approximately HK$510.7.

STARR Resort Residence Zhongshan

STARR Resort Residence Zhongshan comprises two 16-storey blocks located in the Palm Lifestyle complex in Zhongshan Western District at Cui Sha Road. It is 30 minutes away from Zhongshan ferry pier and an ideal place for weekend breaks with a wide range of family oriented facilities such as an outdoor Swimming Pool, Gym, Yoga Room, Reading Room, Wine Club, Card Game / Mahjong Room, Tennis Court, etc. There are 90 fully furnished serviced apartment units with kitchenette, unit type one- and two-bedroom suite and the total GFA is approximately 98,600 square feet. The resort also has a F&B outlet of 80 seats, suitable for private party and BBQ, etc. An average occupancy rate of 51.7% was achieved during the period under review and the average room tariff was approximately HK$368.0.

Management Discussion and Analysis *(Continued)*

PROPERTY DEVELOPMENT

Recognised Sales

For the six months ended 31 January 2015, the Group's property development operations recorded a turnover of HK$231.0 million (2014: HK$307.0 million) from sale of properties, representing a 24.8% decrease in sales revenue over the same period last year. The decline is primarily due to slower sales and slower than expected completion of sales.

Total recognised sales was primarily driven by the sales performance of Shanghai May Flower Plaza and Guangzhou King's Park of which approximately 18,646 and 17,826 square feet of GFA were sold, respectively, achieving sales revenue of HK$88.5 million and HK$91.5 million, respectively.

For the six months ended 31 January 2015, average selling price recognised as a whole (excluding Guangzhou Dolce Vita) increased to approximately HK$3,520.6 per square foot (2014: HK$3,099.7 per square foot). The increase is due to a higher proportion of units at Shanghai May Flower Plaza and Guangzhou King's Park being sold and recognised during the period under review at higher average selling prices.

Breakdown of turnover for the six months ended 31 January 2015 from property sales is as follows:

Recognised basis	**Approximate GFA** (square feet)	**Average selling price#** (HK$/square foot)	**Turnover*** (HK$ million)
Shanghai May Flower Plaza			
Residential Units	17,455	5,158.0	84.9
Office Apartment Units	1,191	3,216.1	3.6
Guangzhou King's Park			
Residential Units	17,826	5,443.4	91.5
Zhongshan Palm Spring			
Residential High-rise Units	1,055	919.0	0.9
Residential House Units	29,045	1,463.5	40.1
Subtotal	**66,572**	**3,520.6**	**221.0**
Guangzhou West Point			
Car-parking Spaces			10.0
Total			**231.0**
Recognised sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units** (47.5% basis)	182,252	2,238.2	384.7
Retail Units** (47.5% basis)	12,015	7,348.1	83.3
Subtotal	**194,267**	**2,554.3**	**468.0**
Car-parking Spaces** (47.5% basis)			56.4
Total			**524.4**

\# *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 the Group and CapitaLand China has an effective 47.5% interest. For the six months ended 31 January 2015, the recognised sales (after business tax) attributable to the full project is HK$985.2 million (excluding car-parking spaces) and approximately 408,984 square feet (excluding car-parking spaces) of GFA were recognised. The recognised sales from car-parking spaces attributable to the full project is HK$118.7 million.*

PROPERTY DEVELOPMENT *(CONTINUED)*

Contracted Sales

As at 31 January 2015, the Group's property development operations, excluding Guangzhou Dolce Vita, has contracted but not yet recognised sales of HK$418.2 million from sale of properties (31 July 2014: HK$229.6 million) with an average selling price of HK$3,683.5 per square foot. The total contracted but not yet recognised sales of the Group as at 31 January 2015 including Guangzhou Dolce Vita amounted to HK$971.2 million.

Sales momentum for the remaining units at Shanghai May Flower Plaza, Guangzhou King's Park and Zhongshan Palm Spring was encouraging and achieved a blended average selling price of HK$5,111.5 per square foot, HK$5,076.4 per square foot and HK$1,421.1 per square foot respectively. Sales of the remainder of residential units and retail units of Guangzhou Dolce Vita were strong and average selling price increased to HK$2,651.9 per square foot (2014: HK$2,566.0 per square foot).

Breakdown of contracted but not yet recognised sales as at 31 January 2015 is as follows:

Contracted basis	**Approximate GFA** (square feet)	**Average selling price**# (HK$/square foot)	**Turnover**# (HK$ million)
Shanghai May Flower Plaza			
Residential Units	31,713	5,111.5	162.1
Guangzhou King's Park			
Residential Units	7,072	5,076.4	35.9
Guangzhou Eastern Place			
Residential Units	23,940	6,182.1	148.0
Zhongshan Palm Spring			
Residential High-rise Units	2,030	936.0	1.9
Residential House Units	48,777	1,441.3	70.3
Subtotal	**113,532**	**3,683.5**	**418.2**
Contracted sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units** (47.5% basis)	207,838	2,628.0	546.2
Retail Units** (47.5% basis)	695	9,784.2	6.8
Subtotal	**208,533**	**2,651.9**	**553.0**
Car-parking Spaces** (47.5% basis)			1.1
Subtotal			**554.1**
Total (excluding car-parking spaces)	**322,065**	**3,015.5**	**971.2**

\# *Before business tax*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of the Group and CapitaLand China has an effective 47.5% interest. As at 31 January 2015, the contracted but not yet recognised sales attributable to the full project is HK$1,164.2 million (excluding car-parking spaces) and approximately 439,016 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$2.3 million.*

PROPERTY DEVELOPMENT *(CONTINUED)*

Review of Major Properties 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 627,500 square feet of GFA. During the period under review, 17,455 square feet was recognised at an average selling price of HK$5,158.0 per square foot, which contributed HK$84.9 million to the turnover. As at 31 January 2015, contracted but not yet recognised sales amounted to HK$162.1 million or 31,713 square feet at an average selling price of HK$5,111.5 per square foot. As at 31 January 2015, completed residential units held for sale in this development amounted to approximately 45,700 square feet with a carrying amount of approximately HK$82.9 million.

The for sale portion of the office apartments comprised of 96 units with a total GFA of approximately 57,500 square feet. During the period under review, sales of 1,191 square feet was recognised at an average selling price of HK$3,216.1 per square foot, which contributed HK$3.6 million to the turnover. As at 31 January 2015, completed office apartment units held for sale in this development amounted to approximately 13,100 square feet with a carrying amount of approximately HK$31.4 million.

Shanghai Wuli Bridge Project

In July 2014, the Group succeeded in the auction for the land use rights of a piece of land located by Huangpu River in Huangpu district in Shanghai with a site area of approximately 74,100 square feet. The proposed development has attributable GFA of approximately 72,600 square feet and is intended to be developed into a high end luxury residential project.

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 964,700 square feet, comprising two residential blocks (GFA 319,400 square feet approximately), an office block and ancillary retail spaces (GFA 645,300 square feet approximately). Construction work is expected to complete in the fourth quarter of 2015.

The proposed transaction with Guangzhou Light Industry as announced on 15 January 2015 was approved by the shareholders of eSun on 5 March 2015 and it is expected to complete before the end of 2015. This would enable the Group to consolidate its ownership of the office units in Guangzhou Eastern Place Phase V completely and provide additional flexibility and strategic value to the Group.

Guangzhou Dolce Vita

The Guangzhou Dolce Vita is a joint venture project with CapitaLand China Holdings Pte. Ltd ("**CapitaLand China**") in which each of the Group and CapitaLand China has a 47.5% interest. This development in Jinshazhou, Hengsha, Baiyun District, Guangzhou will have a total project GFA of approximately 5.754 million square feet. The project will comprise of approximately 2,785 low-rise and high-rise residential units and shopping amenities totaling 3.804 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.

PROPERTY DEVELOPMENT *(CONTINUED)*

Review of Major Properties Completed for Sale and under Development *(Continued)*

Guangzhou Dolce Vita (Continued)

The project is divided into five phases of development. Phase I comprising 8 high-rise residential blocks has been sold out. During the period under review, 194,267 square feet attributable to the Group was recognised and generated attributable sale proceeds of HK$468.0 million. As at 31 January 2015, attributable contracted but not yet recognised sales amounted to HK$553.0 million or 208,532 square feet at an average selling price of HK$2,651.9 per square foot. As at 31 January 2015, attributable GFA of completed units held for sale amounted to 141,700 square feet with a carrying amount of approximately HK$183.6 million (excluding car-parking spaces). The remaining GFA under development was approximately 1,991,300 square feet.

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

Phase	Description	**Approximate GFA*** (square feet)	**Expected completion**
II	Commercial units	19,400	Q4 2016**
IV	Townhouses and low-rise residential units	305,800	Q2 2015
V	High-rise residential units	1,666,100	Q1 2016

* *Excluding car-parking spaces and ancillary facilities*

** *The commercial units are currently used by the Group as sales centre for the project and expected to be refurbished for sale by end of 2016.*

Guangzhou King's Park

This is a high-end residential development located on Donghua Dong Road in Yuexiu District. The attributable GFA is approximately 98,300 square feet excluding 57 car-parking spaces and ancillary facilities. Project was launched for sale in January 2014.

During the period under review, sales of 17,826 square feet was recognised at an average selling price of HK$5,443.4 per square foot, which contributed HK$91.5 million to the turnover. As at 31 January 2015, attributable GFA of completed units held for sale amounted to 66,100 square feet with a carrying amount of approximately HK$294.2 million.

Guangzhou Paramount Centre

This property locates at the junction of Da Sha Tou Road and Yan Jiang Dong Road in Yuexiu District. The attributable GFA is approximately 83,000 square feet excluding 46 car-parking spaces and ancillary facilities. This project is subject to the asset swap transaction that was jointly announced by the Company and eSun on 15 January 2015 and the transaction was approved by the shareholders of eSun on 5 March 2015 and it is expected to complete before the end of 2015.

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 602,800 square feet and is intended to be developed for rental purposes.

Guangzhou Guan Lu Road Project

The site is located on Guan Lu Road in Yuexiu District. The expected residential and retail GFA is approximately 96,400 square feet excluding 62 car-parking spaces and ancillary facilities. The Group has submitted an application to return the site to the Guangzhou government and is now discussing with the authorities on this issue.

PROPERTY DEVELOPMENT *(CONTINUED)*

Review of Major Properties Completed for Sale and under Development *(Continued)*

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 8.029 million square feet. The project will comprise of high-rise residential towers, townhouses, serviced apartments and commercial blocks totaling 6.120 million square feet.

Phase Ia of the project, which was completed during the first half of the financial year ended 31 July 2013, comprises of high-rise residential towers and house units. During the period under review, 1,055 square feet of high-rise residential units and 29,045 square feet of house units were recognised at average selling prices of HK$919.0 and HK$1,463.5 per square foot, respectively, which contributed a total of HK$41.0 million to the sales turnover. As at 31 January 2015, contracted but not yet recognised sales for high-rise and townhouses amounted to HK$1.9 million and HK$70.3 million, at average selling prices of HK$936.0 and HK$1,441.3 per square foot, respectively. As at 31 January 2015, completed units held for sale in this development amounted to 359,000 square feet with a carrying amount of approximately HK$372.7 million. The remaining GFA under development was approximately 5,064,600 square feet.

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	983,200	Q4 2016
II	Townhouses	205,500	Q1 2018
III	High-rise residential units including commercial units	1,414,600	Q4 2020
IV	High-rise residential units including commercial units	2,461,300	Q2 2024

* *Excluding car-parking spaces and ancillary facilities*

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

Hengqin Creative Culture City Phase I

On 25 September 2013, the Company announced it had successfully won Phase I of the Creative Culture City project in Hengqin ("**Phase I CCC**") which is 80% owned by the Group and 20% owned by eSun. Phase I has a total gross floor area of 2.8 million square feet. The minimum investment requirement for Phase I CCC is approximately RMB3.0 billion (equivalent to approximately HK$3.8 billion), of which approximately RMB523.3 million (equivalent to approximately HK$661.0 million) is land cost as per the land grant contract entered into between the Group and The Land and Resources Bureau of Zhuhai on 27 September 2013. The master layout plan for Phase I CCC has been approved in January 2015 and construction work is expected to commence in the second half of the year. The expected GFA breakdown by usage is set out below:

Usage	Approximate GFA (square feet)
Cultural themed hotel	597,300
Cultural workshop	452,300
Cultural commercial area	540,700
Performance halls	387,500
Office	559,900
Cultural studios	244,700
Ancillary facilities and others	20,000
Total:	**2,802,400**

Management Discussion and Analysis *(Continued)*

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 January 2015, cash and bank balance held by the Group amounted to HK$1,971.9 million and undrawn facilities of the Group was HK$1,908.0 million.

As at 31 January 2015, the Group had total borrowings amounting to HK$5,171.1 million (as at 31 July 2014: HK$4,757.4 million), representing an increase of HK$413.7 million from 31 July 2014. The consolidated net assets attributable to the owners of the Company amounted to HK$12,865.0 million (as at 31 July 2014: HK$12,663.4 million). The gearing ratio, being net debt (total borrowings less cash and bank balances) to net assets attributable to the owners of the Company was approximately 25% (as at 31 July 2014: 17%). The maturity profile of the Group's borrowings of HK$5,171.1 million is well spread with HK$1,112.4 million repayable within 1 year, HK$1,663.1 million repayable in the second year, HK$2,336.3 million repayable in the third to fifth years and HK$59.3 million repayable beyond the fifth year.

Approximately 47% and 49% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 4% of the Group's borrowings were interest free.

Apart from the fixed rate senior notes, the Group's other borrowings of HK$2,923.2 million were 49% denominated in Renminbi ("**RMB**"), 34% in Hong Kong dollars ("**HKD**") and 17% in United States Dollars ("**USD**").

The Group's fixed rate senior notes of HK$2,247.9 million were denominated in RMB. On 25 April 2013, issue date of the RMB denominated senior notes ("**2013 Notes**"), the 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.

The Group's cash and bank balances of HK$1,971.9 million were 77% denominated in RMB, 2% in USD and 21% in HKD.

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. Apart from the aforesaid cross currency swap arrangements, the Group does not have any derivative financial instruments or hedging instruments outstanding.

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$8,511.9 million, completed properties for sale with a total carrying amount of approximately HK$112.3 million, properties under development with a total carrying amount of approximately HK$1,162.5 million, serviced apartments and related properties with a total carrying amount of approximately HK$652.9 million, a leasehold building with carrying amount of approximately HK$37.9 million and bank balances of approximately HK$577.1 million.

Taking into account the amount of cash being held as at the end of the reporting period, the available banking facilities and the recurring cash flows 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 2014.

Particulars of Major Properties

COMPLETED PROPERTIES HELD FOR RENTAL

Property name	Location	Group interest	Tenure	Approximate attributable GFA (square feet) Commercial/ Retail	Office	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
Shanghai							
Shanghai Hong Kong Plaza	282 & 283 Huaihaizhong Road, Huangpu District	100%	The property is held for a term of 50 years commencing on 16 September 1992	468,434	360,687	829,121	350
May Flower Plaza *(Note)*	Sujiaxiang, Zhabei District	100%	The property is held for a term of 40 years for commercial use commencing on 5 February 2007	320,314	—	320,314	—
Northgate Plaza I	99 Tian Mu Road West, Zhabei District	99%	The property is held for a term of 50 years commencing on 15 June 1993	190,425	128,931	319,356	101
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	—
Subtotal of major completed properties held for rental in Shanghai:				**1,057,132**	**489,618**	**1,546,750**	**451**
Guangzhou							
May Flower Plaza	68 Zhongshanwu Road, Yuexiu District	100%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 14 October 1997	357,424	79,431	436,855	136
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 11 January 2006	171,968	—	171,968	—
Subtotal of major completed properties held for rental in Guangzhou:				**529,392**	**79,431**	**608,823**	**136**
Zhongshan							
Palm Spring	Caihong Planning Area, Western District	100%	The property is held for a term expiring on 30 March 2075 for commercial/ residential uses	61,942	—	61,942	—
Subtotal of major completed properties held for rental in Zhongshan:				**61,942**	**—**	**61,942**	**—**
Subtotal of major completed properties held for rental:				**1,648,466**	**569,049**	**2,217,515**	**587**

Note: In January 2015, the Group bought out 5% minority interest in Shanghai May Flower Plaza, increasing the Group's interest in this project to 100%.

Particulars of Major Properties *(Continued)*

COMPLETED HOTEL PROPERTIES AND SERVICED APARTMENTS

Property name	Location	Group interest	Tenure	No. of rooms	Approximate attributable GFA (square feet)	No. of car-parking spaces attributable to the Group
Shanghai						
Ascott Huaihai Road Shanghai	282 Huaihaizhong Road, Huangpu District, Shanghai	100%	The property is held for a term of 50 years commencing on 16 September 1992	299	354,239	—
STARR Hotel Shanghai *(Note)*	Sujiaxiang, Zhabei District, Shanghai	100%	The property is held for a term of 50 years for commercial use commencing on 5 February 2007	239	143,846	—
Subtotal of major hotel properties and serviced apartments in Shanghai:				**538**	**498,085**	**—**
Zhongshan						
STARR Resort Residence Zhongshan	Caihong Planning Area, Western District, Zhongshan	100%	The property is held for a term expiring on 23 October 2073	90	98,556	—
Subtotal of major hotel properties and serviced apartments in Zhongshan:				**90**	**98,556**	**—**
Subtotal of major hotel properties and serviced apartments:				**628**	**596,641**	**—**

Note: In January 2015, the Group bought out 5% minority interest in STARR Hotel Shanghai, increasing the Group's interest in this project to 100%.

Particulars of Major Properties *(Continued)*

PROPERTIES UNDER DEVELOPMENT

Property name	Location	Group interest	Stage of construction	Expected completion date	Approximate site area (square feet) (*Note 1*)	Approximate attributable GFA (square feet): Commercial/ Retail	Office	Serviced apartments	Residential	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
Guangzhou											
Dolce Vita	Jinshazhou, Hengsha, Baiyun District	47.5%	Construction work in progress	Phase 2: Q4 2016 Phase 4: Q2 2015 Phase 5: Q1 2016	3,217,769 (*Note 2*)	9,203	–	–	936,668	945,871	764
Paramount Centre	Da Sha Tou Road, Yuexiu District	100%	Construction work in progress	Q3 2015	23,788	5,602	76,471	–	–	82,073	46
Eastern Place Phase V	787 Dongfeng East Road, Yuexiu District	100%	Construction work in progress	Q4 2015	186,142	103,851	541,430	–	319,379	964,660	566
Haizhu Plaza	Chang Di Main Road, Yuexiu District	100%	Resettlement in progress	2017-2018 (*Note 3*)	90,708	91,925	510,860 (*Note 4*)	–	–	602,785	299
Guan Lu Road Project	Guan Lu Road, Yuexiu District	100%	Development under planning	(*Note 5*)	26,178	2,799	–	–	93,593	96,392	62
Subtotal of major properties under development in Guangzhou:						**213,380**	**1,128,761**	**–**	**1,349,640**	**2,691,781**	**1,737**
Zhongshan											
Palm Spring	Caihong Planning Area, Western District	100%	Construction work in progress	Phase 1b: Q4 2016 Phase 2: Q1 2018 Phase 3: Q4 2020 Phase 4: Q2 2024	2,547,298 (*Note 2*)	435,867	–	–	4,628,693	5,064,560	2,415
Subtotal of major properties under development in Zhongshan:						**435,867**	**–**	**–**	**4,628,693**	**5,064,560**	**2,415**
Shanghai											
Northgate Plaza II	Tian Mu Road West, Zhabei District	99%	Development under planning	2017-2018 (*Note 6*)	44,293	61,743	195,566	–	–	257,309	165
Subtotal of major properties under development in Shanghai:						**61,743**	**195,566**	**–**	**–**	**257,309**	**165**
Zhuhai											
Creative Culture City Phase I	East side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area	80%	Development under planning	2018	1,401,184	742,570	643,631	839,703	–	2,225,904	–
Subtotal of major properties under development in Zhuhai:						**742,570**	**643,631**	**839,703**	**–**	**2,225,904**	**–**
Subtotal of major properties under development:						**1,453,560**	**1,967,958**	**839,703**	**5,978,333**	**10,239,554**	**4,317**

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. *The Group has submitted an application to return the site to the Guangzhou government and is now discussing with the authorities on this issue.*
6. *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 GFA (square feet) Commercial/ Retail	Serviced apartments	Residential	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
Zhongshan							
Palm Spring	Caihong Planning Area, Western District	100%	119,165	—	240,114	359,279	—
Subtotal of major completed properties held for sale in Zhongshan:			**119,165**	**—**	**240,114**	**359,279**	**—**
Shanghai							
May Flower Plaza *(Note)*	Sujiaxiang, Zhabei District	100%	—	13,136	45,679	58,815	458
Regents Park, Phase II	88 Huichuan Road, Changning District	95%	—	—	—	—	386
Subtotal of major completed properties held for sale in Shanghai:			**—**	**13,136**	**45,679**	**58,815**	**844**
Guangzhou							
Dolce Vita	Jinshazhou, Hengsha, Baiyun District	47.5%	—	—	141,705	141,705	40
King's Park	Donghua Dong Road, Yuexiu District	100%	3,337	—	62,797	66,134	57
Eastern Place	787 Dongfeng East Road, Yuexiu District	100%	—	—	891	891	2
West Point	Zhongshan Qi Road, Liwan District	100%	—	—	—	—	128
Subtotal of major completed properties held for sale in Guangzhou:			**3,337**	**—**	**205,393**	**208,730**	**227**
Subtotal of major completed properties held for sale:			**122,502**	**13,136**	**491,186**	**626,824**	**1,071**

Note: In January 2015, the Group bought out 5% minority interest in Shanghai May Flower Plaza, increasing the Group's interest in this project to 100%.

Corporate Governance and Other Information

CORPORATE GOVERNANCE

The Company has complied with all the 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 ("**Stock Exchange**" and "**Listing Rules**", respectively) throughout the six months ended 31 January 2015 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 ("**NEDs**", including the independent non-executive directors ("**INEDs**")) of the Company is appointed for a specific term. However, all directors of the Company ("**Directors**") are subject to the retirement provisions of the Articles of Association of the Company ("**Articles of Association**") which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by the shareholders of the Company ("**Shareholders**") and the retiring Directors are eligible for re-election. In addition, in accordance with the provisions of the Articles of Association, any person appointed by the Board as a Director (including a NED) either to fill a casual vacancy or as an addition to the Board 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. 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 ("**EDs**"). 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 Group as well as overall policies and guidelines.

The Board currently comprises fourteen members, of whom seven are EDs, two are NEDs and five are INEDs. The current composition of the Board is characterised by diversity, whether considered in terms of gender, nationality, professional background and skills.

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.

CORPORATE GOVERNANCE *(CONTINUED)*

Board *(Continued)*

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 Officer

During the six months ended 31 January 2015 and up to the date of this Report, Mr. Chew Fook Aun was the Chairman of the Board and Mr. Lam Hau Yin, Lester was the Chief Executive Officer of the Company. The segregation of roles ensures a clear distinction between the Chairman's responsibilities to manage the Board and the Chief Executive Officer's responsibilities are to manage the Company's business. The division of responsibilities between the Chairman and the Chief Executive Officer is defined.

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 contained 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 2015.

SHARE OPTION SCHEMES

On 18 December 2012, the Shareholders approved the adoption of a new share option scheme ("**2012 Share Option Scheme**") and the termination of the share option scheme adopted by the Company in 2003 ("**2003 Share Option Scheme**") to the effect that no more share options will be granted under the 2003 Share Option Scheme 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.

As at 31 January 2015, share options comprising a total of 542,205,994 underlying shares were outstanding, of which a share option comprising 80,479,564 underlying shares was granted under the 2003 Share Option Scheme and share options comprising 461,726,430 underlying shares were granted under the 2012 Share Option Scheme.

SHARE OPTION SCHEMES *(CONTINUED)*

The movement of the share options granted under the 2003 Share Option Scheme and the 2012 Share Option Scheme during the six months ended 31 January 2015 is as follows:

Name or category of participants	Date of grant of share options *(Note 1)*	Number of underlying shares comprised in share options: As at 1 August 2014	Transfer to other category during the period	Transfer from other category during the period	Granted during the period	Lapsed during the period	As at 31 January 2015	Exercise period of share options	Exercise price of share options (per share) *(Note 2)*
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 *(resigned on 17 January 2015)*	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
Lee Tze Yan, Ernest *(appointed on 17 January 2015)*	18/1/2013	—	—	32,000,000	—	—	32,000,000	18/1/2013-17/1/2023	HK$0.228
Subtotal		**321,918,256**	**(48,287,738)**	**32,000,000**	**—**	**—**	**305,630,518**		
Other Eligible Participants (in aggregate)									
Batch 1	18/1/2013	200,287,738 *(Note 3)*	(32,000,000)	48,287,738	—	(3,000,000)	213,575,476	18/1/2013-17/1/2023	HK$0.228
Batch 2	26/7/2013	16,000,000	—	—	—	(2,000,000)	14,000,000	26/7/2013-25/7/2023	HK$0.190
Batch 3	16/1/2015	—	—	—	9,000,000	—	9,000,000	16/1/2015-15/1/2025	HK$0.160
Subtotal		**216,287,738**	**(32,000,000)**	**48,287,738**	**9,000,000**	**(5,000,000)**	**236,575,476**		
Total		**538,205,994**	**(80,287,738)**	**80,287,738**	**9,000,000**	**(5,000,000)**	**542,205,994**		

Notes:

1. *The share options vested on the date of grant.*

2. *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.*

3. *Dr. Lam Kin Ngok, Peter (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong) was granted a share option to subscribe for a total of 16,095,912 shares of the Company 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.

DIRECTORS' INTERESTS

The following Directors and chief executive of the Company who held office on 31 January 2015 and their respective close associates (as defined in the Listing Rules) were interested or were deemed to be 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 ("**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 otherwise notified to the Company and the Stock Exchange pursuant to the Securities Code adopted by the Company; or (d) as known to 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 and nature of interests	Number of Shares	Number of underlying Shares *(Note)*	Total	Approximate % of total issued Shares
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
Cheng Shin How	Beneficial owner	Nil	32,191,825	32,191,825	0.2
Lee Tze Yan, Ernest	Beneficial owner	Nil	32,000,000	32,000,000	0.2

Note: The interests in underlying shares represented interests in share options granted to the Directors under the share option schemes of the Company. Particulars of which are contained in the section headed "Share Option Schemes" of this Report.

(B) Long positions in the 6.875% senior notes due 2018 issued by the Company

Name of Director	Capacity	Nature of interests	Principal amount
Lam Kin Hong, Matthew	Owner of controlled corporation	Corporate *(Note)*	CNY23,600,000

Note: These notes are held by Tai Fu Holdings Limited, the entire issued share capital of which is beneficially owned by Mr. Lam Kin Hong, Matthew and his spouse.

DIRECTORS' INTERESTS *(CONTINUED)*

(2) Associated Corporation

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

Long positions in the ordinary shares of eSun of HK$0.50 each ("**eSun Shares**") and underlying eSun Shares

Name of Director	Capacity and nature of interests	Number of eSun Shares	Number of underlying eSun Shares	Total	Approximate % of total issued eSun Shares
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.*

Save as disclosed above, as at 31 January 2015, none of the Directors and 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 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 to the Directors.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 January 2015, so far as is known or otherwise notified to any Director or the chief executive of the Company, the particulars of the corporations or individuals who had 5% or more interests in the following long positions in the Shares and underlying Shares as recorded, other than a Director or the chief executive of the Company, 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:

(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	8,274,270,422 *(Note 1)*	51.30
Lai Sun Development Company Limited ("**LSD**")	Owner of controlled corporations	Corporate	8,274,270,422 *(Note 1)*	51.30
Lai Sun Garment (International) Limited ("**LSG**")	Owner of controlled corporations	Corporate	8,274,270,422 *(Note 1)*	51.30
Lam Kin Ngok, Peter	Owner of controlled corporations	Corporate	8,274,270,422 *(Note 2)*	51.30
Merit Worth Limited ("**MWL**")	Beneficial owner and owner of controlled corporation	Corporate	8,274,270,422 *(Note 3)*	51.30
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**")	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)*	24.11

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 (4,385,231,724 Shares or approximately 27.19% of the total issued Shares) and SGS (3,889,038,698 Shares or approximately 24.11% of the total issued Shares), both being wholly-owned subsidiaries of eSun. eSun is owned as to approximately 41.92% by LSD which in turn is owned as to approximately 51.88% by LSG. As such, both LSD and LSG were deemed to be interested in the same 8,274,270,422 Shares held by eSun.*

2. *Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 8,274,270,422 Shares held by eSun by virtue of his personal and deemed interests in approximately 42.53% of the issued share capital of LSG.*

3. *SGS is wholly owned by MWL which in turn is wholly owned by eSun. Therefore, MWL was deemed to be interested in the 3,889,038,698 Shares held by SGS and eSun was deemed to be interested in the 8,274,270,422 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 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: The interests in underlying Shares represented interests in a share option granted to Dr. Lam Kin Ngok, Peter under the share option scheme of the Company. Particulars of which are set out in the section headed "Share Option Schemes" of this Report.

Save as disclosed above, the Directors are not aware of any other corporation or individual who, as at 31 January 2015, 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 LISTED SECURITIES

During the six months ended 31 January 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of 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), the Company shall procure that Dr. Lam Kin Ngok, Peter, his family members and inter alias, LSG, LSD and eSun (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 the Company that is greater than that held by any other person that is not a Lam Family Holder.

As at 31 January 2015, the aggregate outstanding loan balances of these facilities amounted to approximately HK$1,978,475,000 with the last instalment repayment falling due in March 2016.

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 2013-2014 are set out as follows:

(a) Mr. Lau Shu Yan, Julius resigned as an ED on 17 January 2015. He was appointed a consultant of the Company on the same date.

(b) Mr. Lee Tze Yan, Ernest was appointed an ED with effect from 17 January 2015.

(c) Mr. Chew Fook Aun ceased to be a member of the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption ("**ICAC**") and the Standing Committee on Company Law Reform of the Companies Registry on 1 January 2015 and 1 February 2015, respectively. Mr. Chew was appointed a member of the Operations Review Committee of the ICAC with effect from 1 January 2015.

(d) Mr. Shek Lai Him, Abraham retired from the Independent Police Complaints Council as Vice-Chairman with effect from 1 January 2015. Mr. Shek was appointed a non-executive director of the Mandatory Provident Fund Schemes Authority with effect from 17 March 2015.

(e) The Group usually makes annual adjustment to basic salaries and pays discretionary bonuses in January. The basic salaries of Messrs. Chew Fook Aun, Lam Hau Yin, Lester and Cheng Shin How have been adjusted upward with effect from 1 January 2015 (within the range from 4.0% to 4.5%). Directors' remuneration for the six months ended 31 January 2015 and 2014 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 2015					
Executive directors:					
Lam Kin Ming	—	570	—	—	570
Lam Kin Hong, Matthew	—	570	—	29	599
Lam Hau Yin, Lester	—	843	—	9	852
U Po Chu	—	2,185	—	—	2,185
Chew Fook Aun	—	2,333	—	9	2,342
Cheng Shin How	—	3,604	—	9	3,613
Lau Shu Yan, Julius *(resigned on 17 January 2015)*	—	959	—	9	968
Lee Tze Yan, Ernest *(appointed on 17 January 2015)*	—	48	—	—	48
	—	11,112	—	65	11,177
Non-executive directors:					
Lucas Ignatius Loh Jen Yuh	—	—	—	—	—
Chan Boon Seng *(appointed on 1 October 2014)*	—	—	—	—	—
Leow Juan Thong, Jason *(resigned on 1 October 2014)*	—	—	—	—	—
	—	—	—	—	—
Independent non-executive directors:					
Lam Bing Kwan	125	—	—	—	125
Ku Moon Lun	125	—	—	—	125
Law Kin Ho	125	—	—	—	125
Mak Wing Sum, Alvin	125	—	—	—	125
Shek Lai Him, Abraham	125	—	—	—	125
	625	—	—	—	625
Total	625	11,112	—	65	11,802

UPDATE OF DIRECTORS' INFORMATION *(CONTINUED)*

(e) *(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 2014					
Executive directors:					
Lam Kin Ming	—	570	—	—	570
Lam Kin Hong, Matthew	—	570	—	28	598
Lam Hau Yin, Lester	—	887	—	8	895
U Po Chu	—	2,186	—	—	2,186
Chew Fook Aun	—	2,232	—	8	2,240
Lau Shu Yan, Julius	—	943	—	8	951
Cheng Shin How	—	3,451	—	8	3,459
	—	10,839	—	60	10,899
Non-executive directors:					
Lucas Ignatius Loh Jen Yuh	—	—	—	—	—
Leow Juan Thong, Jason	—	—	—	—	—
	—	—	—	—	—
Independent non-executive directors:					
Lam Bing Kwan	125	—	—	—	125
Ku Moon Lun	125	—	—	—	125
Law Kin Ho	125	—	—	—	125
Mak Wing Sum, Alvin	125	—	—	—	125
Shek Lai Him, Abraham	125	—	—	—	125
	625	—	—	—	625
Total	625	10,839	—	60	11,524

DIRECTORS, EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2015, 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. Lee Tze Yan, Ernest who joined the Board as an ED with effect from 17 January 2015. Mr. Lee is entitled to receive an annual remuneration of HK$1,200,000 and such other remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the results of the Company, his performance, duties and responsibilities as well as the prevailing market conditions. The Group would also like to thank Mr. Lau Shu Yan, Julius who left the Board during the period under review for his valuable contributions to the Company during his tenure.

INVESTOR RELATIONS

To ensure our investors have a better understanding of the Company, our management engages in a pro-active investor relations programme. Our EDs 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 2015, the Company has met with a number of research analysts and investors, attended conferences as well as non-deal roadshows as follows:

Month	Event	Organizer	Location
August 2014	Investors luncheon	RHB-OSK Securities	Hong Kong
October 2014	Post full year results non-deal roadshow	BNP	Hong Kong
October 2014	Post full year results non-deal roadshow	DBS	New York/Boston/ Washington DC/ Denver/Los Angeles/ San Francisco
October 2014	Post full year results non-deal roadshow	Daiwa	Paris/Zurich/London
November 2014	Post full year results non-deal roadshow	BNP	Singapore
November 2014	Post full year results non-deal roadshow	DBS	Sydney
December 2014	Post full year results non-deal roadshow	BNP	Shanghai
December 2014	Great China Emerging Market Trends Forum 2015 (2015年大中華暨新興產業趨勢論壇)	SinoPac Securities	Taipei
January 2015	BNP Paribas Asia Pacific Property & Financial Conference	BNP	Hong Kong
January 2015	The Fifth Daiwa Hong Kong Corporate Summit	Daiwa	Hong Kong

INVESTOR RELATIONS *(CONTINUED)*

During the period under review, the Company also had research reports published as follows:

Firm	Analyst	Publication Date
DBS	Andy YEE, Danielle WANG, Carol WU & Ken HE	17 October 2014
HSBC	Keith CHAN	17 October 2014

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@laifung.com.

REVIEW OF INTERIM REPORT

The audit committee of the Company ("**Audit Committee**") currently comprises two of the INEDs, namely Mr. Law Kin Ho and Mr. Lam Bing Kwan, and a NED, Mr. Lucas Ignatius Loh Jen Yuh (alternate Director: Mr. Chan Boon Seng). The Audit Committee has reviewed the unaudited interim report (containing the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2015.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 25 March 2015