



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 2016



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

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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
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

LISTING INFORMATION

Shares

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

Stock Code/Board Lot

1125/20,000 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

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INVESTOR RELATIONS

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The board of directors (the “Board”) of Lai Fung Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 January 2016 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement

For the six months ended 31 January 2016

	Notes	For the six months ended 31 January	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
TURNOVER	3	833,552	538,055
Cost of sales		(363,032)	(217,424)
Gross profit		470,520	320,631
Other income and gains		64,135	76,468
Selling and marketing expenses		(28,482)	(24,280)
Administrative expenses		(144,927)	(142,702)
Other operating expenses, net		(99,257)	(72,888)
Fair value losses on cross currency swaps	11	—	(112,721)
Fair value gains on investment properties		226,381	236,688
PROFIT FROM OPERATING ACTIVITIES	4	488,370	281,196
Finance costs	5	(83,014)	(100,807)
Share of profits of joint ventures		88,641	148,651
PROFIT BEFORE TAX		493,997	329,040
Tax	6	(177,184)	(144,181)
PROFIT FOR THE PERIOD		316,813	184,859
ATTRIBUTABLE TO:			
Owners of the Company		303,213	184,256
Non-controlling interests		13,600	603
		316,813	184,859
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	7		
Basic		HK\$0.019	HK\$0.011
Diluted		HK\$0.019	HK\$0.011

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2016

	Note	For the six months ended	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD		316,813	184,859
OTHER COMPREHENSIVE INCOME/(EXPENSES) TO BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX			
Impairment of investment properties under construction		—	(267)
Exchange differences arising on translation to presentation currency		(859,775)	70,996
Share of other comprehensive income/(expenses) of joint ventures		(45,377)	3,168
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the period	11	(119,047)	—
Reclassification adjustments for exchange gain included in the condensed consolidated income statement		119,348	—
		301	—
		(904,851)	73,897
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD		(588,038)	258,756
ATTRIBUTABLE TO:			
Owners of the Company		(587,144)	257,717
Non-controlling interests		(894)	1,039
		(588,038)	258,756

Condensed Consolidated Statement of Financial Position

As at 31 January 2016

	Notes	31 January 2016 (Unaudited) HK\$'000	31 July 2015 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,283,105	1,326,096
Prepaid land lease payments		4,751	5,115
Investment properties		14,310,898	14,479,603
Properties under development		1,206,851	1,617,398
Investments in joint ventures		732,490	739,028
Deposit for acquisition of an investment property		230,400	—
Total non-current assets		17,768,495	18,167,240
CURRENT ASSETS			
Properties under development		584,744	278,459
Completed properties for sale		973,546	1,341,754
Debtors, deposits and prepayments	8	441,916	327,379
Prepaid tax		44,905	36,254
Pledged and restricted time deposits and bank balances		986,892	1,292,830
Cash and cash equivalents		1,419,225	1,571,281
		4,451,228	4,847,957
Asset classified as held for sale		251,309	265,432
Total current assets		4,702,537	5,113,389
CURRENT LIABILITIES			
Creditors and accruals	9	630,131	650,843
Deposits received and deferred income		417,896	220,549
Interest-bearing bank loans, secured		2,335,896	2,487,367
Loans from a joint venture		353,056	372,897
Tax payable		361,052	339,194
Total current liabilities		4,098,031	4,070,850
NET CURRENT ASSETS		604,506	1,042,539
TOTAL ASSETS LESS CURRENT LIABILITIES		18,373,001	19,209,779
NON-CURRENT LIABILITIES			
Long-term deposits received		104,091	103,369
Interest-bearing bank loans, secured		389,505	533,780
Advances from a former substantial shareholder		55,101	58,198
Loans from a fellow subsidiary		218,069	229,244
Fixed rate senior notes	10	2,105,311	2,220,914
Derivative financial instruments	11	253,269	111,654
Deferred tax liabilities		2,335,721	2,407,392
Total non-current liabilities		5,461,067	5,664,551
		12,911,934	13,545,228

Condensed Consolidated Statement of Financial Position

(Continued)

As at 31 January 2016

	31 January 2016 (Unaudited) HK\$'000	31 July 2015 (Audited) HK\$'000
EQUITY		
Equity attributable to owners of the Company		
Issued capital	1,619,770	1,612,968
Reserves	11,214,183	11,853,385
	12,833,953	13,466,353
Non-controlling interests	77,981	78,875
	12,911,934	13,545,228

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2016

	Attributable to owners of the Company											
	Issued capital	Share premium account	Asset revaluation reserve	Share option reserve	Hedge reserve	Exchange fluctuation reserve	Capital reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 July 2015 and 1 August 2015 (Audited)	1,612,968	4,068,087	68,959	29,594	(6,656)	1,846,681	144,498	229,587	5,472,635	13,466,353	78,875	13,545,228
Profit for the period	—	—	—	—	—	—	—	—	303,213	303,213	13,600	316,813
Other comprehensive income/(expenses) for the period, net of tax:												
Exchange differences arising on translation to presentation currency	—	—	—	—	—	(845,281)	—	—	—	(845,281)	(14,494)	(859,775)
Share of other comprehensive expenses of joint ventures	—	—	—	—	—	(45,377)	—	—	—	(45,377)	—	(45,377)
Net gain on cash flow hedges	—	—	—	—	301	—	—	—	—	301	—	301
Total comprehensive income/(expenses) for the period, net of tax	—	—	—	—	301	(890,658)	—	—	303,213	(587,144)	(894)	(588,038)
Release of reserve upon lapse of share options	—	—	—	(170)	—	—	—	—	170	—	—	—
Share of statutory reserve of joint ventures	—	—	—	—	—	—	—	4,380	(4,380)	—	—	—
Shares issued in lieu of cash dividend**	6,802	1,170	—	—	—	—	—	—	—	7,972	—	7,972
Final 2015 dividend paid	—	—	—	—	—	—	—	—	(53,228)	(53,228)	—	(53,228)
As at 31 January 2016 (Unaudited)	1,619,770	4,069,257*	68,959*	29,424*	(6,355)*	956,023*	144,498*	233,967*	5,718,410*	12,833,953	77,981	12,911,934

* These reserve accounts comprise the consolidated reserves of HK\$11,214,183,000 (31 July 2015: HK\$11,853,385,000) in the condensed consolidated statement of financial position.

** On 11 December 2015, the Company's shareholders approved at the annual general meeting a final dividend of HK\$0.0033 per share payable in cash with a scrip dividend alternative (the "2015 Scrip Dividend Scheme") for the year ended 31 July 2015 (the "2015 Final Dividend"). During the period, 68,017,617 new shares were issued by the Company at a deemed price of HK\$0.1172 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash under the 2015 Scrip Dividend Scheme to settle HK\$7,972,000 of the 2015 Final Dividend. The remainder of the 2015 Final Dividend of HK\$45,256,000 was satisfied by cash.

Further details of the 2015 Scrip Dividend Scheme are set out in the Company's circular dated 30 December 2015.

Condensed Consolidated Statement of Changes in Equity

(Continued)

For the six months ended 31 January 2016

	Attributable to owners of the Company											
	Issued capital	Share premium	Asset revaluation reserve	Share option reserve	Hedge reserve	Exchange fluctuation reserve	Capital reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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	4,573,380	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 subsidiaries from non-controlling shareholders	—	—	—	—	—	—	(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)	—	—	—
Shares issued in lieu of cash dividend**	2,778	1,605	—	—	—	—	—	—	—	4,383	—	4,383
Final 2014 dividend paid	—	—	—	—	—	—	—	—	(49,916)	(49,916)	—	(49,916)
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 "2014 Scrip Dividend Scheme") for the year ended 31 July 2014 (the "2014 Final Dividend"). During the period ended 31 January 2015, 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 2014 Scrip Dividend Scheme to settle HK\$4,383,000 of the 2014 Final Dividend. The remainder of the 2014 Final Dividend of HK\$45,533,000 was satisfied by cash.

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2016

	For the six months ended	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	594,676	(464,199)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	8,572	13,133
Purchase of items of property, plant and equipment	(23,359)	(12,206)
Additions to investment properties	(308,529)	(270,745)
Repayment of loans from/(advances of loans to) a joint venture	49,721	(667)
Decrease/(increase) in pledged and restricted time deposits and bank balances	305,938	(448,446)
Increase in deposit for acquisition of an investment property	(230,400)	—
NET CASH FLOW USED IN INVESTING ACTIVITIES	(198,057)	(718,931)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans, net of direct costs	268,528	242,628
Repayment of bank loans	(519,596)	(42,827)
Loans from a fellow subsidiary	800	9,359
Loan from a joint venture	—	167,993
Interest and bank financing charges paid	(157,545)	(140,294)
Dividend paid	(45,256)	(45,533)
Acquisition of non-controlling interests	—	(55,326)
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES	(453,069)	136,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(56,450)	(1,047,130)
Cash and cash equivalents at beginning of period	1,571,281	2,072,368
Effect of foreign exchange rate changes, net	(95,606)	7,554
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,419,225	1,032,792
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Non-pledged and non-restricted cash and bank balances	1,326,151	587,400
Non-pledged and non-restricted time deposits	93,074	445,392
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	1,419,225	1,032,792

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 2016 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 the 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 2015. These unaudited condensed consolidated results should be read in conjunction with the Company’s annual report for the year ended 31 July 2015.

In addition, the Group has adopted a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) which are applicable to the Group for the first time for the current period’s unaudited 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	
	2016 HK\$’000	2015 HK\$’000	2016 HK\$’000	2015 HK\$’000	2016 HK\$’000	2015 HK\$’000
Segment revenue/results:						
Segment revenue						
Sales to external customers	523,411	231,018	310,141	307,037	833,552	538,055
Other revenue	351	1,467	52,497	57,788	52,848	59,255
Total	523,762	232,485	362,638	364,825	886,400	597,310
Segment results	170,178	62,137	383,424	397,701	553,602	459,838
Interest income from bank deposits					8,572	13,133
Unallocated gains					2,715	4,080
Fair value losses on cross currency swaps					—	(112,721)
Impairment of asset classified as held for sale					—	(33,474)
Unallocated expenses, net					(76,519)	(49,660)
Profit from operating activities					488,370	281,196
Finance costs					(83,014)	(100,807)
Share of profits of joint ventures	88,641	148,651	—	—	88,641	148,651
Profit before tax					493,997	329,040
Tax					(177,184)	(144,181)
Profit for the period					316,813	184,859
Other segment information:						
Fair value gains on investment properties	—	—	226,381	236,688	226,381	236,688
Impairment of investment properties under construction*	—	—	—	(356)	—	(356)
Reversal of write-down of completed properties for sale to net realisable value	148	—	—	—	148	—
Impairment of other receivables	(23,493)	—	—	—	(23,493)	—
Loss on disposal of items of property, plant and equipment	(8)	(72)	(81)	—	(89)	(72)

* Impairment of investment properties under construction of HK\$356,000 was recognised in other comprehensive income during the period ended 31 January 2015.

Notes to Condensed Consolidated Financial Statements

(Continued)

3. OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development		Property investment		Consolidated	
	31 January 2016 (Unaudited) HK\$'000	31 July 2015 (Audited) HK\$'000	31 January 2016 (Unaudited) HK\$'000	31 July 2015 (Audited) HK\$'000	31 January 2016 (Unaudited) HK\$'000	31 July 2015 (Audited) HK\$'000
Segment assets/liabilities:						
Segment assets	3,106,956	3,462,149	15,831,254	15,809,833	18,938,210	19,271,982
Investments in joint ventures	732,490	739,028	—	—	732,490	739,028
Unallocated assets					2,549,023	3,004,187
Asset classified as held for sale					251,309	265,432
Total assets					22,471,032	23,280,629
Segment liabilities	589,241	479,129	409,621	350,757	998,862	829,886
Unallocated liabilities					8,560,236	8,905,515
Total liabilities					9,559,098	9,735,401

4. PROFIT FROM OPERATING ACTIVITIES

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

	Note	For the six months ended	
		31 January 2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Cost of completed properties sold		287,579	136,329
Outgoings in respect of rental income		75,453	81,095
Depreciation*		35,846	37,420
Ineffective portion of the effective hedge recognised in profit or loss**	11	22,568	—
Foreign exchange differences, net**		19,415	6,861
Loss on disposal of items of property, plant and equipment**		89	72
Amortisation of prepaid land lease payments		94	98
Impairment of asset classified as held for sale**		—	33,474
Impairment of other receivables**		23,493	—
Reversal of write-down of completed properties for sale to net realisable value**		(148)	—

* The depreciation charge of HK\$30,399,000 (six months ended 31 January 2015: HK\$31,528,000) 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.

Notes to Condensed Consolidated Financial Statements

(Continued)

5. FINANCE COSTS

	For the six months ended 31 January	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interest on:		
Bank loans	71,024	66,553
2013 Notes (as defined and disclosed in note 10)	70,944	71,324
Loans from a joint venture	7,485	3,035
Amortisation of:		
Bank loans	6,407	7,385
2013 Notes	3,744	3,496
Bank financing charges and direct costs	9,263	12,366
	168,867	164,159
Less: Capitalised in properties under development	(45,014)	(22,839)
Capitalised in investment properties under construction	(34,736)	(36,568)
Capitalised in construction in progress	(6,103)	(3,945)
	(85,853)	(63,352)
Total finance costs	83,014	100,807

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 2015: 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	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Current — Mainland China		
Corporate income tax	49,818	38,105
Land appreciation tax	72,472	26,558
Deferred	54,894	79,518
Total tax charge for the period	177,184	144,181

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 period, no tax indemnity was received by the Group under the aforesaid indemnities (six months ended 31 January 2015: Nil).

Notes to Condensed Consolidated Financial Statements

(Continued)

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\$303,213,000 (six months ended 31 January 2015: HK\$184,256,000), and the weighted average number of ordinary shares of 16,130,783,452 (six months ended 31 January 2015: 16,102,201,162) 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	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	303,213	184,256
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	16,130,783,452	16,102,201,162
Effect of dilution — weighted average number of ordinary shares: Share options	—	16,115,270
	16,130,783,452	16,118,316,432

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 the payment due date, is as follows:

	31 January 2016 (Unaudited) HK\$'000	31 July 2015 (Audited) HK\$'000
Trade receivables, net:		
Within one month	107,002	219,888
One to three months	2,859	1,952
Over three months	2,887	2,264
	112,748	224,104
Other receivables, deposits and prepayments, net of impairment	329,168	103,275
Total	441,916	327,379

Notes to Condensed Consolidated Financial Statements

(Continued)

9. CREDITORS AND ACCRUALS

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

	31 January 2016 (Unaudited) HK\$'000	31 July 2015 (Audited) HK\$'000
Trade payables:		
Within one month	95,185	39,315
One to three months	671	9,951
Over three months	73	—
	95,929	49,266
Accruals and other payables	534,202	601,577
Total	630,131	650,843

10. FIXED RATE SENIOR NOTES

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.

11. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

Notes to Condensed Consolidated Financial Statements

(Continued)

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

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

	Note	31 January 2016 (Unaudited) HK\$'000
Carrying amount at beginning of the period		111,654
Fair value losses charged to the hedge reserve		119,047
Ineffective portion of the effective hedge recognised in profit or loss	4	22,568
Carrying amount at end of the period		253,269

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

12. COMMITMENTS

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

	31 January 2016 (Unaudited) HK\$'000	31 July 2015 (Audited) HK\$'000
Contracted, but not provided for:		
Construction costs, purchase consideration of an investment property and related costs, license fee and royalty	749,161	338,169

Notes to Condensed Consolidated Financial Statements

(Continued)

13. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	Notes	For the six months ended	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Lai Sun Garment (International) Limited ("LSG") and its subsidiaries (the "LSG Group"):			
Rental and management fee expenses paid or payable	(i)	1,058	1,279
Rental and management fee income received or receivable	(ii)	35	37
Sharing of corporate salaries on a cost basis allocated from		11,706	10,956
Sharing of administrative expenses on a cost basis allocated from		1,374	1,855
Sharing of corporate salaries on a cost basis allocated to		1,147	1,113
Sharing of administrative expenses on a cost basis allocated to		87	214
eSun and its subsidiaries (the "eSun Group") excluding the Group:			
Rental and management fee income received or receivable	(iii)	4,065	3,544
Advance of loans received	(iv)	800	9,356
Sharing of corporate salaries on a cost basis allocated from		1,265	903
Sharing of administrative expenses on a cost basis allocated from		100	20
Sharing of corporate salaries on a cost basis allocated to		468	541
Sharing of administrative expenses on a cost basis allocated to		28	74
A subsidiary of CapitaLand Limited:			
Management and other service fees paid or payable	(v)	5,156	5,310
A joint venture of the Group:			
Advance of a loan received	(vi)	—	167,993
Interest expenses paid or payable	(vi)	7,485	3,035

Notes to Condensed Consolidated Financial Statements

(Continued)

13. 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 company is a subsidiary 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 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.
- (iv) 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 is a 20% shareholder of Rosy Commerce Holdings Limited ("**RCHL**", a subsidiary of the Company in which the Group has the remaining 80% interest). During the period, the related company advanced a loan amounting to HK\$800,000 (six months ended 31 January 2015: HK\$9,356,000) according to its percentage of interest in RCHL.
- (v) 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.
- (vi) The related company is a joint venture of the Group, Guangzhou Beautiwin Real Estate Development Company Limited ("**Guangzhou Beautiwin**"). The terms of the loans are determined based on the agreements entered into between the Group and Guangzhou Beautiwin. During the period, interest expenses were charged at fixed rates of 3.92%-4.20% per annum (six months ended 31 January 2015: 4.20% per annum) for loans advanced from Guangzhou Beautiwin to the Group.

(b) Compensation of key management personnel of the Group

	For the six months ended	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short term employee benefits	13,175	13,374
Pension scheme contributions	65	65
Total	13,240	13,439

Notes to Condensed Consolidated Financial Statements

(Continued)

14. 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 2016 (Unaudited) HK\$'000	31 July 2015 (Audited) HK\$'000	31 January 2016 (Unaudited) HK\$'000	31 July 2015 (Audited) HK\$'000
Financial liabilities				
Derivative financial instruments	253,269	111,654	253,269	111,654
Fixed rate senior notes	2,105,311	2,220,914	1,981,890	2,157,600
	2,358,580	2,332,568	2,235,159	2,269,254

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

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

- (i) The fair values of 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 financial instruments carried at amortised cost are not materially different from their fair values as at 31 January 2016 and 31 July 2015.

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\$24.6 to HK\$13.5 million	1
		Expected exposure at default — the Company	HK\$147.7 million to HK\$161.0 million	2
		Credit spread — counterparty	40.43 basis point to 243.06 basis point	3
		Credit spread — the Company	478.67 basis point to 830.83 basis point	4
		Loss given default ratio — counterparty	80%	5
		Loss given default ratio — own credit risk	60%	6

Notes to Condensed Consolidated Financial Statements (Continued)

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

Fair value hierarchy (Continued)

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 2016

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Derivative financial instruments	—	—	253,269	253,269

As at 31 July 2015

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Derivative financial instruments	—	—	111,654	111,654

The Group did not have any financial assets measured at fair value as at 31 January 2016 and 31 July 2015.

During the period and the year ended 31 July 2015, 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.

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 2016 and 31 July 2015.

15. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised for issue by the Board on 23 March 2016.

Interim Dividend

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

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

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

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

The Group's regional focus coupled with the rental-led strategy that the Group adopted since 2012 has demonstrated resilience against such a challenging operating environment. The rental portfolio of approximately 2.9 million square feet, primarily in Shanghai and Guangzhou, delivered steady performance in rental income at close to full occupancies for the key assets despite a general slowdown in retail sales.

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

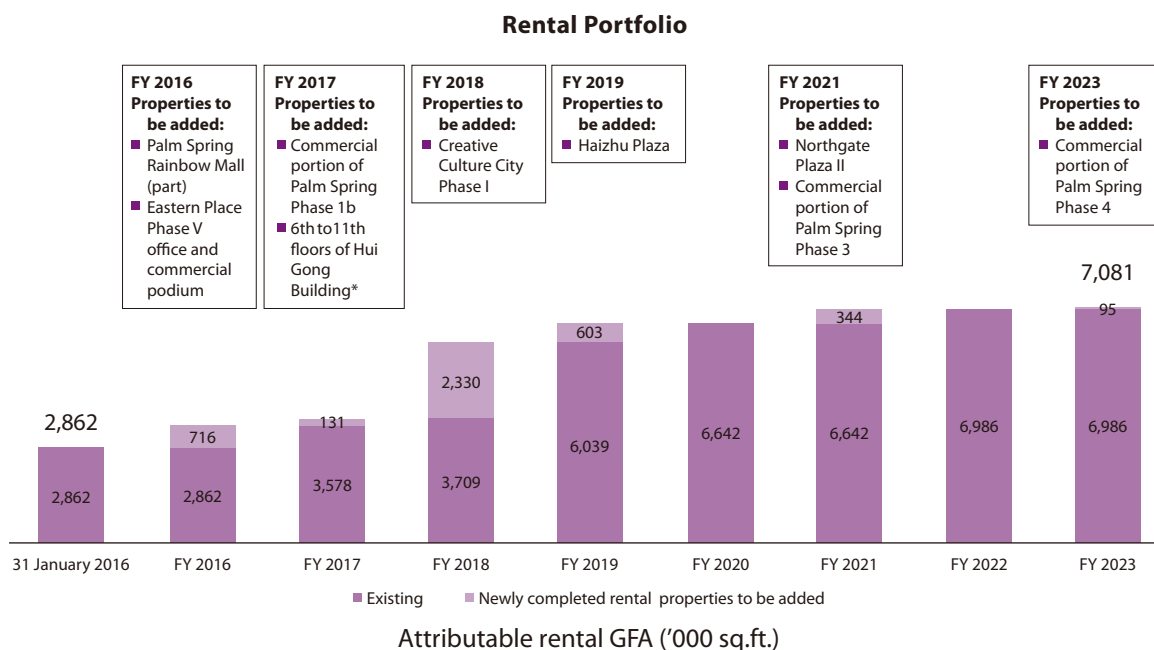
The Group has a number of projects in various stages of development in Shanghai, Guangzhou, Zhongshan and Hengqin. The rental portfolio is expected to increase from approximately 2.9 million square feet to approximately 7.1 million square feet through developing the existing projects in the next few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

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

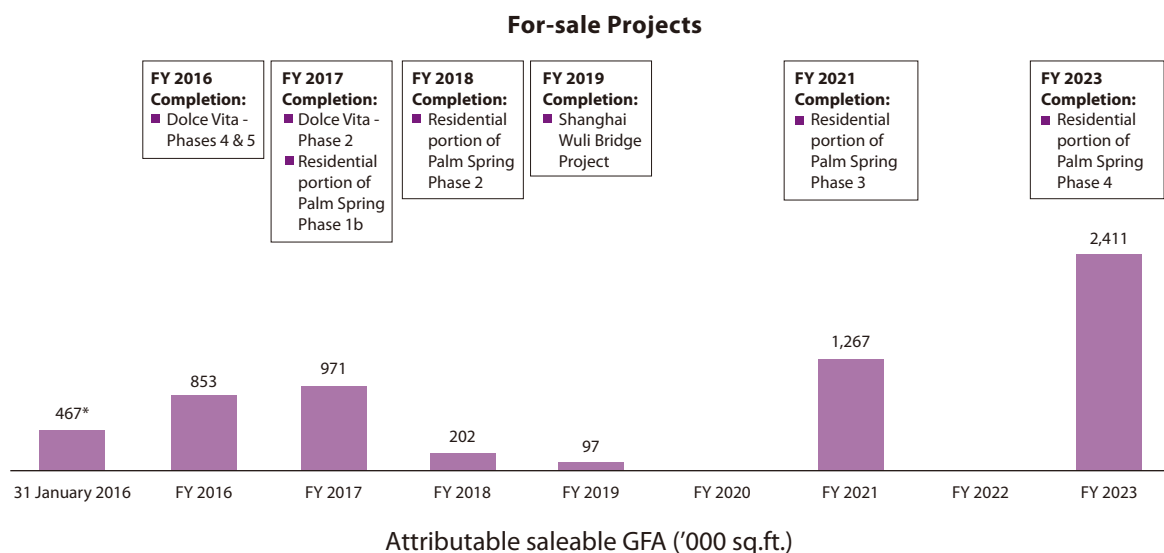
Management Discussion and Analysis (Continued)

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Set out below is the expected growth of the rental portfolio of the Group and pipeline of development projects of the Group as at 31 January 2016:



* Acquisition of the 6th to 11th floors of Hui Gong Building on 30 September 2015 was approved by eSun's shareholders at a special general meeting on 11 December 2015 and is now pending for completion.



* Excluding commercial portion of the Zhongshan Palm Spring which will be reclassified as completed properties held for rental purposes as it is being leased out over time.

As at 31 January 2016, the Group has a landbank of 9.8 million square feet. The Group's strong cash position of HK\$2,406.1 million of cash on hand with a net debt to equity ratio of 24% as at 31 January 2016 provides the Group with full confidence and the means to review opportunities more actively.

Management Discussion and Analysis (Continued)

OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2016, the Group recorded a turnover of HK\$833.6 million (2015: HK\$538.1 million) and a gross profit of HK\$470.5 million (2015: HK\$320.6 million), representing an increase of approximately 54.9% and 46.8%, respectively over the same period last year. Set out below is the turnover by segment:

	Six months ended 31 January		Difference (HK\$ million)	% change
	2016 (HK\$ million)	2015 (HK\$ million)		
Rental income	310.1	307.1	3.0	1.0%
Sales of properties	523.5	231.0	292.5	126.6%
Total:	833.6	538.1	295.5	54.9%

Net profit attributable to owners of the Company was approximately HK\$303.2 million (2015: HK\$184.3 million), representing an increase of approximately 64.5% over the same period last year. The increase is primarily due to (a) increased profit contribution from the recognition of the sale of properties for the six months ended 31 January 2016 as compared to the same period last year; and (b) a significant fair value loss arising on the cross currency swaps which were entered into in relation to the Company's RMB1.8 billion senior notes issued in 2013 charged to the income statement in the same period last year. No such fair value loss was recorded in the income statement in the period under review. This increase in net profit attributable to owners of the Company was offset against a depreciated Renminbi during the period under review. Basic earnings per share was HK\$0.019 (2015: HK\$0.011).

Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK\$134.9 million (2015: HK\$6.8 million). Basic earnings per share excluding the effect of property revaluations increased to HK\$0.0084 (2015: HK\$0.0004). Net profit attributable to owners of the Company excluding revaluation gains of investment properties, fair value losses on cross currency swaps and ineffective portion of the effective hedge recognised in profit or loss was approximately HK\$157.5 million (2015: HK\$119.5 million).

Profit attributable to owners of the Company (HK\$ million)	Six months ended 31 January	
	2016	2015
Reported	303.2	184.3
Adjustments in respect of investment properties		
Revaluation of properties	(226.4)	(236.7)
Deferred tax on investment properties	56.6	59.2
Non-controlling interests' share of revaluation movements less deferred tax	1.5	0.0
Net profit after tax excluding revaluation gains of investment properties	134.9	6.8
Adjustments in respect of fair value losses on cross currency swaps	—	112.7
Adjustments in respect of ineffective portion of the effective hedge recognised in profit or loss	22.6	—
Net profit after tax excluding adjustments in respect of investment properties, fair value losses on cross currency swaps and ineffective portion of the effective hedge recognised in profit or loss	157.5	119.5

Management Discussion and Analysis (Continued)

OVERVIEW OF INTERIM RESULTS (CONTINUED)

Net assets attributable to owners of the Company as at 31 January 2016 amounted to HK\$12,834.0 million, representing a 4.7% decrease from HK\$13,466.4 million as at 31 July 2015. Net asset value per share attributable to owners of the Company decreased to HK\$0.792 per share as at 31 January 2016 from HK\$0.835 per share as at 31 July 2015. The decrease in net asset value is primarily due to the depreciation of Renminbi partially offset by net profit earned during the period under review.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and number of car-parking spaces as at 31 January 2016:

	Commercial/ Retail	Office	Serviced apartments	Residential	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces
Completed Properties Held for Rental ¹	1,697	569	—	—	2,266	791
Completed Hotel Properties and Serviced Apartments	—	—	597	—	597	—
Properties Under Development ²	1,217	1,986	822	5,792	9,817	5,463
Completed Properties Held for Sale	107 ³	76	1	377	561	1,260
Total GFA of major properties of the Group	3,021	2,631	1,420	6,169	13,241	7,514

1. Completed and rental generating properties

2. All properties under construction

3. Completed properties for sale, including 94,263 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.

Management Discussion and Analysis (Continued)

PROPERTY INVESTMENT

Rental Income

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

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

* Excluding self-use area

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 2016			Six months ended 31 January 2015		
	Group interest	Turnover (HK\$ million)	Attributable GFA (square feet)	Group interest	Turnover (HK\$ million)	Attributable GFA (square feet)
Shanghai						
Shanghai Hong Kong Plaza	100%			100%		
Retail		83.6	468,434		88.6	468,434
Office		48.3	360,687		47.7	360,687
Serviced Apartments (room revenue and F&B)		62.3	354,239		62.7	354,239
Car-parking spaces		3.4	N/A		3.7	N/A
		197.6	1,183,360		202.7	1,183,360
Shanghai May Flower Plaza	100%			100%		
Retail		14.7	320,314		13.8	320,314
Hotel (room revenue and F&B)		18.8	143,846		13.7	143,846
Car-parking spaces		1.2	N/A		0.7	N/A
		34.7	464,160		28.2	464,160
Shanghai Regents Park	95%			95%		
Retail		5.4	77,959		5.5	77,959
Car-parking spaces		1.2	N/A		1.3	N/A
		6.6	77,959		6.8	77,959
Shanghai Northgate Plaza I	99%			99%		
Retail		—	190,425		—	190,425
Office		3.9	128,931		4.9	128,931
Car-parking spaces		0.2	N/A		0.3	N/A
		4.1	319,356		5.2	319,356
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		47.1	357,424		45.0	357,424
Office		5.6	79,431		5.5	79,431
Car-parking spaces		1.9	N/A		1.9	N/A
		54.6	436,855		52.4	436,855
Guangzhou West Point	100%			100%		
Retail		8.7	171,968		8.5	171,968
Guangzhou Eastern Place Phase V	100%			100%		
Retail		—	23,326		—	—
Zhongshan						
Zhongshan Palm Spring	100%			100%		
Retail		1.4	86,842		0.8	61,942
Serviced Apartments (room revenue)		2.4	98,556		2.5	98,556
		3.8	185,398		3.3	160,498
Total:		310.1	2,862,382		307.1	2,814,156

Management Discussion and Analysis *(Continued)*

PROPERTY INVESTMENT *(CONTINUED)*

Rental Income *(Continued)*

Rental income performed steadily as a whole with high occupancy in all the major properties. The significant increase in turnover of Shanghai May Flower Plaza is mainly driven by a better performance of the STARR Hotel Shanghai since its soft opening in November 2013 with an average occupancy rate of 83% during the period under review. A portion of the Zhongshan Palm Spring Rainbow Mall, amounting to approximately 48% of total 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.

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 have 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.

Management Discussion and Analysis (Continued)

PROPERTY INVESTMENT (CONTINUED)

Review of Major Rental Properties (Continued)

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 Northgate Plaza I. The site area of Northgate 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. In September 2015, the Group acquired the 6th to 11th floors of Hui Gong Building which is physically connected to Northgate Plaza I, together with the right to use 20 car-parking spaces in the basement. The Group plans to redevelop Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together under a comprehensive redevelopment plan. The redeveloped project will include an office tower, a shopping arcade and underground car-parking spaces. The Group is currently discussing the redevelopment proposal with professional consultants and local authorities.

Guangzhou May Flower Plaza

Guangzhou May Flower Plaza is a prime property situated at Zhongshanwu Road, Yuexiu District directly above the Gongyuanqian Metro Station in Guangzhou, the interchange station of Guangzhou Subway Lines No. 1 and 2. This 13-storey complex has a total GFA of approximately 436,900 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 86%.

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 87.1% was achieved during the period under review and the average room tariff was approximately HK\$1,300.

Management Discussion and Analysis *(Continued)*

PROPERTY INVESTMENT *(CONTINUED)*

Hotel and Serviced Apartments *(Continued)*

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 239 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 143,800 square feet. The GFA attributable to the Group is approximately 143,800 square feet. An average occupancy rate of 82.5% was achieved during the period under review since its soft opening in November 2013 and the average room tariff was approximately HK\$516.

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 46.7% was achieved during the period under review and the average room tariff was approximately HK\$389.

PROPERTY DEVELOPMENT

Recognised Sales

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

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

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

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

Recognised Sales (Continued)

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

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

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 2016, the recognised sales (after business tax) attributable to the full project is HK\$737.4 million (excluding car-parking spaces) and approximately 252,111 square feet (excluding car-parking spaces) of GFA were recognised. The recognised sales from car-parking spaces attributable to the full project is HK\$27.8 million.

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

Contracted Sales

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

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

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

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

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 2016, the contracted but not yet recognised sales attributable to the full project is HK\$3,085.2 million (excluding car-parking spaces) and approximately 1,273,133 square feet of GFA (excluding car-parking spaces) were sold. The contracted but not yet recognised sales from car-parking spaces attributable to the full project is HK\$1.2 million.

Management Discussion and Analysis (Continued)

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, 5,083 square feet was recognised at an average selling price of HK\$5,170 per square foot, which contributed HK\$24.8 million to the turnover. As at 31 January 2016, contracted but not yet recognised sales amounted to HK\$24.3 million or 4,598 square feet at an average selling price of HK\$5,285 per square foot. As at 31 January 2016, completed residential units held for sale in this development amounted to approximately 4,598 square feet with a carrying amount of approximately HK\$7.8 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 11,994 square feet was recognised at an average selling price of HK\$3,704 per square foot, which contributed HK\$41.9 million to the turnover. As at 31 January 2016, contracted but not yet recognised sales amounted to HK\$2.0 million or 569 square feet at an average selling price of HK\$3,515 per square foot. As at 31 January 2016, completed office apartment units held for sale in this development amounted to approximately 569 square feet with a carrying amount of approximately HK\$1.3 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 97,460 square feet and is intended to be developed into a high end luxury residential project. This project is expected to complete in the fourth quarter of 2018.

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 of residential blocks has been completed during the year ended 31 July 2015 and the office block is expected to complete in the second quarter of 2016.

The residential portion of the Guangzhou Eastern Place Phase V comprised of 317 units. For the six months ended 31 January 2016, 57,943 square feet was recognised at an average selling price of HK\$5,892 per square foot, which contributed HK\$322.0 million to the turnover. As at 31 January 2016, contracted but not yet recognised sales amounted to HK\$160.4 million or 26,086 square feet at an average selling price of HK\$6,149 per square foot. As at 31 January 2016, completed residential units held for sale in this development amounted to approximately 153,470 square feet with a carrying amount of approximately HK\$393.4 million.

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 now pending for completion. 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.

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

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

Guangzhou Dolce Vita

The Guangzhou Dolce Vita is a joint venture project with 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 5.860 million square feet. The project will comprise of approximately 2,796 low-rise and high-rise residential units and shopping amenities totaling 3.815 million square feet excluding ancillary facilities and car-parking spaces. It is conveniently located near the business centre of Jinshazhou as well as several shopping and entertainment areas and is easily accessible via Guangzhou Subway Line 6 and other transport modes. Praised as the model metropolis for Guangzhou and Foshan, Jinshazhou is located in northwest Guangzhou.

The project is divided into five phases of development. Phase I comprising 8 high-rise residential blocks has been sold out. During the period under review, 119,752 square feet attributable to the Group was recognised and generated attributable sale proceeds of HK\$350.3 million. As at 31 January 2016, attributable contracted but not yet recognised sales amounted to HK\$1,465.5 million or 604,738 square feet at an average selling price of HK\$2,423 per square foot. As at 31 January 2016, attributable GFA of completed units held for sale amounted to 103,122 square feet with a carrying amount of approximately HK\$141.0 million (excluding car-parking spaces). The remaining GFA under development was approximately 1,814,584 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	19,397	Q4 2016**
IV	Townhouses and low-rise residential units	128,640	Q2 2016
V	High-rise residential units	1,666,547	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 9,569 square feet was recognised at an average selling price of HK\$4,789 per square foot, which contributed HK\$43.2 million to the turnover. As at 31 January 2016, attributable GFA of completed units held for sale amounted to 15,167 square feet and 57 car-parking spaces with a carrying amount of approximately HK\$95.9 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 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 is now pending for completion.

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.

Management Discussion and Analysis (Continued)

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 8.016 million square feet. The project will comprise of high-rise residential towers, townhouses, serviced apartments and commercial blocks totaling 6.101 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, 9,160 square feet of high-rise residential units and 60,482 square feet of house units were recognised at average selling prices of HK\$707 and HK\$1,498 per square foot, respectively, which contributed a total of HK\$91.6 million to the sales turnover. As at 31 January 2016, contracted but not yet recognised sales for high-rise and townhouses amounted to HK\$245.9 million and HK\$91.2 million, at average selling prices of HK\$708 and HK\$1,363 per square foot, respectively. As at 31 January 2016, completed units held for sale in this development amounted to 107,074 square feet with a carrying amount of approximately HK\$110.1 million. The remaining GFA under development was approximately 5,044,600 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	983,100	Q4 2016
II	Townhouses	202,400	Q3 2017
III	High-rise residential units including commercial units	1,353,200	Q3 2020
IV	High-rise residential units including commercial units	2,505,900	Q3 2022

* 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 CCC has a total gross floor area of 4.1 million square feet including car parking spaces and ancillary facilities. The minimum investment requirement for Phase I CCC is approximately RMB3.0 billion (equivalent to approximately HK\$3.5 billion), of which approximately RMB523.3 million (equivalent to approximately HK\$617.4 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 commenced in the end of 2015. The expected GFA breakdown by usage is set out below:

Usage	GFA (square feet)
Cultural themed hotel	596,416
Cultural workshop	430,610
Cultural commercial area	527,376
Performance halls	435,797
Office	559,966
Cultural studios	362,503
Car-parking spaces	564,500
Ancillary facilities and others	671,207
Total:	4,148,375

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

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

Hengqin Creative Culture City Phase I (Continued)

Hyatt group was engaged as the manager for the cultural themed hotel in March 2015. On 30 October 2015, a licensing agreement was entered into with Lionsgate LBE, Inc. (“**LG**”) for the development and operation of an Immersive Experience Center in Phase I CCC, which expected to be approximately 236,800 square feet, containing multiple interactive experiences with at least 10 to 15 attractions developed from 6 LG intellectual properties plus food and beverage facilities as well as retail concessions. The Group also entered into licensing agreements on 30 October 2015 with a master license holder of National Geographic Society to develop a Family Edutainment Center. The size of the Family Edutainment Center is expected to be approximately 48,400 square feet, containing no less than 5 individual attractions including rides, F&B facilities, retail premises, virtual reality and/or 4-D interactive experiences, and other types of entertainment & educational attractions.

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 January 2016, cash and bank balances held by the Group amounted to HK\$2,406.1 million and undrawn facilities of the Group was HK\$712.5 million.

As at 31 January 2016, the Group had total borrowings amounting to HK\$5,456.9 million (as at 31 July 2015: HK\$5,902.4 million), representing a decrease of HK\$445.5 million from 31 July 2015. The consolidated net assets attributable to the owners of the Company amounted to HK\$12,834.0 million (as at 31 July 2015: HK\$13,466.4 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 24% (as at 31 July 2015: 23%). The maturity profile of the Group’s borrowings of HK\$5,456.9 million is well spread with HK\$2,689.0 million repayable within 1 year, HK\$383.1 million repayable in the second year, HK\$2,223.3 million repayable in the third to fifth years and HK\$161.5 million repayable beyond the fifth year.

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

Apart from the fixed rate senior notes, the Group’s other borrowings of HK\$3,351.6 million were 45% denominated in Renminbi (“**RMB**”), 41% in Hong Kong dollars (“**HKD**”) and 14% in United States Dollars (“**USD**”).

The Group’s fixed rate senior notes of HK\$2,105.3 million were denominated in RMB. On 25 April 2013, issue date of the RMB denominated senior notes (“**2013 Notes**”), 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\$2,406.1 million were 88% denominated in RMB, 3% in USD and 9% 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.

Management Discussion and Analysis *(Continued)*

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

(CONTINUED)

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\$8,653.3 million, properties under development with a total carrying amount of approximately HK\$85.6 million, serviced apartments and related properties with a total carrying amount of approximately HK\$580.9 million, a leasehold building with carrying amount of approximately HK\$36.8 million, completed properties for sale with a total carrying amount of approximately HK\$76.5 million and bank balances of approximately HK\$500.4 million.

Taking into account the amount of cash being held as at the end of the reporting period, the expected refinancing of certain bank loans and the recurring cash flows from the Group's operating activities, the Group believes that it would have sufficient liquidity 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 2015.

Particulars of Major Properties

COMPLETED PROPERTIES HELD FOR RENTAL

Property Name	Location	Group Interest	Tenure	Approximate Attributable GFA (square feet)			No. of car-parking spaces attributable to the Group
				Commercial/Retail	Office	Total (excluding car-parking spaces & ancillary facilities)	
Shanghai							
Shanghai Hong Kong Plaza	282 & 283 Huaihaihong 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	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	—
Eastern Place Phase V	787 Dongfeng East Road, Yuexiu District	100%	The property is held for a term of 40 years for commercial uses and 50 years for other uses commencing on 21 October 1997	23,326	—	23,326	204
Subtotal of major completed properties held for rental in Guangzhou:				552,718	79,431	632,149	340
Zhongshan							
Palm Spring	Caihong Planning Area, West District	100%	The property is held for a term expiring on 30 March 2075 for commercial/residential uses	86,843	—	86,843	—
Subtotal of major completed properties held for rental in Zhongshan:				86,843	—	86,843	—
Total of major completed properties held for rental:				1,696,693	569,049	2,265,742	791

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	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, West 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	—
Total of major hotel properties and serviced apartments:				628	596,641	—

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)					Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
						Commercial/ Retail	Office	Serviced Apartments	Residential			
Guangzhou												
Dolce Vita	Jinshazhou, Hengsha, Baiyun District	47.5%	Construction work in progress	Phase 4: Q2 2016 Phase 5: Q1 2016	3,217,769 (Note 2)	9,214	—	—	852,714	861,928	847	
Eastern Place Phase V	787 Dongfeng East Road, Yuexiu District	100%	Construction work in progress	Q2 2016	186,142 (Note 2)	80,525	541,430	—	—	621,955	—	
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	
Subtotal of major properties under development in Guangzhou:						181,664	1,052,290	—	852,714	2,086,668	1,146	
Zhongshan												
Palm Spring	Caihong Planning Area, Western District	100%	Construction work in progress	Phase 1b: Q4 2016 Phase 2: Q3 2017 Phase 3: Q3 2020 Phase 4: Q3 2022	2,547,298 (Note 2)	203,236	—	—	4,841,378	5,044,614	2,415	
Subtotal of major properties under development in Zhongshan:						203,236	—	—	4,841,378	5,044,614	2,415	
Shanghai												
Northgate Plaza II	Tian Mu Road West, Zhabei District	99%	Development under planning	Q4 2020 (Note 5)	44,293	61,743	195,566	—	—	257,309	154	
Wuli Bridge Project	Wuliqiao Road, 104 Jie Fang, Huangpu District	100%	Development under planning	Q4 2018	74,112	—	—	—	97,463	97,463	78	
Subtotal of major properties under development in Shanghai:						61,743	195,566	—	97,463	354,772	232	
Hengqin												
Creative Culture City Phase 1	East side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City	80%	Construction work in progress	Q4 2017	1,401,184	770,538	737,975	821,621	—	2,330,134	1,670	
Subtotal of major properties under development in Hengqin:						770,538	737,975	821,621	—	2,330,134	1,670	
Total of major properties under development:						1,217,181	1,985,831	821,621	5,791,555	9,816,188	5,463	

Notes:

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

Particulars of Major Properties (Continued)

COMPLETED PROPERTIES HELD FOR SALE

Property Name	Location	Group Interest	Approximate Attributable GFA (square feet)				Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
			Commercial/Retail	Serviced Apartments	Residential	Office		
Zhongshan								
Palm Spring	Caihong Planning Area, Western District	100%	94,263	—	107,074	—	201,337	—
Subtotal of major completed properties held for sale in Zhongshan:			94,263	—	107,074	—	201,337	—
Shanghai								
May Flower Plaza	Sujiaxiang, Zhabei District	100%	—	569	4,598	—	5,167	458
Regents Park, Phase II	88 Huichuan Road, Changning District	95%	—	—	—	—	—	386
Subtotal of major completed properties held for sale in Shanghai:			—	569	4,598	—	5,167	844
Guangzhou								
Eastern Place Phase V	787 Dongfeng East Road, Yuexiu District	100%	—	—	153,470	—	153,470	148
Dolce Vita	Jinshazhou, Heng Sha, Baiyun District	47.5%	4,279	—	98,843	—	103,122	35
Paramount Centre	Nos 407 and 409 Yan Jiang Dong Road, Yuexiu District	100%	5,602	—	—	76,471	82,073	46
King's Park	Donghua Dong Road, Yuexiu District	100%	3,337	—	11,830	—	15,167	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:			13,218	—	265,034	76,471	354,723	416
Total of major completed properties held for sale:			107,481	569	376,706	76,471	561,227	1,260

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 (“**Listing Rules**” and “**Stock Exchange**”, respectively) throughout the six months ended 31 January 2016 save for the deviations from code provisions A.4.1 and A.5.1 as follows:

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

None of the existing non-executive directors (“**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. 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 Group’s overall business and commercial strategy as well as overall policies and guidelines.

The Board currently comprises fourteen members, of whom seven are EDs, two are NEDs and the remaining 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 and Other Information *(Continued)*

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

During the six months ended 31 January 2016 and up to the date of this Report, Mr. Chew Fook Aun was the Chairman of the Board while Mr. Lam Hau Yin, Lester acted as the Chief Executive Officer of the Company. This segregation ensures a clear distinction between the Chairman's responsibilities to manage the Board and the Chief Executive Officer's responsibilities to manage the Company's 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 2016.

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 on 21 August 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 2016, share options comprising a total of 536,205,994 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 455,726,430 underlying shares were granted under the 2012 Share Option Scheme.

Corporate Governance and Other Information (Continued)

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 2016 is as follows:

Name or category of participants	Date of grant (Note 1)	Number of underlying shares comprised in share options				Exercise period	Exercise price per share (HK\$) (Note 2)
		As at 1 August 2015	Granted during the period	Lapsed during the period	As at 31 January 2016		
Directors							
Chew Fook Aun	12/6/2012	80,479,564	—	—	80,479,564	12/6/2012 — 11/6/2020	0.133
Lam Hau Yin, Lester	18/1/2013	160,959,129	—	—	160,959,129	18/1/2013 — 17/1/2023	0.228
Cheng Shin How	18/1/2013	32,191,825	—	—	32,191,825	18/1/2013 — 17/1/2023	0.228
Lee Tze Yan, Ernest	18/1/2013	32,000,000	—	—	32,000,000	18/1/2013 — 17/1/2023	0.228
Subtotal		305,630,518	—	—	305,630,518		
Other Eligible Participants (in aggregate)							
Batch 1	18/1/2013	210,575,476 (Note 3)	—	—	210,575,476	18/1/2013 — 17/1/2023	0.228
Batch 2	26/7/2013	14,000,000	—	(3,000,000)	11,000,000	26/7/2013 — 25/7/2023	0.190
Batch 3	16/1/2015	9,000,000	—	—	9,000,000	16/1/2015 — 15/1/2025	0.160
Subtotal		233,575,476	—	(3,000,000)	230,575,476		
Total		539,205,994	—	(3,000,000)	536,205,994		

Notes:

- The share options vested on the date of grant.
- The exercise price of the share options is subject to adjustment in the case of rights or bonus issues or other similar changes in the Company's share capital.
- Dr. Lam Kin Ngok, Peter (a substantial shareholder of the Company 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.

Corporate Governance and Other Information (Continued)

DIRECTORS' INTERESTS

The following Directors and chief executive of the Company who held office on 31 January 2016 and their respective close associates (as defined in the Listing Rules) were interested or were deemed to be interested in the following 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 1)	Total	Approximate percentage of total issued Shares (Note 2)
Chew Fook Aun	Beneficial owner	Nil	80,479,564	80,479,564	0.50%
Lam Hau Yin, Lester	Beneficial owner	Nil	160,959,129	160,959,129	0.99%
Cheng Shin How	Beneficial owner	Nil	32,191,825	32,191,825	0.20%
Lee Tze Yan, Ernest	Beneficial owner	Nil	32,000,000	32,000,000	0.20%

Notes:

- 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.
- The percentage has been compiled based on the total number of issued Shares as at 31 January 2016 (i.e. 16,197,692,086 Shares).

(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.

Corporate Governance and Other Information (Continued)

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 percentage of total issued eSun Shares (Note 1)
Chew Fook Aun	Beneficial owner	Nil	6,216,060 (Note 2)	6,216,060	0.50%
Lam Hau Yin, Lester	Beneficial owner	2,794,443	12,432,121 (Note 3)	15,226,564	1.22%

Notes:

1. The percentage has been compiled based on the total number of issued eSun Shares as at 31 January 2016 (i.e. 1,243,212,165 eSun Shares).
2. 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.
3. 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 2016, 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.

Corporate Governance and Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 31 January 2016, 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 percentage of total issued Shares (Note 1)
Substantial Shareholders				
eSun Holdings Limited (" eSun ")	Owner of controlled corporations	Corporate	8,274,270,422 (Note 2)	51.08%
Lai Sun Development Company Limited (" LSD ")	Owner of controlled corporations	Corporate	8,274,270,422 (Note 2)	51.08%
Lai Sun Garment (International) Limited (" LSG ")	Owner of controlled corporations	Corporate	8,274,270,422 (Note 2)	51.08%
Lam Kin Ngok, Peter	Owner of controlled corporations	Corporate	8,274,270,422 (Note 3)	51.08%
Merit Worth Limited (" MWL ")	Beneficial owner and owner of controlled corporation	Corporate	8,274,270,422 (Note 4)	51.08%
CapitaLand China Holdings Pte Ltd (" CapitaLand China ")	Owner of controlled corporation	Corporate	3,220,000,000 (Note 5)	19.88%
CapitaLand LF (Cayman) Holdings Co., Ltd (" CapitaLand Cayman ")	Beneficial owner	Corporate	3,220,000,000	19.88%
CapitaLand Limited	Owner of controlled corporations	Corporate	3,220,000,000 (Note 5)	19.88%
CapitaLand Residential Limited (" CapitaLand Residential ")	Owner of controlled corporations	Corporate	3,220,000,000 (Note 5)	19.88%
Temasek Holdings (Private) Limited (" Temasek ")	Owner of controlled corporations	Corporate	3,220,000,000 (Note 5)	19.88%
Silver Glory Securities Limited (" SGS ")	Beneficial owner	Corporate	3,889,038,698 (Note 4)	24.01%
Other Persons				
Third Avenue Management LLC	Investment manager	Corporate	806,677,000 (Note 6)	5.00%
Third Avenue Management LLC, on behalf of Whitman High Conviction Fund	Beneficial owner	Corporate	806,677,000 (Note 6)	5.00%

Corporate Governance and Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS (CONTINUED)

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

Notes:

1. The percentage has been compiled based on the total number of issued Shares as at 31 January 2016 (i.e. 16,197,692,086 Shares).
2. These interests in the Company represented all the Shares beneficially owned by MWL (4,385,231,724 Shares or approximately 27.07% of the total issued Shares) and SGS (3,889,038,698 Shares or approximately 24.01% 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 51.84% by LSG. As such, both LSD and LSG were deemed to be interested in the same 8,274,270,422 Shares held by eSun. As at the date of this Report, LSD is owned as to approximately 61.93% by LSG.
3. 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 42.23% (excluding share option) of the issued share capital of LSG.
4. 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.
5. 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 40.77% interest in the issued share capital of CapitaLand Limited.
6. Third Avenue Management LLC, on behalf of Whitman High Conviction Fund held 806,677,000 Shares. As at the date of this Report, the shareholding of Third Avenue Management LLC and Whitman High Conviction Fund has increased to 1,000,000,000 Shares (representing approximately 6.17% of the issued share capital of the Company).

(B) Long positions in the underlying Shares of the Company

Name	Capacity	Number of underlying Shares	Approximate percentage of total issued Shares (Note 1)
Lam Kin Ngok, Peter	Beneficial Owner	16,095,912 (Note 2)	0.10%

Notes:

1. The percentage has been compiled based on the total number of issued Shares as at 31 January 2016 (i.e. 16,197,692,086 Shares).
2. 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 2016, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares as recorded in the Register of Shareholders.

Corporate Governance and Other Information *(Continued)*

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

UPDATE 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 2014-2015 are set out as follows:

- (a) Mr. Law Kin Ho was appointed an independent non-executive director of Creative China Holdings Limited ("**Creative China**") on 3 November 2015. The issued shares of Creative China were listed and traded on the Growth Enterprise Market of the Stock Exchange with effect from 18 November 2015.
- (b) Mr. Chew Fook Aun's appointment as a council member of The Financial Reporting Council ended on 30 November 2015.
- (c) Mr. Shek Lai Him, Abraham ceased to be an independent non-executive director of Dorsett Hospitality International Limited ("**Dorsett**") on 11 March 2016. The shares of Dorsett had been withdrawn from listing on the Stock Exchange as from the close of trading on 16 October 2015.
- (d) The annual director's fee for each of the independent non-executive directors of the Company, namely Messrs. Ku Moon Lun, Lam Bing Kwan, Law Kin Ho, Mak Wing Sum, Alvin and Shek Lai Him, Abraham has been increased from HK\$250,000 to HK\$300,000 with effect from 1 February 2016.

Corporate Governance and Other Information (Continued)

UPDATE OF DIRECTORS' INFORMATION (CONTINUED)

- (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, Cheng Shin How and Lee Tze Yan, Ernest have been adjusted upward within the range from 4.0% to 4.5% with effect from 1 January 2016. Directors' remuneration for the six months ended 31 January 2016 and 2015 are as follows:

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Equity-settled share option expense HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
For the six months ended 31 January 2016					
<i>Executive directors:</i>					
Lam Kin Ming	—	570	—	—	570
Lam Kin Hong, Matthew	—	570	—	29	599
Lam Hau Yin, Lester	—	880	—	9	889
U Po Chu	—	2,164	—	—	2,164
Chew Fook Aun	—	2,153	—	9	2,162
Cheng Shin How	—	3,499	—	9	3,508
Lee Tze Yan, Ernest	—	804	—	9	813
	—	10,640	—	65	10,705
<i>Non-executive directors:</i>					
Lucas Ignatius Loh Jen Yuh	—	—	—	—	—
Chan Boon Seng	—	—	—	—	—
	—	—	—	—	—
<i>Independent non-executive directors:</i>					
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	10,640	—	65	11,330

Corporate Governance and Other Information (Continued)

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 2015					
<i>Executive directors:</i>					
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
<i>Non-executive directors:</i>					
Lucas Ignatius Loh Jen Yuh	—	—	—	—	—
Chan Boon Seng (appointed on 1 October 2014)	—	—	—	—	—
Leow Juan Thong, Jason (resigned on 1 October 2014)	—	—	—	—	—
	—	—	—	—	—
<i>Independent non-executive directors:</i>					
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

Corporate Governance and Other Information (Continued)

EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2016, 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.

INVESTOR RELATIONS

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

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

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

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

Firm	Analyst	Publication Date
HSBC	Keith CHAN	20 October 2015

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.

Corporate Governance and Other Information *(Continued)*

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 2016.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 23 March 2016