LAI SUN DEVELOPMENT

LAI SUN DEVELOPMENT COMPANY LIMITED
(Stock code: 488)

Annual Report 2010-2011




Contents

Corporate Information

Place of Incorporation

Hong Kong

Board of Directors

Executive Directors

Lam Kin Ngok, Peter *(Chairman)*
Lau Shu Yan, Julius *(Chief Executive Officer)*
Tam Kin Man, Kraven
Cheung Wing Sum, Ambrose, MH, JP
Lui Siu Tsuen, Richard
Cheung Sum, Sam

Non-executive Directors

Lam Kin Ming
U Po Chu
Wan Yee Hwa, Edward

Independent Non-executive Directors

Lam Bing Kwan
Leung Shu Yin, William
Ip Shu Kwan, Stephen, GBS, JP

Audit Committee

Leung Shu Yin, William *(Chairman)*
Lam Bing Kwan
Wan Yee Hwa, Edward

Remuneration Committee

Leung Shu Yin, William *(Chairman)*
Lam Bing Kwan
Wan Yee Hwa, Edward
Cheung Sum, Sam

Company Secretary

Kwok Siu Man

Registered Office / Principal Office

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

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

Authorised Representatives

Lam Kin Ngok, Peter
Lau Shu Yan, Julius

Share Registrars and Transfer Office

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

Independent Auditors

Ernst & Young
Certified Public Accountants

Solicitors

Baker & McKenzie
Lo & Lo
Reed Smith Richards Butler
Vincent T.K. Cheung, Yap & Co.

Principal Bankers

Bank of China (Hong Kong) Limited
China Construction Bank Corporation
Chong Hing Bank Limited
Citibank, N.A.
Hang Seng Bank Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

Shares Information

Place of Listing

The Main Board of The Stock Exchange of Hong Kong Limited

Stock Code

488

Board Lot

1,000 Shares

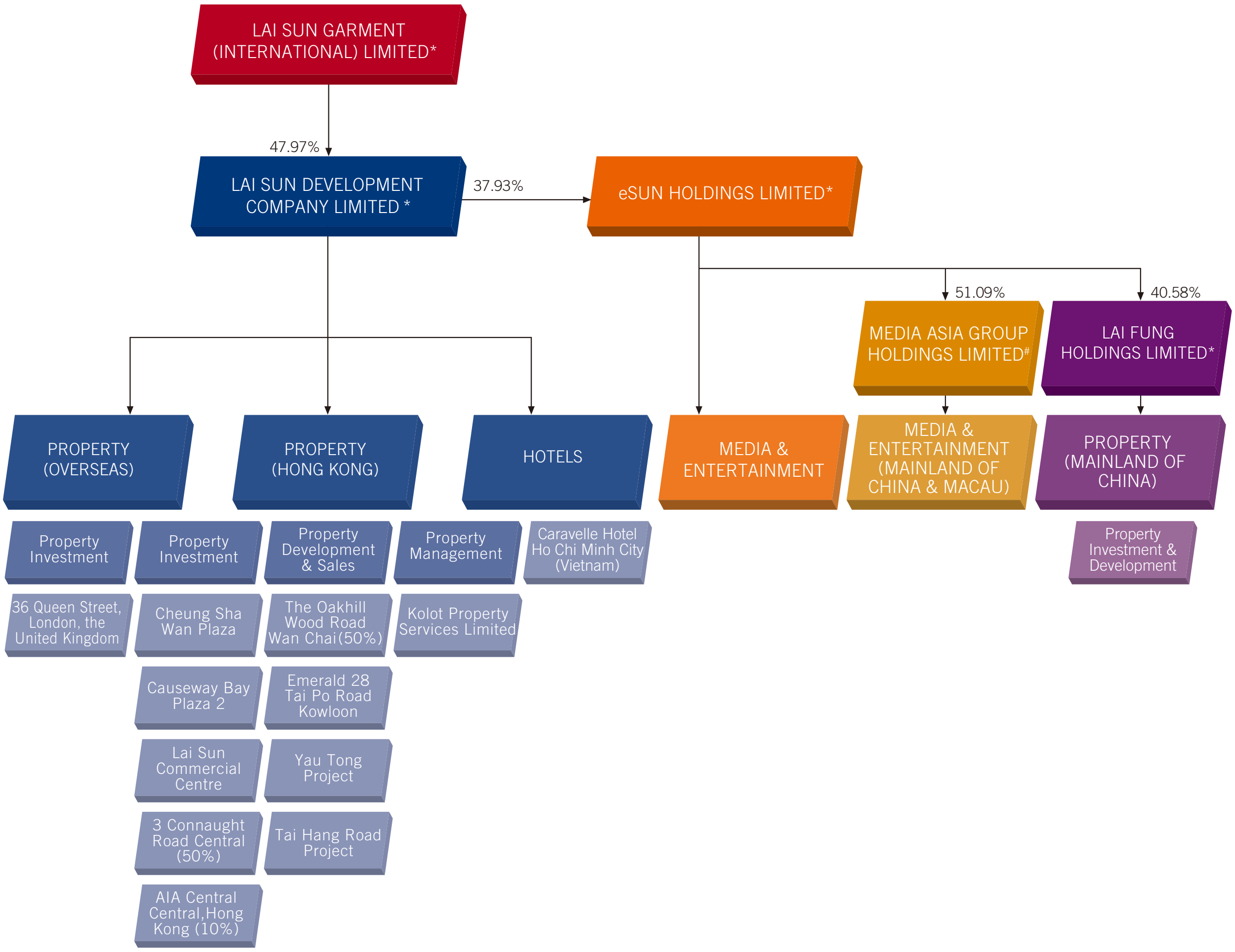
Website

www.laisun.com

Investor Relations

E-mail: ir@laisun.com

Lai Sun Development Company Limited is a member of the Lai Sun Group which obtained its first listing on the Hong Kong stock exchange in late 1972. The Company is well diversified and its principal activities include property development and investment in Hong Kong, hotel operation and management as well as media and entertainment business. The Company was listed on The Stock Exchange of Hong Kong Limited in March 1988 following a reorganisation of the Group.



* *Listed on the Main Board of The Stock Exchange of Hong Kong Limited*

\# *Listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and formerly known as Rojam Entertainment Holdings Limited*

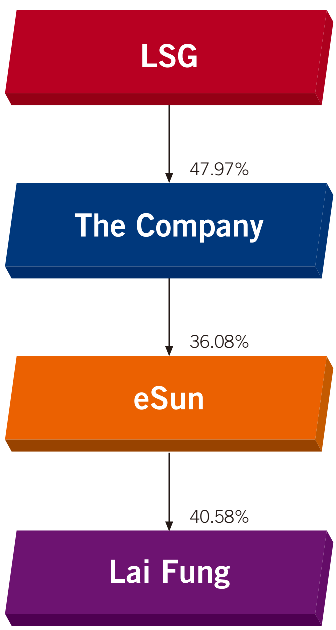
Corporate structure as at 28 October 2011

^ LAM Kin Ngok, Peter
Chairman

Group Reorganisation

On 30 September 2010, Lai Sun Garment (International) Limited ("LSG") and eSun Holdings Limited ("eSun") completed a group reorganisation (the "Group Reorganisation"). Pursuant to the Group Reorganisation, LSG transferred its entire shareholding interest in Lai Fung Holdings Limited ("Lai Fung") (approximately 40.58% of the issued share capital of Lai Fung) to eSun to be settled by (i) the transfer to LSG of eSun's entire shareholding interest in the Company (approximately 36.72% of the issued share capital of the Company) and (ii) cash balance of approximately HK$178.4 million.

Immediately following the completion of the Group Reorganisation, the group structure involving LSG, the Company, eSun and Lai Fung has become as follows:



As a result of the Group Reorganisation, the cross-shareholding between the Company and eSun that existed since 2004 was dismantled. The Group Reorganisation simplified the ownership structure of the Company and eSun, and eliminated the magnifying circular effect of the accounting treatment of the cross shareholdings. More importantly, the directors of the Company (the "Directors") believe that the simplified shareholding structure provides greater clarity to shareholders and the market with regard to the core businesses of each of the above companies.

eSun became the controlling shareholder of Lai Fung, a company that has a well-established portfolio of property assets in the Mainland of China and shares the operating profit of Lai Fung as an associate (as that expression is used in the context of the Hong Kong Financial Reporting Standards) of eSun. This new shareholding structure directly benefits eSun and the Company.

Overview of Final Results

For the year ended 31 July 2011, the Company and its subsidiaries (collectively the "Group") recorded a turnover of HK$1,192,914,000 (2010: HK$729,254,000) and a gross profit of HK$611,636,000 (2010: HK$474,981,000), representing an increase of approximately 63.6% and 28.8% respectively from the previous corresponding year. The increase in turnover and gross profit was mainly attributable to the sales of residential units at Emerald 28, Tai Po Road, Kowloon, Hong Kong.

^ Swimming pool of The Oakhill, Wood Road, Wanchai

^ Club house of Emerald 28, Tai Po Road, Kowloon

During the year under review, the Group recorded a fair value gain on completed investment properties of HK$1,074,933,000 (2010: HK$1,232,615,000). In addition, the Group recorded an additional provision for tax indemnity of approximately HK$48,379,000 (2010: a provision of HK$17,495,000). Such provision was made in respect of certain tax indemnity granted by the Group to Lai Fung at the time of effecting the separate listing of Lai Fung on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in November 1997 (details of the tax indemnity and the provisions thereof are set out in note 33(c) to the financial statements). Taking into account the above exceptional items, the Group recorded a profit from operating activities of HK$1,325,577,000 during the year ended 31 July 2011 (2010: HK$1,412,230,000).

During the year under review, the Group's share of profits from associates was HK$1,335,581,000 (2010: HK$982,364,000). Movements of main items of the Group's share of profits from associates during the year under review are as follows:

1. The Group owns a 50% interest in a joint venture company set up between the Group and Invesco Management Group, Inc. (formerly known as AIG Global Real Estate Investment (Asia) LLC.) ("Invesco") which in turn owns a residential/commercial development project named The Oakhill, Wood Road, Hong Kong. The occupation permit for The Oakhill was issued in June 2011. Following the issue of the occupation permit, the joint venture company was able to recognise and book the sale of units at The Oakhill during the year under review. Accordingly, the Group's share of the net profit of the joint venture company as recorded in the Group's consolidated income statement amounted to approximately HK$436,400,000.

2. The Group owns a 50% interest in Diamond String Limited ("DSL"), a joint venture company formed between the Group and a wholly-owned subsidiary of China Construction Bank Corporation ("CCB") for the redevelopment of the property site situated at 3 Connaught Road Central, Hong Kong. During the year under review, the Group's share of the fair value gain from DSL's investment property under development as recorded in the Group's consolidated income statement (net of the related deferred tax) amounted to approximately HK$463,300,000 (2010: HK$859,582,000).

3. Prior to the Group Reorganisation, the Group held a 36.08% shareholding interest in eSun, which in turn held a 36.72% shareholding interest in the Group. Immediately following completion of the Group Reorganisation on 30 September 2010, (i) the Group continues to hold a 36.08% shareholding interest in eSun, and (ii) eSun holds a 40.58% shareholding interest in Lai Fung. The Group's interest in eSun was subsequently reduced from 36.08% to 36.00% as eSun issued additional ordinary shares upon exercise of certain share options by a grantee under eSun's share option scheme. Subsequent

to 31 July 2011, the shareholding interests in eSun were increased to 37.93% as a result of on-market purchase of additional eSun shares by the Company. The Group's share of profits of eSun during the year under review was mainly attributable to (i) the share of eSun's operating profit (excluding eSun's share of the results of the Company and Lai Fung) of HK$102,500,000 (2010: share of eSun's operating loss of HK$168,700,000) which was mainly attributable to a gain recognised by eSun in relation to the disposal of its shareholding interests in the Macao Studio City project during the year; (ii) share of eSun's share of the Company's profits due to the cross-shareholding structure that was in place during the period from 1 August 2010 to 30 September 2010 of HK$52,000,000 (2010: HK$295,900,000); (iii) share of eSun's gain on the Group Reorganisation of HK$217,400,000; and (iv) share of eSun's share of Lai Fung's results from 1 October 2010 to 31 July 2011 of HK$63,400,000.

Finance costs during the year amounted to HK$47,076,000 (2010: HK$41,777,000).

For the year ended 31 July 2011, the Group recorded a consolidated net profit attributable to ordinary equity holders of the Company of HK$2,343,707,000 (2010: HK$2,064,562,000).

Shareholders' equity as at 31 July 2011 amounted to HK$11,959,041,000, up from HK$9,405,690,000 as at 31 July 2010. Net asset value per share as at 31 July 2011 was HK$0.844, as compared to HK$0.664 as at 31 July 2010.

36 Queen Street, London

Business Review

Investment Properties

The Group wholly owns three major investment properties in Hong Kong. They include Causeway Bay Plaza 2, Cheung Sha Wan Plaza and Lai Sun Commercial Centre.

In February 2011, the Group acquired an office building with a total floor area of 41,680 square feet at 36 Queen Street, London, the United Kingdom at a consideration of GBP16,880,000 (equivalent to approximately HK$213,532,000). This acquisition represents an opportunity to own a piece of prime investment property in the core financial district of central London that has the potential of generating good cashflow and rental yield.

For the year ended 31 July 2011, aggregate gross rental income from the Group's investment properties amounted to approximately HK$367,455,000 (2010: HK$341,103,000), representing an increase of 7.7% over the last corresponding year. Overall average occupancy of the Group's investment properties for the year under review remained at about 98%.

^ Cheung Sha Wan Plaza

^ Causeway Bay Plaza 2

^ Lai Sun Commercial Centre

Development Properties

The Group holds the following property development projects in Hong Kong:

3 Connaught Road Central

This is the joint redevelopment project of the former Ritz-Carlton Hotel in Central. This redevelopment project is a 50:50 joint venture between the Group and a wholly-owned subsidiary of CCB. The buildable gross floor area is approximately 225,000 square feet. The redeveloped project will be an office tower that is expected to become a landmark property in Central featuring underground access to the MTR station in Central. Part of the redeveloped property, upon its completion, will be used by CCB as offices of its Hong Kong operations. Total construction cost of the project is estimated to be approximately HK$1,100,000,000.

Superstructure work commenced in April 2010. The building is expected to be completed in the third quarter of 2012.

The Oakhill, Wood Road, Wanchai

This joint residential development project is a 50:50 joint venture between the Group and Invesco. The project's total development cost is approximately HK$1,300,000,000. The project comprises a total of 130 residential units with a total gross floor area of 154,713 square feet, street level retail shops with a total gross floor area of 7,880 square feet and 62 car-parking spaces.

Pre-sale of the residential units commenced in July 2010 and the project was completed in June 2011. To date, 124 residential units with an aggregate gross floor area of 142,525 square feet were pre-sold at an average selling price of approximately HK$15,000 per square foot. Most of the income from the sale of the residential units was recognised in the Group's share of results of associates in the year under review.

∧ 3 Connaught Road Central

∧ The Oakhill

Emerald 28, Tai Po Road, Kowloon

The Group wholly owns this development project. The project's estimated total development cost is approximately HK$500,000,000. The project comprises a total of 53 residential units with a total gross floor area of 60,686 square feet and retail units with a total gross floor area of 10,186 square feet. During the year ended 31 July 2011, the Group recorded the sale of 42 residential units (2010: 3 residential units) with an aggregate gross floor area of 47,920 square feet (2010: 3,694 square feet) at an average selling price of HK$8,650 per square foot (2010: HK$9,361 per square foot) and on a turnover of HK$414,521,000 (2010: HK$34,578,000).

Yau Tong Project

The Group wholly owns this development project located at No. 4 Shung Shun Street, Yau Tong, Kowloon. The Group intends to develop the site into a residential-cum-commercial property with a total gross floor area of about 110,000 square feet. The estimated total development cost (including land cost and lease modification premium) is about HK$700 million.

Superstructure work started in February 2011 and the building is expected to be completed in the third quarter of 2012. The Group plans to commence pre-sale of the residential units in the second quarter of 2012.

Tai Hang Road Project

The Group wholly owns the site located at 335-339 Tai Hang Road, Hong Kong. The Group intends to develop the site into a luxury residential property. During the year, the Group also completed the lease modification of the site. The total gross floor area of the development is about 30,000 square feet. The total development cost (including land cost and lease modification premium) is estimated to be about HK$650 million.

Foundation work started in October 2010 and the building is expected to be completed in the second quarter of 2013.

^ Emerald 28

^ Yau Tong Project

^ Tai Hang Road Project

Observatory Road Project

On 12 July 2011, the Group announced the acquisition of a 50% interest as well as an option to acquire an additional 10% interest in parcels of ground at Observatory Road, Kowloon with the buildings currently erected there known as Nos. 2, 4, 6, 8, 10 and 12, Observatory Road, Kowloon.

The Group plans to redevelop the site into a multi-storey commercial building with a total gross floor area of approximately 165,000 square feet. The total development cost is estimated to be about HK$2.3 billion (including the land cost). The building is expected to be completed in 2014.

Resolutions approving the acquisition, the option and the financial assistance to be provided by the Group for the redevelopment of the land were duly passed at the extraordinary general meeting of the Company on 22 October 2011. Completion of the acquisition is expected to take place on or around mid of November 2011.

Hotel and Restaurant Operations

For the year ended 31 July 2011, hotel and restaurant operations contributed HK$389,419,000 to the Group's turnover (2010: HK$334,843,000), up approximately 16.3% from the previous year. The increase in turnover was partly contributed by an existing restaurant and a new restaurant which commenced business in the second half of 2010. Most of the turnover from hotel and restaurant operations was derived from the Group's operation of Caravelle Hotel in Ho Chi Minh City, Vietnam. For the year ended 31 July 2011, Caravelle Hotel achieved an average occupancy of 68% (2010: 59%) and average daily room rate of US$146 (2010: US$148). Caravelle Hotel will undergo a comprehensive renovation and upgrade program in the first quarter of 2012 and the renovation is expected to be completed in the fourth quarter of 2013.

^ Wagyu Kaiseki Den in Hong Kong

^ Island Tang in Hong Kong

Dividends

As at 31 July 2011, the Company did not have any reserves available for distribution in accordance with provisions of the Hong Kong Companies Ordinance. The Directors have resolved not to declare the payment of an ordinary dividend for the financial year ended 31 July 2011.

Prospects

Hong Kong Property Development

In 2011, Hong Kong's economy and property market continues to benefit from the global low interest rate environment and the relatively strong performance of Mainland China's domestic economy. As a favoured investment destination for Mainland Chinese investors, Hong Kong's property market continues to perform well despite challenging times in other global economies.

With improvement of its operations and with the timely disposal of assets in the past few years, the Group has a healthy balance sheet with reasonable leverage. Under the current circumstances, the Group has been looking and will continue to look for suitable high yielding investment opportunities to expand and grow its businesses in both Hong Kong and overseas.

Investment Properties

Rent levels for office and commercial properties in prime locations in Hong Kong have remained strong in 2010 and 2011. The operating conditions for most retail, consumption and commercial sectors in Hong Kong have performed favorably given the strong retail spending from Mainland visitors. The demand for high quality commercial properties in traditional commercial districts is strong given the lack of new supply coming on stream and this has resulted in an uptick of rental rates. Improved local consumption expenditure and strong retail spending by the Mainland visitors provide further impetus to the retail property market.

In the coming year, the Group will continue to upgrade its commercial investment properties as well as tenant mix so that it can continue to maintain high occupancy rates and strong rental cashflow.

Development Properties

The continued economic growth, a low interest rate environment, ample liquid funds and a tight market supply of residential units have extended the bullish sentiment towards Hong Kong's residential properties since early 2010. As pre-cautionary measures against the rising risks of inflation and the development of a property bubble, the Hong Kong Government and the Hong Kong Monetary Authority in November 2010 introduced a series of tightening measures, including the levy of a special stamp duty on short-term property transactions and the direction to mortgage lenders to lower the loan-to-value ratio for mortgage loans to ease property speculation. Between November 2010 and early 2011, the market experienced a short-term consolidation, evidenced by a sharp drop in transaction volume. Starting from early 2011, the market gradually stabilised as transaction volume and prices of residential properties edged up modestly. The recovery has reinforced market sentiment and re-opened the window for the primary sale of residential projects. The low interest rate environment and a tight supply of new residential units in urban areas are expected to contribute towards a steady development of the residential market in Hong Kong.

The Group currently owns a number of residential projects under development in Hong Kong. In 2010, the Group has managed to capture the strong growth in the Hong Kong residential property market by achieving satisfactory sales performances for The Oakhill and Emerald 28 projects that it owns 50% and 100% respectively. In 2011, the Group intends to sell the remaining units at The Oakhill and Emerald 28 and start the preparation work for the pre-sale of the residential development project in Yau Tong.

New Investments

Encouraged by strong retail and consumption demand by Mainland visitors and locals alike, the Group continues to seek opportunities in the retail and commercial properties sector.

On 12 July 2011, the Group announced the acquisition of a 50% interest as well as an option to acquire an additional 10% interest in parcels of ground at Observatory Road, Kowloon, Hong Kong with the buildings currently erected there known as Nos. 2, 4, 6, 8, 10 and 12, Observatory Road, Kowloon, Hong Kong.

The Group plans to redevelop the site into a multi-storey commercial building with total gross floor area of approximately 165,000 square feet. The total development cost is estimated to be about HK$2.3 billion. The building is expected to be completed in 2014.

With the Hong Kong Government committed to increasing land supply in the long run as a measure to stabilise local property prices, the Group will continue to monitor the prices achieved at Government land auctions in Hong Kong and will participate in the auction if and when suitable investment opportunities arise.

Liquidity and Financial Resources

As at 31 July 2011, the Group had consolidated net assets of approximately HK$11,959 million (as at 31 July 2010: HK$9,406 million).

The Group's sources of funding comprise mainly internal funds generated from the Group's business operations and loan facilities provided by banks.

As at 31 July 2011, the Group had secured bank facilities (excluding amounts repaid and cancelled pursuant to the respective terms of the facilities) of approximately HK$2,650 million. The amount of outstanding borrowings under these secured banking facilities was approximately HK$2,417 million (as at 31 July 2010: HK$2,704 million). The debt to equity ratio expressed as a percentage of the total outstanding borrowings to consolidated net assets was approximately 20%. As at 31 July 2011, the maturity profile of the bank borrowings of HK$2,417 million was spread over a period of less than 5 years with HK$217 million repayable within 1 year, HK$1,094 million repayable in the second year and HK$1,106 million repayable in the third to fifth years. As at 31 July 2011, all the Group's borrowings carried interest on a floating rate basis.

As at 31 July 2011, certain investment properties with carrying amounts of approximately HK$7,743 million, certain property, plant and equipment with carrying amounts of approximately HK$243 million, prepaid land lease payments of approximately HK$26 million, certain properties under development of approximately HK$482 million, and certain bank balances and time deposits with banks of approximately HK$100 million were pledged to banks to secure banking facilities granted to the Group. In addition, certain shares in subsidiaries held by the Group were also pledged to banks to secure loan facilities granted to the Group. Certain shares in an associate held by the Group were pledged to a bank to secure a loan facility granted to an associate of the Group. Certain shares of an investee company held by the Group were pledged to banks to secure a loan facility granted to this investee company. The Group's secured bank borrowings were also secured by floating charges over certain assets held by the Group.

The Group's major assets and liabilities and transactions were denominated in Hong Kong dollars or United States dollars. Considering that Hong Kong dollars are pegged against United States dollars, the Group believes that the corresponding exposure to exchange rate risk arising from United States dollars is nominal. During the year, the Group had made a new investment in United Kingdom with the assets and liabilities denominated in Pounds Sterling. The investment was partly financed by bank borrowings denominated in Pounds Sterling in order to minimise the net foreign exchange exposure. The net investment amounted to approximately HK$86 million which only accounted for a small portion of the consolidated net assets of the Group as at 31 July 2011. Other than the abovementioned, the remaining monetary assets and liabilities of the Group were denominated in Renminbi and Vietnamese Dong which were also insignificant as compared with the Group's total assets and liabilities. No hedging instruments were employed to hedge for the foreign exchange exposure.

Employees and Remuneration Policies

The Group employed a total of approximately 1,200 (2010: 1,000) employees as at 31 July 2011. Pay rates of employees are maintained at competitive levels and salary adjustments or bonuses are made on a performance related basis. Other staff benefits included a share option scheme, mandatory provident fund scheme for all eligible employees, free hospitalisation insurance plan, subsidised medical care and subsidies for external educational and training programmes.

Contingent Liabilities

Details of contingent liabilities of the Group as at the end of the reporting period are set out in note 33 to the financial statements.

Management and Staff

On behalf of my fellow Directors, I wish to thank all members of staff and management for their unfailing dedication and contribution during the year. I would also like to thank our shareholders and business associates for their continuing and valuable support.

Lam Kin Ngok, Peter
Chairman

Hong Kong
28 October 2011

Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements is set out below.

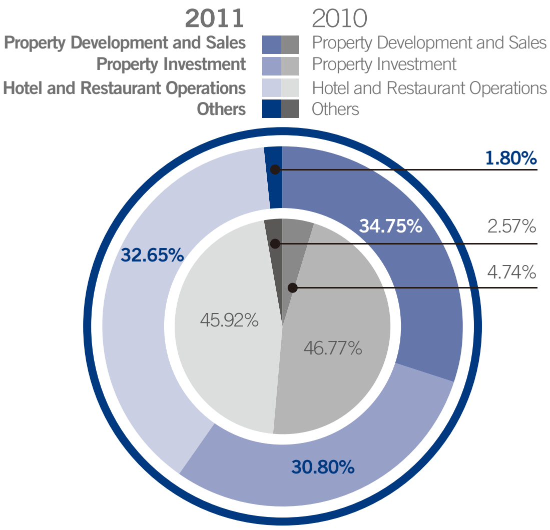
Results

	Year ended 31 July				
	2011 HK$'000	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000
TURNOVER	**1,192,914**	729,254	649,742	826,506	908,906
PROFIT/(LOSS) BEFORE TAX	**2,610,530**	2,352,817	(179,629)	1,176,586	1,665,250
Tax	**(217,230)**	(244,756)	(3,868)	(96,318)	(118,410)
PROFIT/(LOSS) FOR THE YEAR	**2,393,300**	2,108,061	(183,497)	1,080,268	1,546,840
Attributable to:					
Ordinary equity holders of the Company	**2,343,707**	2,064,562	(220,985)	1,013,333	1,495,091
Non-controlling interests	**49,593**	43,499	37,488	66,935	51,749
	2,393,300	2,108,061	(183,497)	1,080,268	1,546,840

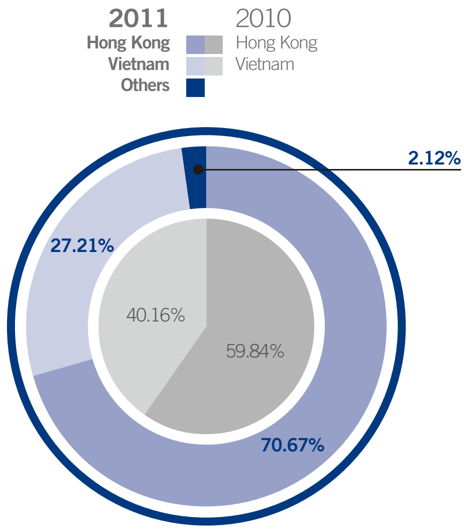
Assets, liabilities and non-controlling interests

	As at 31 July				
	2011 HK$'000	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000
Property, plant and equipment	**356,226**	368,231	379,091	335,775	1,230,513
Prepaid land lease payments	**26,038**	27,066	28,094	29,121	30,148
Investment properties	**7,756,931**	6,444,930	5,192,800	5,336,000	4,614,600
Properties under development for sale	**1,098,195**	900,378	723,552	451,558	106,942
Goodwill	**—**	—	—	—	152,700
Interests in associates	**5,048,312**	3,725,761	2,659,637	2,770,370	1,734,563
Available-for-sale financial assets	**883,183**	657,994	441,419	453,200	743,516
Held-to-maturity debt investments	**—**	35,840	12,205	—	—
Pledged bank balances and time deposits	**99,591**	99,154	—	94,121	95,138
Deposits paid	**90,000**	—	—	18,800	36,500
Current assets	**1,324,828**	1,873,322	1,530,397	1,408,178	1,097,946
TOTAL ASSETS	**16,683,304**	14,132,676	10,967,195	10,897,123	9,842,566
Current liabilities	**(502,092)**	(658,773)	(858,887)	(353,086)	(581,167)
Interest-bearing bank and other borrowings	**(2,199,440)**	(2,313,493)	(1,533,829)	(1,722,703)	(1,933,139)
Deferred tax	**(1,160,297)**	(975,875)	(766,103)	(785,523)	(727,972)
Provision for tax indemnity	**(518,570)**	(470,191)	(452,696)	(464,632)	—
Long term rental deposits received	**(55,930)**	(47,523)	(40,576)	(44,431)	(47,155)
TOTAL LIABILITIES	**(4,436,329)**	(4,465,855)	(3,652,091)	(3,370,375)	(3,289,433)
NON-CONTROLLING INTERESTS	**(287,934)**	(261,131)	(221,630)	(199,813)	(333,151)
NET ASSETS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	**11,959,041**	9,405,690	7,093,474	7,326,935	6,219,982

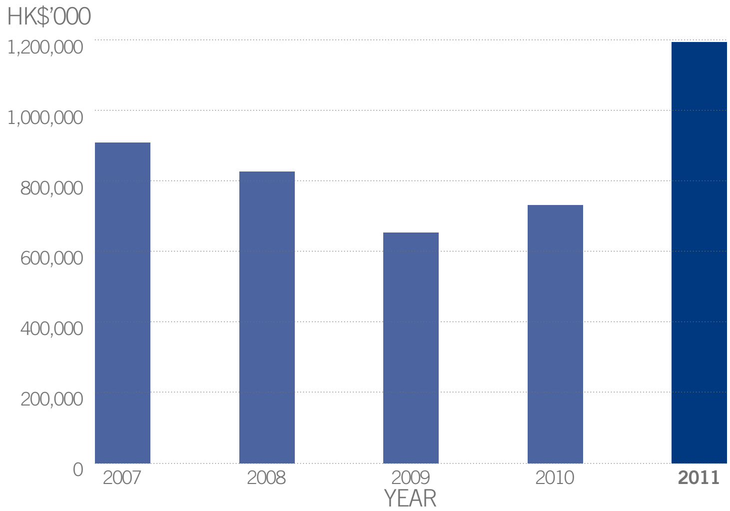
Segment Revenue from External Sales



Revenue from External Customers by Geographical Locations

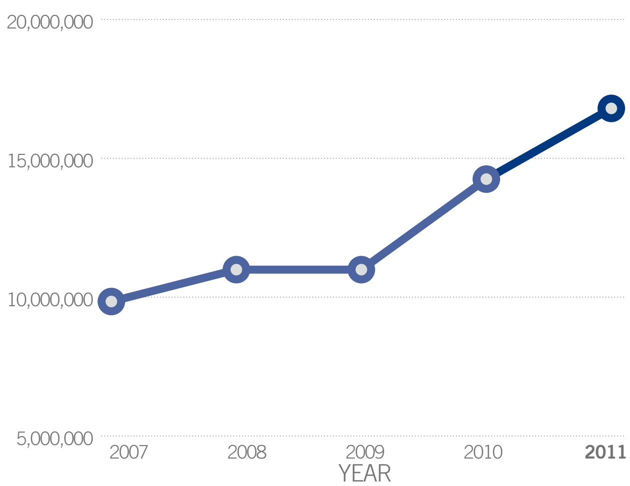


Turnover



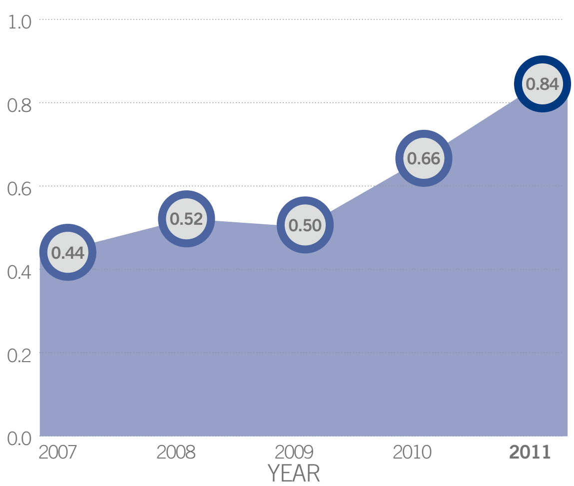
Total Assets

HK$'000



Net Asset Value Per Share

HK$



Property Portfolio

Principal investment properties of the Group are as follows:

	Location	Group interest	Tenure	Use
1.	Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong (New Kowloon Inland Lot No. 5955)	100%	The property is held for a term expiring on 30 June 2047	Office/commercial/ carpark
2.	Causeway Bay Plaza 2, 463-483 Lockhart Road, Causeway Bay, Hong Kong (Section J and the Remaining Portions of Sections D, E, G, H, K, L, M and O, Subsection 4 of Section H and the Remaining Portion of Inland Lot No. 2833)	100%	The property is held for a term of 99 years commencing on 15 April 1929 and renewable for a further term of 99 years	Office/commercial/ carpark
3.	Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong (New Kowloon Inland Lot No. 5984)	100%	The property is held for a term of which expired on 27 June 1997 and has been extended upon expiry until 30 June 2047	Office/commercial/ carpark
4.	36 Queen Street, London, United Kingdom (EC4, 1HJ)	100%	The property is held freehold	Office
5.	AIA Central (formerly known as AIG Tower), 1 Connaught Road Central, Hong Kong (Marine Lot No. 275, Section A and the Remaining Portion of Marine Lot No. 278)	10%	The property is held for a term of 999 years commencing from 9 September 1895 (for Marine Lot No. 275) and 999 years commencing from 12 October 1896 (for Marine Lot No. 278)	Office/carpark

Property Portfolio

Principal properties under development of the Group are as follows:

	Location	Group interest	Stage of construction	Expected completion date	Expected use	Site/Gross floor area
1.	4 Shung Shun Street, Yau Tong, Kowloon, Hong Kong	100%	Superstructure work in progress	Third quarter of 2012	Residential/ commercial	The total site area is approximately 17,760 sq.ft. The total gross floor area will be approximately 110,000 sq.ft.
2.	335-339 Tai Hang Road, Hong Kong	100%	Foundation work in progress	Second quarter of 2013	Residential	The total site area is approximately 13,800 sq.ft. The total gross floor area will be approximately 30,000 sq.ft.
3.	3 Connaught Road Central, Hong Kong	50%	Superstructure work in progress	Third quarter of 2012	Office	The total site area is approximately 14,900 sq.ft. The total gross floor area will be approximately 225,000 sq.ft.

Principal completed properties for sale of the Group are as follows:

	Location	Group interest	Existing use	Saleable floor area
1.	Certain units in Emerald 28, 28 Tai Po Road, Kowloon, Hong Kong	100%	Residential/commercial	17,652 sq.ft.
2.	Certain units in The Oakhill, 28 Wood Road, Wanchai, Hong Kong	50%	Residential/commercial	30,532 sq.ft. and 38 car-parking spaces

The Company is committed to achieving and maintaining high standards of corporate governance in compliance with the principles set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from time to time.

(1) Corporate Governance Practices

The Company has complied with all the code provisions set out in the CG Code throughout the year ended 31 July 2011 save for the deviation from code provisions A.4.1 and E.1.2.

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

None of the existing non-executive directors (including the independent non-executive directors) of the Company is appointed for a specific term. However, all directors of the Company (the "Directors") are subject to the retirement provisions of the Articles of Association of the Company (the "Articles"), which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by shareholders and the retiring Directors are eligible for re-election. In addition, any person appointed by the Board of Directors (the "Board") as an additional Director (including a non-executive Director) will hold office only until the next annual general meeting of the Company (the "AGM") and will then be eligible for re-election. Further, each of the Directors appointed to fill a causal vacancy will be subject to election by shareholders at the first general meeting after his/her appointment in line with the relevant code provision of the CG Code. 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 E.1.2, the chairman of the board should attend the annual general meeting.

Due to other pre-arranged business commitments which must be attended to by him, the Chairman was not present at the AGM held on 21 December 2010. However, Mr. Lau Shu Yan, Julius, an executive Director and the Chief Executive Officer who was present at that AGM was elected chairman of that AGM pursuant to the Articles to ensure an effective communication with shareholders of the Company at that AGM.

(2) Recommended Best Practices

The Company and its subsidiaries (the "Group") have implemented some of the recommended best practices contained in the CG Code so as to enhance the corporate governance standard within the Group as follows:

(a) the Company has arranged for an appropriate liability insurance for the directors and officers of the Group for indemnifying their liabilities arising from corporate activities. The insurance coverage is reviewed on an annual basis; and

(b) the Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organised by professional bodies and/or chambers so that they can continuously update and further improve their relevant knowledge and skills.

(3) Securities Transactions by Directors and Designated Employees

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees (the "Securities Code") on terms no less exacting than the 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 enquiries of all the Directors who have confirmed in writing their compliance with the required standard set out in the Securities Code during the year ended 31 July 2011.

(4) Board of Directors

(4.1) The Board oversees the management of the business and affairs of the Company. The Board's primary duty is to ensure the viability of the Company and to ensure that it is managed in the best interests of the shareholders as a whole while taking into account the interests of other stakeholders.

(4.2) The Board has established specific committees with written terms of reference to assist it in the efficient implementation of its functions, namely the Executive Committee, the Audit Committee and the Remuneration Committee. Specific responsibilities have been delegated to the above Committees.

(4.3) The Directors who served the Board during the year under review and up to the date of this Annual Report are named as follows:

Executive Directors ("EDs")
Lam Kin Ngok, Peter *(Chairman)*
Lau Shu Yan, Julius *(Chief Executive Officer)*
Tam Kin Man, Kraven
Cheung Wing Sum, Ambrose, MH, JP
Lui Siu Tsuen, Richard *(appointed on 1 January 2011)*
Cheung Sum, Sam *(appointed on 1 March 2011)*
Leung Churk Yin, Jeanny *(resigned on 1 January 2011)*

Non-executive Directors ("NEDs")
Lam Kin Ming
U Po Chu
Wan Yee Hwa, Edward *(re-designated as a NED on 1 February 2011)*

Independent Non-executive Directors ("INEDs")
Lam Bing Kwan ("Mr. Lam")
Leung Shu Yin, William ("Mr. WLeung")
Ip Shu Kwan, Stephen, GBS, JP

The brief biographical particulars of the existing Directors are set out in the "Biographical Details of Directors" section of this Annual Report on pages 26 to 31.

(4) Board of Directors (continued)

(4.4) The Company has complied with the requirements under Rules 3.10(1) and (2) of the Listing Rules. The former Rule requires that every board of directors of a listed issuer must include at least three INEDs and the latter Rule requires that at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise. Save as disclosed in the immediate following paragraph, all INEDs meet the guidelines for assessment of their independence as set out in Rule 3.13 of the Listing Rules.

Mr. WLeung, an INED, has declared in his annual confirmation of independence for 2010-2011 that he has been acting as the liquidator of True Kin Development Limited ("True Kin"), a private limited company incorporated in Hong Kong, which has proceeded to the final stage of a members' voluntary winding up at a fee of around HK$30,000. Madam U Po Chu, a NED, was also a director and a shareholder (23.52% interest) of True Kin. In view of the nature of the service provided by the certified public accountants' firm of which Mr. WLeung is a director and other material facts relating to this case, the Board considers that it should not affect the independence of Mr. WLeung in the exercise of his duties as an INED.

Mr. Lam will retire at the forthcoming AGM and, being eligible, offers himself for re-election. Mr. Lam has served on the Board for more than 9 years (from July 2002). Being a long-serving Director, Mr. Lam has developed an in-depth understanding of the Company's operations and business, and has expressed objective views and given independent guidance to the Company over the years. There is no empirical evidence that the long service of Mr. Lam would impair his independent judgement. The Board is satisfied that Mr. Lam will continue to have the required character and experience to fulfill the role of an INED and considers that the re-election of Mr. Lam as an INED at the forthcoming AGM is in the best interest of the Company and its shareholders as a whole.

(4.5) Dr. Lam Kin Ngok, Peter, an ED, is the son of Madam U Po Chu, a NED and a younger brother of Dr. Lam Kin Ming, another NED.

Save as disclosed above and in the "Biographical Details of Directors" section of this Annual Report, none of the Directors has any financial, business, family or other material/relevant relationships with one another.

(5) Chairman and Chief Executive Officer

The CG Code provides that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual.

During the year under review, Dr. Lam Kin Ngok, Peter was the Chairman of the Company while Mr. Lau Shu Yan, Julius was the Chief Executive Officer of the Company.

(6) Non-executive Directors

As explained in Paragraph (1) above, none of the existing NEDs (including the INEDs) was appointed for a specific term.

(7) Nomination of Directors

The Company has not established a nomination committee. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time. The process of identifying and selecting appropriate candidates for approval by the Board will be carried out by the EDs. The EDs followed this process in the appointment of two other EDs during the year.

(8) Remuneration Committee

(8.1) The Board established a Remuneration Committee on 18 November 2005, which currently comprises two INEDs, namely Mr. WLeung (Chairman) and Mr. Lam, a NED, Mr. Wan Yee Hwa, Edward, and an ED, Mr. Cheung Sum, Sam (appointed a member on 1 March 2011).

(8.2) The Remuneration Committee has been charged with the responsibility of making recommendations to the Board, in consultation with the Chairman of the Board and/or the Chief Executive Officer, on an appropriate policy and framework for all aspects of remuneration of all Directors and senior management, including but not limited to directors' fee, salaries, allowances, bonuses, share options, benefits in kind and pension rights, to ensure that the level of remuneration offered by the Company is competitive and sufficient to attract, retain and motivate personnel of the required quality to manage the Company successfully.

(8.3) The Remuneration Committee held a meeting during the year under review to discuss remuneration-related matters and was attended by all the current members.

(9) Audit Committee

(9.1) The Board established an Audit Committee on 31 March 2000, comprising two INEDs, namely Mr. WLeung (Chairman) and Mr. Lam, and a NED, Mr. Wan Yee Hwa, Edward during the year and up to the date of this Annual Report.

The principal responsibilities of the Audit Committee include the monitoring of the integrity of the periodical financial statements of the Company, the review of significant financial reporting judgments contained in them before submission to the Board for approval, and the review and monitoring of the auditors' independence and objectivity as well as the effectiveness of the audit process.

The Company has complied with Rule 3.21 of the Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an INED) is an INED who possess appropriate professional qualifications or accounting or related financial management experience.

(9.2) The Audit Committee held two meetings during the year under review. It reviewed the final results of the Company for the year ended 31 July 2010 and the interim results of the Company for the six months ended 31 January 2011, and other matters related to the financial and accounting policies and practices of the Company.

(10) Independent Auditors' Remuneration

For the year under review, the fees in respect of audit and non-audit services provided to the Group by the independent auditors of the Company, Ernst & Young, amounted to approximately HK$2,684,000 and HK$673,000 respectively. The non-audit services mainly consist of advisory, review and other reporting services.

(11) Financial Reporting

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Group, in accordance with accounting principles generally accepted in Hong Kong.

The statement made by the independent auditors of the Company about their responsibilities for the financial statements is set out in the Independent Auditors' Report contained in this Annual Report.

(12) Attendance Record at Meetings

The attendance record of each Director at the Board meetings, Audit Committee meetings and Remuneration Committee meeting during the year under review is set out in the following table:

Meetings held during the year ended 31 July 2011

Directors	Board	Audit Committee	Remuneration Committee
Number of Meetings held	7	2	1
	Number of meetings attended/ Number of meetings held		
EDs			
Lam Kin Ngok, Peter *(Chairman)*	7/7	—	—
Lau Shu Yan, Julius *(Chief Executive Officer)*	7/7	—	—
Tam Kin Man, Kraven	7/7	—	—
Cheung Wing Sum, Ambrose, MH, JP	7/7	—	—
Leung Churk Yin, Jeanny *(Note 1)*	1/1	—	—
Lui Siu Tsuen, Richard *(Note 2)*	6/6	—	—
Cheung Sum, Sam *(Note 3)*	4/4	—	1/1
NEDs			
Lam Kin Ming	0/7	—	—
U Po Chu	0/7	—	—
Wan Yee Hwa, Edward	7/7	2/2	1/1
INEDs			
Lam Bing Kwan	7/7	2/2	1/1
Leung Shu Yin, William	7/7	2/2	1/1
Ip Shu Kwan, Stephen, GBS, JP	7/7	—	—

Notes:

(1) Miss Leung Churk Yin, Jeanny resigned as an ED on 1 January 2011.

(2) Mr. Lui Siu Tsuen, Richard was appointed an ED on 1 January 2011.

(3) Mr. Cheung Sum, Sam was appointed an ED on 1 March 2011.

(13) Internal Controls

During the year under review, the Board has engaged BDO Financial Services Limited, an independent professional advisor, to perform internal audit functions and assist the Board in reviewing the effectiveness of the internal control system of the Group. The periodic review covered all material controls, including financial, operational and compliance controls and risk management functions of the Group and considered the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

(14) Communication with Shareholders

The Company has established a number of channels to communicate with its shareholders as follows:

(i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.laisun.com;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) AGMs and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and

(v) the Company's share registrars serve the shareholders in respect of share registration, dividend payment, change of shareholders' particulars and related matters.

(15) Investor Relations

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Company by phone on (852) 2853 6609 during normal business hours, by fax at (852) 2853 6624 or by e-mail at ir@laisun.com.

Biographical Details of Directors

Executive Directors

Each of the executive directors of the Company ("Executive Directors") named below holds directorships in a number or certain of the subsidiaries of the Company and all of them hold directorships in all or certain of the Company's listed affiliates, namely Lai Sun Garment (International) Limited ("LSG"), eSun Holdings Limited ("eSun"), Lai Fung Holdings Limited ("Lai Fung") and Media Asia Group Holdings Limited ("MAGH", formerly known as "Rojam Entertainment Holdings Limited"). The issued shares of LSG, eSun and Lai Fung are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and MAGH's issued shares are listed and traded on the Growth Enterprise Market of the Stock Exchange. LSG is the controlling shareholder of the Company which in turn is the controlling shareholder of eSun, while eSun is the controlling shareholder of Lai Fung and the ultimate holding company of MAGH.

Dr. Lam Kin Ngok, Peter, Chairman, aged 54, has been an Executive Director since June 1977 and is a member of the Executive Committee of the Company. He is also the deputy chairman of LSG, the chairman of Lai Fung and an executive director of eSun and Crocodile Garments Limited, a company listed on the Main Board of the Stock Exchange. Further, he was appointed the chairman and an executive director of MAGH on 16 June 2011. Dr. Lam has extensive experience in the property development and investment business, hospitality and media and entertainment business. He was conferred an Honorary Doctorate of the Academy by The Hong Kong Academy for Performing Arts in June 2011.

Currently, Dr. Lam is a director of The Real Estate Developers Association of Hong Kong. He is also chairman of Hong Kong Chamber of Films Limited and the Entertainment Industry Advisory Committee of the Hong Kong Trade Development Council, honorary chairman of Hong Kong Motion Picture Industry Association Limited, vice chairman of the Hong Kong Film Development Council and a member of the Hong Kong Tourism Board. In addition, Dr. Lam is a trustee of The Better Hong Kong Foundation, a member of the 11th National Committee of the Chinese People's Political Consultative Conference, a member of Friends of Hong Kong Association Limited and a director of Hong Kong-Vietnam Chamber of Commerce Limited. Dr. Lam is the son of Madam U Po Chu, a non-executive Director and the younger brother of Dr. Lam Kin Ming, another non-executive Director.

Mr. Lau Shu Yan, Julius, Chief Executive Officer, aged 55, joined the Company as an Executive Director in July 1991 and is a member of the Executive Committee of the Company. He is also an executive director of Lai Fung. Prior to joining the Lai Sun Group, he was a director of Jones Lang Wootton Limited and subsequently Jardine Fleming Broking Limited. Mr. Lau is a director and a member of the Executive Committee of The Real Estate Developers Association of Hong Kong.

The Company has entered into a service contract with Mr. Lau with no fixed term, but such contract is determinable by the Company or him by giving the other party not less than 3 months' notice or payment in lieu thereof. In accordance with the provisions of the Articles of Association of the Company, he will be subject to retirement from office as director by rotation once every three years if re-elected at the forthcoming annual general meeting of the Company ("AGM") and will also be eligible for re-election at future AGMs. Mr. Lau presently receives a monthly salary of HK$286,000 and is entitled to receive such other remuneration and discretionary bonus as may be determined by the board of directors of the Company (the "Board") from time to time with reference to the performance of the Company, his duties and responsibilities with the Company as well as prevailing market practice.

Save as disclosed above, Mr. Lau does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As at the date of this Annual Report, except for his personal interest in 6,200,000 shares in the Company, 6,458,829 shares in Lai Fung and a principal amount of USD300,000 of the 9.125% Senior Notes due 2014 issued by Lai Fung, Mr. Lau does not have any interests or short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO").

Please also refer to the Note at the end of this section of "Biographical Details of Directors".

Executive Directors (continued)

Mr. Tam Kin Man, Kraven, aged 63, joined the Lai Sun Group in 1989 and was appointed an Executive Director in November 2005 and is a member of the Executive Committee of the Company. He is also an executive director of Lai Fung and LSG and a director of Furama Hotel Enterprises Limited. Mr. Tam is a fellow member of the Real Estate Institute of Canada and has over 30 years' experience in property development, investment and management. He also has over 20 years' experience in the hospitality business including hotels, restaurants and clubs in Asia and North America.

The Company has entered into a service contract with Mr. Tam with no fixed term, but such contract is determinable by the Company or him by giving the other party not less than 3 months' notice or payment in lieu thereof. In accordance with the provisions of the Articles of Association of the Company, he will be subject to retirement from office as director by rotation once every three years if re-elected at the forthcoming AGM and will also be eligible for re-election at future AGMs. Mr. Tam presently receives a monthly salary of HK$239,200 and is entitled to receive such other remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the performance of the Company, his duties and responsibilities with the Company as well as prevailing market practice.

Save as disclosed above, Mr. Tam does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As at the date of this Annual Report, Mr. Tam does not have any interests or short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Please also refer to the Note at the end of this section of "Biographical Details of Directors".

Mr. Cheung Wing Sum, Ambrose, aged 60, was appointed an Executive Director in November 2005 and is a member of the Executive Committee of the Company. Mr. Cheung is also an executive director of eSun. He is a business executive with a legal and banking background. He has about 30 years' experience in mergers and acquisitions, management and development of hotels, hospitality and property industries. He was previously a partner of Woo, Kwan, Lee & Lo and Philip KH Wong, Kennedy YH Wong & Co, and an executive director of Sino Land Company Limited. Mr. Cheung is a Justice of the Peace and a recipient of Medal of Honour awarded by the Hong Kong Special Administrative Region Government in 2009 and over the last 30 years, he served on a number of public bodies and committees, which included the Legislative Council, the Urban Council and the Hong Kong Stadium Board of Governors. He is currently an elected member of the Shamshuipo District Council, the chairman of Insurance Agents Registration Board and a member of the Hong Kong Institute of Certified Public Accountants Council, and the Advisory Committee, School of Hotel and Tourism Management, The Chinese University of Hong Kong.

Please also refer to the Note at the end of this section of "Biographical Details of Directors".

Mr. Lui Siu Tsuen, Richard, aged 55, was appointed an Executive Director on 1 January 2011. He joined eSun in April 2010 as the chief operating officer of its Media and Entertainment Division, and became an executive director of eSun with effect from 1 July 2010. Mr. Lui was also appointed the chief executive officer of eSun and an executive director of LSG and Lai Fung respectively with effect from 1 January 2011. Further, he was appointed an executive director of MAGH on 16 June 2011. Mr. Lui has over 25 years of experience in property investment, corporate finance and media and entertainment business. He is a fellow member of each of the Hong Kong Institute of Certified Public Accountants and The Chartered Institute of Management Accountants in the United Kingdom and an associate of The Institute of Chartered Accountants in England and Wales. Mr. Lui holds a Master of Business Administration degree from The University of Adelaide in Australia.

Executive Directors (continued)

Mr. Lui is currently an independent non-executive director of Prosperity Investment Holdings Limited and 21 Holdings Limited, both listed on the Main Board of the Stock Exchange. Prior to joining eSun, Mr. Lui was a director of Hanny Holdings Limited and Rosedale Hotel Holdings Limited (formerly known as "Wing On Travel (Holdings) Limited"), both listed on the Main Board of the Stock Exchange. He was also a director of PSC Corporation Ltd., a company listed on the Singapore Exchange Limited, and a director of MRI Holdings Limited, a company previously listed on the Australian Securities Exchange.

Mr. Cheung Sum, Sam, aged 47, was appointed an Executive Director on 1 March 2011 and is a member of the Remuneration Committee of the Company. Mr. Cheung is also an executive director of each of eSun and Lai Fung and the chief operating officer of the Lai Sun Group. He was an executive director of Brightoil Petroleum (Holdings) Limited from November 2009 to November 2010. From early June 2007 to early October 2009, he was an executive director of the Company and Lai Fung.

Prior to joining the Company and Lai Fung in 2007, Mr. Cheung worked for a number of other listed companies and international investment banks in Hong Kong. He has extensive experience in corporate finance and financial management. Mr. Cheung graduated from the London School of Economics and Political Science, University of London with a Bachelor of Science (Economics) degree in Accounting and Finance. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants.

The Company has entered into a service contract with Mr. Cheung with no fixed term, but such contract is determinable by the Company or him by giving the other party not less than 3 months' notice or payment in lieu thereof. In accordance with the provisions of the Articles of Association of the Company, he will be subject to retirement from office as director by rotation once every three years if re-elected at the forthcoming AGM and will also be eligible for re-election at future AGMs. Mr. Cheung presently receives a monthly salary of HK$123,000 and is entitled to receive such other remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the performance of the Company, his duties and responsibilities with the Company as well as prevailing market practice.

Save as disclosed above, Mr. Cheung does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As at the date of this Annual Report, except for his personal interest in a principal amount of US$200,000 of the 9.125% Senior Notes due 2014 issued by Lai Fung, he does not have any interests or short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Please also refer to the Note at the end of this section of "Biographical Details of Directors".

Non-executive Directors

Dr. Lam Kin Ming, aged 74, has been a Director of the Company since June 1959. He is also the chairman of Lai Sun Garment (International) Limited ("LSG"), the chairman and chief executive officer of Crocodile Garments Limited ("CGL") and the deputy chairman of Lai Fung Holdings Limited ("Lai Fung"). LSG is the controlling shareholder of the Company while the Company is the controlling shareholder of eSun Holdings Limited ("eSun") which in turn is the controlling shareholder of Lai Fung and the ultimate holding company of Media Asia Group Holdings Limited ("MAGH"). The issued shares of LSG, CGL, Lai Fung and eSun are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and MAGH's issued shares are listed and traded on the Growth Enterprise Market of the Stock Exchange. Dr. Lam has been involved in the management of garment business since 1958. He received an honorary doctoral degree from the International American University in 2009. He is the elder brother of Dr. Lam Kin Ngok, Peter (Chairman of the Company).

Non-executive Directors (continued)

Dr. Lam does not have a service contract with the Company. However, in accordance with the provisions of the Articles of Association of the Company, he will be subject to retirement from office as director by rotation once every three years if re-elected at the forthcoming annual general meeting of the Company ("AGM") and will also be eligible for re-election at future AGMs. Dr. Lam presently does not receive any emoluments from the Company but may receive such remuneration and discretionary bonus as may be determined by the board of directors of the Company (the "Board") from time to time with reference to the performance of the Company, his duties and responsibilities with the Company as well as prevailing market practice.

As at the date of this Annual Report, Dr. Lam does not have any interests or short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO").

Please also refer to the Note at the end of this section of "Biographical Details of Directors".

Madam U Po Chu, aged 86, has been a Director of the Company since December 1993. She is also a non-executive director of LSG and eSun and an executive director of Lai Fung. LSG is the controlling shareholder of the Company while the Company is the controlling shareholder of eSun which in turn is the controlling shareholder of Lai Fung and the ultimate holding company of MAGH. The issued shares of LSG, Lai Fung and eSun are listed and traded on the Main Board of the Stock Exchange and MAGH's issued shares are listed and traded on the Growth Enterprise Market of the Stock Exchange.

Madam U has over 55 years' experience in the garment manufacturing business and had been involved in the printing business since the mid-1960's. She started to expand the business to fabric bleaching and dyeing in the early 1970's and became involved in property development and investment in the late 1980's. She is the mother of Dr. Lam Kin Ngok, Peter (Chairman of the Company).

Mr. Wan Yee Hwa, Edward, aged 75, was appointed an Independent Non-executive Director of the Company in June 2008 and re-designated as a Non-executive Director of the Company on 1 February 2011. Mr. Wan is a member of both the Remuneration Committee and the Audit Committee of the Company.

Mr. Wan is currently also a non-executive director of LSG and an executive director of CGL, both being companies listed on the Main Board of the Stock Exchange. LSG is the controlling shareholder of the Company and CGL is an associate of Dr. Lam Kin Ming, a Non-executive Director of the Company. Mr. Wan is a fellow of the Hong Kong Institute of Certified Public Accountants and has been a certified public accountant in Hong Kong since 1961.

Mr. Wan does not have a service contract with the Company. However, in accordance with the provisions of the Articles of Association of the Company, he will be subject to retirement from office as director by rotation once every three years if re-elected at the forthcoming AGM and will also be eligible for re-election at future AGMs. Mr. Wan presently receives an annual director's fee of HK$150,000 and is entitled to receive such other remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the performance of the Company, his duties and responsibilities and time allocated to the Company as well as prevailing market practice.

Save as disclosed above, Mr. Wan does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As at the date of this Annual Report, Mr. Wan does not have any interests or short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Please also refer to the Note at the end of this section of "Biographical Details of Directors".

Independent Non-executive Directors

Mr. Lam Bing Kwan, aged 62, was appointed an Independent Non-executive Director of the Company in July 2002 and is a member of both the Audit Committee and the Remuneration Committee of the Company. Mr. Lam graduated from the University of Oregon in the United States of America with a Bachelor of Business Administration degree in 1974. He has substantial experience in the property development and investment in China, having been closely involved in this industry since the mid-1980's. Mr. Lam has served on the boards of directors of a number of listed companies in Hong Kong for over 10 years and is currently a non-executive director of Sino-i Technology Limited and Nan Hai Corporation Limited and an independent non-executive director of Lai Sun Garment (International) Limited ("LSG"), Lai Fung Holdings Limited ("Lai Fung") and eForce Holdings Limited. LSG is the controlling shareholder of the Company while the Company is the controlling shareholder of eSun Holdings Limited ("eSun") which in turn is the controlling shareholder of Lai Fung. The issued shares of all the aforesaid companies are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). eSun is also the ultimate holding company of Media Asia Group Holdings Limited ("MAGH"), the issued shares of which are listed and traded on the Growth Enterprise Market of the Stock Exchange.

Mr. Lam does not have a service contract with the Company. However, in accordance with the provisions of the Articles of Association of the Company, he will be subject to retirement from office as director by rotation once every three years if re-elected at the forthcoming annual general meeting of the Company ("AGM") and will also be eligible for re-election at future AGMs. Mr. Lam presently receives an annual director's fee of HK$150,000 and is entitled to receive such other remuneration and discretionary bonus as may be determined by the board of directors of the Company (the "Board") from time to time with reference to the performance of the Company, his duties and responsibilities with the Company as well as prevailing market practice.

Save as disclosed above, Mr. Lam does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As at the date of this Annual Report, Mr. Lam does not have any interests or short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO").

Please also refer to the Note at the end of this section of "Biographical Details of Directors".

Mr. Leung Shu Yin, William, aged 62, was appointed an Independent Non-executive Director of the Company in September 2004 and is the chairman of both the Remuneration Committee and the Audit Committee of the Company. Mr. Leung is a certified public accountant, a member of the Hong Kong Securities Institute and a fellow of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is practising as a practising director of two Certified Public Accountants' firms in Hong Kong and is also an independent non-executive director of LSG, Crocodile Garments Limited ("CGL") and Mainland Headwear Holdings Limited. LSG is the controlling shareholder of the Company while the Company is the controlling shareholder of eSun which in turn is the controlling shareholder of Lai Fung. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange. eSun is also the ultimate holding company of MAGH, the issued shares of which are listed and traded on the Growth Enterprise Market of the Stock Exchange. CGL is an associate of Dr. Lam Kin Ming, a non-executive Director of the Company.

Mr. Leung was an executive director of Bel Global Resources Holdings Limited, a company listed on the Main Board of the Stock Exchange, from October 2007 to April 2009. He was also an independent non-executive director of Gold-Face Holdings Limited ("Gold-Face") from 1 October 2003 to 15 September 2006. A winding-up order was made on 25 September 2006 after Mr. Leung had ceased to act as an independent non-executive director of Gold-Face and liquidation is still in progress. Gold-Face was incorporated in Bermuda with limited liability, and was principally engaged in the business of property development and investment holding. Gold-Face was listed on the Main Board of the Stock Exchange but was subsequently delisted on 20 September 2006. Mr. Leung has also been acting as the liquidator of True Kin Development Limited ("True Kin"), a private limited company incorporated in Hong Kong and owned as to 23.52% by Madam U Po Chu, a non-executive Director of the Company at a fee of around HK$30,000. True Kin has proceeded to the final stage of a members' voluntary winding up. In view of the nature of the service provided by the certified public accountants' firm of which Mr. Leung is a director and other material facts relating to this case, the Board considers that it should not affect the independence of Mr. Leung in the exercise of his duties as an independent non-executive director.

Independent Non-executive Directors (continued)

Mr. Leung does not have a service contract with the Company. However, in accordance with the provisions of the Articles of Association of the Company, he will be subject to retirement from office as director by rotation once every three years if re-elected at the forthcoming AGM and will also be eligible for re-election at future AGMs. Mr. Leung presently receives an annual director's fee of HK$150,000 and is entitled to receive such other remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the performance of the Company, his duties and responsibilities with the Company as well as prevailing market practice.

Save as disclosed above, Mr. Leung does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As at the date of this Annual Report, Mr. Leung does not have any interests or short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Please also refer to the Note at the end of this section of "Biographical Details of Directors".

Mr. Ip Shu Kwan, Stephen, aged 60, was appointed an Independent Non-executive Director of the Company in December 2009. Mr. Ip graduated from the University of Hong Kong with a degree in Social Sciences in 1973. He joined the Hong Kong Government in November 1973 and was promoted to the rank of Director of Bureau in April 1997. He worked in the Government of the Hong Kong Special Administrative Region ("HKSAR") as a Principal Official from July 1997 to June 2007. Senior positions held by Mr. Ip in the past included Commissioner of Insurance, Commissioner for Labour, Secretary for Economic Services and Secretary for Financial Services. Mr. Ip took up the position of Secretary for Economic Development and Labour on 1 July 2002. His portfolio in respect of economic development covered air and sea transport, logistics development, tourism, energy, postal services, meteorological services, competition and consumer protection. He was also responsible for labour policies including matters relating to employment services, labour relations and employees' rights. Mr. Ip retired from the Government of the HKSAR in July 2007.

Mr. Ip has been appointed an independent non-executive director of the other eight publicly-listed companies, namely Yangtze China Investment Limited since February 2008, Synergis Holdings Limited since September 2008, China Resources Cement Holdings Limited since August 2008, Coolpoint Energy Limited since June 2010, PICC Property and Casualty Company Limited since 17 January 2011, Milan Station Holdings Limited since 28 April 2011, Kingboard Laminates Holdings Limited since 4 May 2011 and Luk Fook Holdings (International) Limited since 1 October 2011. While the first-mentioned company is listed in the United Kingdom, all the other seven companies are listed in Hong Kong. Mr. Ip received the Gold Bauhinia Star award from the Government of the HKSAR in 2001, and is an unofficial Justice of the Peace.

Note:

Dr. Lam Kin Ming and Messrs. Lau Shu Yan, Julius, Tam Kin Man, Kraven, Cheung Wing Sum, Ambrose ("Mr. ACheung"), Cheung Sum, Sam, Wan Yee Hwa, Edward, Lam Bing Kwan and Leung Shu Yin, William (together the "Retiring Directors") will retire as directors at the forthcoming annual general meeting of the Company. Being eligible, they (except Mr. ACheung) offer themselves for re-election thereat. For the purpose of each of the Retiring Directors' re-election (except Mr. ACheung), save as disclosed above, there are no other matters which need to be brought to the attention of the shareholders of the Company, and there is no information which is discloseable pursuant to any of the requirements of Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Mr. ACheung has indicated that he will not be offering himself for re-election.

Report of the Directors

The directors of the Company (the "Directors") present their report and the audited financial statements of the Company and the Group for the year ended 31 July 2011.

Principal Activities

During the year under review, the Group's principal activities have not changed and the Group focused on property development, property investment, investment in and operation of hotels in Vietnam and restaurants in Hong Kong and the Mainland of China, and investment holding.

Results and Dividends

Details of the consolidated profit of the Company for the year ended 31 July 2011 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 47 to 121.

The board of Directors (the "Board") does not recommend the payment of a final dividend in respect of the year ended 31 July 2011 (2010: Nil). No interim dividend was paid or declared in respect of the year ended 31 July 2011 (2010: Nil).

Reserves

Details of movements in the reserves of the Group and the Company during the year are set out in note 31 to the financial statements.

Distributable Reserves

As at 31 July 2011, the Company did not have any reserves for distribution, in accordance with the provisions of Section 79B of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong.

Share Capital

Details of the movements in the Company's share capital during the year are set out in note 29 to the financial statements.

Directors

The Directors who were in office during the year and those as at the date of this Report are named as follows:

Executive Directors ("EDs")

Lam Kin Ngok, Peter *(Chairman)*	
Lau Shu Yan, Julius *(Chief Executive Officer)*	
Tam Kin Man, Kraven	
Cheung Wing Sum, Ambrose, MH, JP	
Lui Siu Tsuen, Richard	*(appointed on 1 January 2011)*
Cheung Sum, Sam	*(appointed on 1 March 2011)*
Leung Churk Yin, Jeanny	*(resigned on 1 January 2011)*

Non-executive Directors ("NEDs")

Lam Kin Ming	
U Po Chu	
Wan Yee Hwa, Edward	*(re-designated from an INED to a NED on 1 February 2011)*

Independent Non-executive Directors ("INEDs")

Lam Bing Kwan
Leung Shu Yin, William
Ip Shu Kwan, Stephen, GBS, JP

Directors (continued)

Mr. Lui Siu Tsuen, Richard ("Mr. Lui") was appointed an ED by the Board on 1 January 2011. Pursuant to code provision A.4.2 of the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Accordingly, Mr. Lui was elected an ED by the shareholders of the Company at the extraordinary general meeting of the Company held on 22 September 2011.

Mr. Cheung Sum, Sam ("Mr. SCheung"), an ED appointed on 1 March 2011, will retire at the forthcoming annual general meeting of the Company ("AGM") in accordance with Article 93 of the Company's Articles of Association (the "Articles"). In accordance with Article 102 of the Articles, Dr. Lam Kin Ming ("Dr. KM Lam") and Messrs. Lau Shu Yan, Julius, Tam Kin Man, Kraven, Cheung Wing Sum, Ambrose ("Mr. ACheung"), Wan Yee Hwa, Edward, Lam Bing Kwan and Leung Shu Yin, William (together with Mr. SCheung, the "Retiring Directors") will retire by rotation at the forthcoming AGM. Being eligible, they (except Mr. ACheung) offer themselves for re-election. Mr. ACheung has indicated that he will not be offering himself for re-election.

Details of the Retiring Directors (except Mr. ACheung) proposed for re-election required to be disclosed under Rule 13.51(2) of the Listing Rules are set out in the "Biographical Details of Directors" section of this Annual Report and "Directors' Interests" section of this Report respectively.

Biographical Details of Directors

Brief biographical particulars of the existing Directors are set out on pages 26 to 31 of this Annual Report. Their other particulars are contained elsewhere in this Report.

Directors' Service Contracts

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts

Save as disclosed in note 5 to the financial statements and the "Continuing Connected Transactions" section of this Report, no Director had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Controlling Shareholder's Interest in Contracts

Save as disclosed in note 5 to the financial statements and the "Continuing Connected Transactions" section of this Report, at no time during the year had the Company or any of its subsidiaries, and the controlling shareholder or any of its subsidiaries entered into any contract of significance or any contract of significance for the provision of services by the controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

Continuing Connected Transactions

(1) Crocodile Garments Limited Lease

As reported in the annual report of the Company for the year ended 31 July 2010 ("Annual Report 2010"), on 16 October 2009, the Company as landlord entered into an offer letter (the "October 2009 Offer Letter") with Crocodile Garments Limited ("CGL") as tenant for the lease of Unit 1001, 10th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong (the "Premises") for a term of 24 months from 1 October 2009 to 30 September 2011 at a monthly rental of HK$172,295.00 (exclusive of rates, government rent, management fee and air-conditioning charges).

The Company announced on 14 October 2011 that the Company entered into an offer letter (the "2011 Offer Letter") with CGL on 14 October 2011 for the lease of the Premises for another term of 24 months from 1 October 2011 to 30 September 2013 at a monthly rental of HK$222,970.00 (exclusive of rates, government rent, management fee and air-conditioning charges).

Dr. KM Lam, a NED of the Company, owns approximately 50.94% of the existing issued shares in CGL. Therefore, CGL is an associate of Dr. KM Lam and a connected person of the Company. Dr. KM Lam is also an executive director, the chairman and the chief executive officer of CGL. Accordingly, the lease of the Premises contemplated under the October 2009 Offer Letter and the 2011 Offer Letter constituted continuing connected transactions for the Company under the Listing Rules.

(2) Mass Energy Limited Tenancy Agreement

As reported in the Annual Report 2010, on 13 August 2010, Winfield Properties Limited ("Winfield Properties"), a wholly-owned subsidiary of the Company, as tenant entered into a tenancy agreement (the "Tenancy Agreement") with Mass Energy Limited ("Mass Energy") as landlord for the lease of Carpark of Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong consisting of all the car-parking spaces thereof (the "Property") for a term of 24 months from 1 December 2009 to 30 November 2011 at a basic rent of HK$120,000.00 per month or a turnover rent equivalent to 52% of the gross monthly revenue of Winfield Properties' business carried at the Property, whichever is higher.

Mass Energy was owned as to 50% each by Lai Sun Garment (International) Limited ("LSG") and CGL. LSG is the controlling shareholder of the Company and CGL is owned as to 50.94% by Dr. KM Lam, a NED of the Company. Mass Energy is, therefore, an associate of the connected persons of the Company and the Tenancy Agreement constituted a continuing connected transaction for the Company.

(3) Media Asia Group Limited Lease

As reported in the Annual Report 2010, on 5 October 2007, Gilroy Company Limited ("Gilroy"), a wholly-owned subsidiary of the Company, as landlord entered into an offer letter (the "2007 Offer Letter") with Media Asia Group Limited ("Media Asia"), a wholly-owned subsidiary of eSun Holdings Limited ("eSun"), as tenant pursuant to which Gilroy agreed to lease to Media Asia the whole of 24th Floor, Causeway Bay Plaza 2, 463-483 Lockhart Road, Hong Kong for a term of 3 years from 1 October 2007 to 30 September 2010 at a monthly rental of HK$165,000.00 (exclusive of rates, government rent, management fee, air-conditioning charges and other outgoings).

eSun owned a 36.72% shareholding interests in the Company as at the date of entering into the 2007 Offer Letter. Media Asia was, therefore, an associate of a connected person of the Company under the Listing Rules. Accordingly, the entering into of the 2007 Offer Letter between Gilroy and Media Asia constituted a continuing connected transaction for the Company.

Pursuant to the shares swap agreement (the "Shares Swap Agreement") entered into between LSG and eSun on 26 July 2010, LSG agreed to accept the transfer of eSun's indirect shareholding interest in 5,200,000,000 shares in the issued share capital of the Company. eSun ceased to be a connected person of the Company on completion of the Shares Swap Agreement on 30 September 2010.

Continuing Connected Transactions (continued)

(4) eSun Holdings Limited Lease

As reported in the Annual Report 2010, on 11 December 2009, Gilroy as landlord entered into an offer letter (the "December 2009 Offer Letter") with eSun as tenant, pursuant to which Gilroy agreed to lease to eSun the whole of 14th Floor, Causeway Bay Plaza 2, 463-483 Lockhart Road, Hong Kong for a term of 3 years from 6 December 2009 to 5 December 2012 at a monthly rental of HK$187,500.00 (exclusive of rates, government rent, management fee, air-conditioning charges, and other outgoings).

eSun owned a 36.72% shareholding interests in the Company as at the date of entering into the December 2009 Offer Letter. eSun was, therefore, a connected person of the Company and the December 2009 Offer Letter between Gilroy and eSun constituted a continuing connected transaction for the Company under the Listing Rules. eSun ceased to be a connected person of the Company upon completion of the Shares Swap Agreement on 30 September 2010 as mentioned under item (3) above.

(5) Li Xing Real Estate Development Co., Limited Contract and Ascott Property Management (Shanghai) Co. Ltd. Agreement

As reported in the Annual Report 2010, on 16 April 2010, Triple Pass Limited ("Triple Pass"), a non-wholly owned subsidiary of the Company and 韵港餐飲(上海)有限公司 (Wan Kong Catering (Shanghai) Limited) ("Wan Kong"), a wholly-owned subsidiary of Triple Pass (Triple Pass and Wan Kong together the "Lessees") as lessees entered into a contract (the "Contract") with Shanghai Li Xing Real Estate Development Co., Limited ("Li Xing"), a 95%-owned subsidiary of Lai Fung Holdings Limited ("Lai Fung") as lessor in respect of the lease of the Portion of Levels 6 and 7, North Tower, Hong Kong Plaza, 282 Huaihaizhong Road, Luwan District, Shanghai, People's Republic of China ("PRC") for a fixed term of 3 years from 15 May 2010 to 14 May 2013 at a rent of RMB112,807.81 (about HK$128,191.00) per calendar month from 15 May 2010 to 14 May 2012 and RMB117,320.13 (about HK$133,318.00) per calendar month from 15 May 2012 to 14 May 2013 (inclusive of management fee). The Lessees would be responsible for paying the air-conditioning charges and other outgoings (if any) subject to revision from time to time. The Lessees had an option to renew the Contract for further two years and three years.

An agreement (the "Agreement") was also entered into on 16 April 2010 between the Lessees, Li Xing and Ascott Property Management (Shanghai) Co. Ltd., a wholly-owned subsidiary of CapitaLand Limited, a substantial shareholder of Lai Fung. Under the Agreement, the Lessees agreed, among other things, to serve breakfasts at a predetermined price per head to the occupants of the Serviced Apartments located at North Tower, Hong Kong Plaza, 282 Huaihaizhong Road, Luwan District, Shanghai, PRC during the lease period stipulated in the Contract.

LSG was the controlling shareholder of the Company and also owned a 40.58% shareholding interest in Lai Fung as at the date of entering into the Contract and the Agreement. Lai Fung was an associate of LSG and was, therefore, a connected person of the Company. Accordingly, the Contract and the Agreement constituted continuing connected transactions for the Company.

Pursuant to the Shares Swap Agreement, eSun agreed to accept the transfer of LSG's direct and indirect shareholding interest in 3,265,688,037 shares in Lai Fung. Lai Fung ceased to be an associate of LSG, a connected person of the Company on completion of the Shares Swap Agreement on 30 September 2010.

Continuing Connected Transactions (continued)

The continuing connected transactions listed under items (1) to (5) above have been reviewed by the INEDs who have confirmed that the transactions had been entered into:

(a) in the ordinary and usual course of business of the Company;

(b) on normal commercial terms; and

(c) in accordance with the relevant agreement governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Ernst & Young, the Company's independent auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance "Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued a letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group (except those contemplated under the 2011 Offer Letter which was entered into after 31 July 2011 and whose details have been set out in item (1) above) in accordance with relevant clauses of Rule 14A.38 of the Listing Rules.

Directors' Interests in Competing Businesses

During the year and/or up to the date of this Report, the following Directors are considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

Dr. Lam Kin Ngok, Peter ("Dr. Peter Lam"), Mr. Lau Shu Yan, Julius, Mr. Tam Kin Man, Kraven, Mr. Lui, Mr. SCheung, Dr. KM Lam, Madam U Po Chu ("Madam U") and Mr. Wan Yee Hwa, Edward (together, the "Interested Directors") held shareholding interests and/or directorships in companies/entities engaged in the businesses of property investment and development in Hong Kong and the mainland of China, including LSG, CGL and Lai Fung.

Dr. Peter Lam held shareholding interests and/or directorships in companies or other interests in entities engaged in the business of investment in and operation of restaurants in Hong Kong.

Dr. KM Lam held shareholding interests and/or directorships in companies or other interests in entities engaged in the production of pop concerts and management of artistes.

The Directors do not consider the interests held by the abovementioned Directors to be competing in practice with the relevant businesses of the Group in view of:

(1) the different locations and different uses of the properties owned by the above companies and those of the Group; and

(2) the different target customers of the restaurant operation and the concert production of the above companies and those of the Group.

However, the Board is independent from the boards/governing committees of the aforesaid companies/entities and none of the above Directors can control the Board. Further, the Interested Directors are fully aware of, and have been discharging their fiduciary duty to the Company and have acted and will continue to act in the best interest of the Company and its shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies/entities.

Share Option Scheme

The Company adopted a share option scheme (the "Share Option Scheme") on 22 December 2006 for the purpose of providing incentives to, rewarding, remunerating, compensating and/or providing benefits to the Eligible Employees (as defined in the Share Option Scheme) of the Company.

Details of the Share Option Scheme are set out in note 30 to the financial statements.

Directors' Interests

The following Directors and chief executive of the Company who held office on 31 July 2011 and their respective 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 (the "SFO")) on that date (a) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO (the "Register"); or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company (the "Code") or (d) as known by the Directors:

(1) The Company

Long positions in the ordinary shares of HK$0.01 each (the "Shares")							
Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued Shares
Lam Kin Ngok, Peter	Beneficial owner/ owner of controlled corporation	10,099,585	Nil	6,792,869,192 *(Note 1)*	Nil	6,802,968,777	48.037%
Lau Shu Yan, Julius	Beneficial owner	6,200,000	Nil	Nil	Nil *(Note 3)*	6,200,000	0.044%
U Po Chu *(Note 2)*	Beneficial owner	633,400	Nil	Nil	Nil	633,400	0.004%

Notes:

(1) LSG and two of its wholly-owned subsidiaries, namely Zimba International Limited and Joy Mind Limited, beneficially owned a total of 6,792,869,192 Shares, representing approximately 47.97% of the issued share capital of the Company. Dr. Peter Lam was deemed to be interested in the same 6,792,869,192 Shares by virtue of, in aggregate, his approximate 38.06% personal and deemed interests in the issued share capital of LSG. LSG is approximately 8.07% owned by Dr. Peter Lam and is approximately 29.99% owned by Wisdoman Limited which is in turn 50% beneficially owned by Dr. Peter Lam.

(2) Madam U is the widow of the late Mr. Lim Por Yen whose estate includes an interest of 197,859,550 Shares in the Company.

(3) A share option comprising a total of 60,000,000 underlying Shares granted to Mr. Lau Shu Yan, Julius on 19 January 2007 at an exercise price per Share of HK$0.45, HK$0.55, HK$0.65 and HK$0.75 respectively for each tranche of 15,000,000 Shares lapsed on 1 January 2011.

Directors' Interests (continued)

(2) Associated Corporations

(i) eSun Holdings Limited — an associate of the Company

Long positions in the shares of HK$0.50 each in eSun							
Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued shares
Lam Kin Ngok, Peter	Beneficial owner/ owner of controlled corporations	2,794,443	Nil	447,604,186 *(Note 1)*	Nil *(Note 2)*	450,398,629	36.23%
Cheung Wing Sum, Ambrose	Beneficial owner	2,194,443	Nil	Nil	Nil *(Note 2)*	2,194,443	0.18%

Notes:

(1) LSG was interested in 6,792,869,192 Shares in the Company, representing approximately 47.97% of the issued share capital of the Company. Transtrend Holdings Limited, a wholly-owned subsidiary of the Company, was interested in 447,604,186 shares in eSun, representing approximately 36.00% of the issued share capital of eSun. As such, Dr. Peter Lam was deemed to be interested in the same 447,604,186 issued shares in eSun (representing approximately 36.00% of eSun's issued share capital) by virtue of, in aggregate, his approximate 38.06% and 48.04% personal and deemed interests in the issued share capital of LSG and the Company respectively.

(2) A share option comprising a total of 1,889,507 underlying shares in eSun granted to each of Dr. Peter Lam and Mr. Cheung Wing Sum, Ambrose at an exercise price of HK$4.68 per share lapsed on 1 January 2011.

(3) A share option comprising a total of 2,535,620 underlying shares in eSun granted on 20 February 2008 to Miss Leung Churk Yin, Jeanny, a former Director of the Company, at an exercise price per share of HK$6.18 and HK$6.52 respectively for each tranche of 1,267,810 shares in eSun lapsed on 1 January and 1 September 2011 respectively.

(ii) Lai Fung Holdings Limited — an associate of eSun

(a) Long positions in the shares of HK$0.10 each in Lai Fung							
Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued shares
Lam Kin Ngok, Peter	Owner of controlled corporations	Nil	Nil	3,265,688,037 *(Note 1)*	Nil	3,265,688,037	40.58%
Lau Shu Yan, Julius	Beneficial owner	6,458,829	Nil	Nil	Nil	6,458,829	0.08%

Directors' Interests (continued)

(2) Associated Corporations (continued)

(ii) Lai Fung Holdings Limited — an associate of eSun (continued)

Notes:

(1) *eSun was interested in 3,265,688,037 shares in Lai Fung, representing approximately 40.58% of the issued share capital of Lai Fung. As such, Dr. Peter Lam was deemed to be interested in the same 3,265,688,037 issued shares in Lai Fung by virtue of, in aggregate, his approximate 36.23% personal and deemed shareholding interests in eSun.*

(2) *A share option comprising a total of 10,000,000 shares in Lai Fung granted to Mr. Tam Kin Man, Kraven, a Director of the Company, at an exercise price of HK$0.75 per share lapsed on 1 January 2011.*

(b) Interests in the 9.125% senior notes due 2014 issued by Lai Fung			
Name of Director	Capacity	Nature of interests	Principal amount
Lau Shu Yan, Julius	Beneficial owner	Personal	US$300,000
Cheung Sum, Sam	Beneficial owner	Personal	US$200,000

(iii) Media Asia Group Holdings Limited (formerly Rojam Entertainment Holdings Limited) ("MAGH") — a subsidiary of eSun

Long positions in the shares and underlying shares in MAGH						
Name of Director	Capacity	Number of shares of HK$0.01 each held	Number of underlying shares (convertible notes)	Deemed interest pursuant to Section 317 of the SFO *(Note 2)*	Total interests	Approximate % of total interests to total issued shares
Lam Kin Ngok, Peter	Owner of controlled corporations	5,150,425,500	15,695,000,000	12,003,929,486	32,849,354,986	324.91%

Notes:

(1) *Perfect Sky Holdings Limited ("Perfect Sky"), a wholly-owned subsidiary of eSun, was interested in 5,150,425,500 shares and 15,695,000,000 underlying shares in MAGH. Dr. Peter Lam was deemed to be interested in the same 20,845,425,500 shares and underlying shares in MAGH by virtue of, in aggregate, his approximate 36.23% personal and deemed shareholding interests in eSun.*

(2) *Furthermore, Dr. Peter Lam was deemed to be interested in the 12,003,929,486 shares and underlying shares in MAGH pursuant to Section 317 of the SFO since eSun was deemed to be interested in the shares and the underlying shares in MAGH held by the parties (other than MAGH) to a subscription agreement dated 23 March 2011 and entered into amongst Perfect Sky and such parties for the subscription of certain shares in and convertible notes of MAGH, and their respective ultimate beneficial owners.*

Save as disclosed above, as at 31 July 2011, none of the Directors and chief executive of the Company was interested or was deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange, or recorded in the Register as aforesaid, notified under the Code or otherwise known by the Directors.

Arrangements for Directors to Acquire Shares or Debentures

Save as disclosed in the "Share Option Scheme" section of this Report and in note 30 to the financial statements at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders and Other Persons' Interests

As at 31 July 2011, so far as it is known by or otherwise notified to any Director or the chief executive of the Company, the particulars of the corporations or persons, one being a Director of the Company, who had 5% or more interests in the following long positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (the "Voting Entitlements") (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

Long positions in the Shares of the Company				
Name	**Capacity**	**Nature of interests**	**Number of Shares**	**Approximate % of Shares in issue**
Substantial Shareholders				
Lai Sun Garment (International) Limited	Beneficial owner	Corporate	6,792,869,192	47.97%
Lam Kin Ngok, Peter	Beneficial owner/owner of controlled corporation	Personal and corporate	6,802,968,777	48.04% *(Note)*
Other Person				
Peter Cundill & Associates (Bermuda) Limited	Investment manager	Corporate	903,108,000	6.38%

Note:

LSG and two of its wholly-owned subsidiaries, namely Zimba International Limited and Joy Mind Limited, beneficially owned 6,792,869,192 Shares, representing approximately 47.97% of the issued share capital of the Company. Dr. Peter Lam was deemed to be interested in the same 6,792,869,192 Shares by virtue of, in aggregate, his approximate 38.06% personal and deemed interests in the issued share capital of LSG.

Save as disclosed above, the Directors are not aware of any other corporation or person who, as at 31 July 2011, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares of the Company recorded in the register required to be kept under Section 336 of the SFO.

Purchase, Sale or Redemption of Listed Shares

During the year ended 31 July 2011, the Company did not redeem any of its Shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the issued Shares were held by the public (i.e. the prescribed public float applicable to the Company under the Listing Rules) during the year and up to the date of this Report.

Property, Plant and Equipment, Investment Properties and Properties under Development for Sale

Details of movements in the property, plant and equipment, investment properties and properties under development for sale of the Company and the Group during the year are set out in notes 14, 16 and 17, respectively, to the financial statements. Further details of the Group's investment properties and properties under development for sale are set out in the "Property Portfolio" section of this Annual Report.

Major Customers and Suppliers

In the year under review, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year. During the year, purchases from the Group's five largest suppliers accounted for approximately 34% of the total purchases which included the lease modification premium paid to the Government of Hong Kong Special Administrative Region in relation to the property situated at No. 335-339 Tai Hang Road, Hong Kong, a property under development for sale of the Group, representing approximately 21% of the total purchases for the year.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers.

Summary of Financial Information

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out in the "Financial Summary" section of this Annual Report on pages 16 and 17.

Disclosure Pursuant to Chapter 13 of the Listing Rules ("Chapter 13")

Financial assistance and guarantees to affiliated companies (Paragraph 13.22 of Chapter 13)

As at 31 July 2011, the aggregate amount of financial assistance and guarantees given for facilities granted to affiliated companies has exceeded the assets ratio of 8% under the Listing Rules.

In compliance with paragraph 13.22 of Chapter 13, the proforma combined statement of financial position of the affiliated companies at 31 July 2011 is disclosed as follows:

	HK$'000
Property, plant and equipment	272,296
Film rights	54,614
Film products	77,277
Music catalogs	48,287
Interest in jointly controlled entities	74,303
Interests in associates	4,488,757
Available-for-sale investments	78,969
Deposits, prepayments and other receivables	88,764
Deferred tax assets	3,965
Properties under development	266,693
Investment property under construction	1,233,008
Amounts due from shareholders	31,749
Net current assets	3,740,525
Total assets less current liabilities	10,459,207
Long term borrowings	(714,372)
Convertible notes	(155,422)
Deferred tax	(656)
Deferred income	(50,748)
Amounts due to shareholders	(2,057,892)
	(2,979,090)
	7,480,117
CAPITAL AND RESERVES	
Issued capital	630,803
Share premium account	4,230,797
Contributed surplus	891,289
Share option reserve	2,144
Other reserve	21,015
Exchange fluctuation reserve	221,353
Accumulated losses	1,344,471
	7,341,872
Non-controlling interests	138,245
	7,480,117

Corporate Governance

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 20 to 25 of this Annual Report.

Charitable Contributions

During the year, the Group made charitable contributions totaling approximately HK$2,736,000.

Independence of Independent Non-executive Directors

The Company has received from each of the INEDs in writing an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all the INEDs to be independent.

Independent Auditors

Ernst & Young will retire at the forthcoming AGM and a resolution for their reappointment as independent auditors of the Company for the ensuing year will be put to the forthcoming AGM for shareholders' approval.

On behalf of the Board

Lau Shu Yan, Julius
Executive Director and Chief Executive Officer

Hong Kong
28 October 2011

Shareholders' Information

Key Dates

Shareholders and investors are advised to note the following key dates of the Company and take appropriate action:

	For Financial Year 2010/2011
Annual results announcement	28 October 2011
Latest time and date for lodging transfer documents with the share registrars to ascertain entitlement to attending and voting at the 2011 annual general meeting ("AGM")	4:30 p.m. on 16 December 2011
AGM	21 December 2011
	For Financial Year 2011/2012
Interim results announcement	on or before 31 March 2012
Annual results announcement	on or before 31 October 2012

Annual Report

To ensure that all shareholders have equal and timely access to important corporate information, the Company makes extensive use of its website to deliver up-tp-date information. This 2010-2011 Annual Report is printed in both English and Chinese and is available on the Company's website at www.laisun.com.

AGM

The AGM will be held on 21 December 2011. Details of the AGM are set out in the notice of the AGM which constitutes part of this Annual Report. Notice of the AGM and the proxy form are also available on the Company's website.

ERNST & YOUNG
安 永

To the shareholders of Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Lai Sun Development Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 47 to 121, which comprise the consolidated and company statements of financial position as at 31 July 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the shareholders of Lai Sun Development Company Limited (continued)
(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 July 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

28 October 2011

Consolidated Income Statement

Year ended 31 July 2011

	Notes	2011 HK$'000	2010 HK$'000
TURNOVER	6	**1,192,914**	729,254
Cost of sales		**(581,278)**	(254,273)
Gross profit		**611,636**	474,981
Other revenue and gain	6	**54,330**	46,579
Selling and marketing expenses		**(37,784)**	(11,964)
Administrative expenses		**(295,898)**	(270,721)
Other operating expenses, net		**(33,261)**	(41,765)
Fair value gains on investment properties	16	**1,074,933**	1,232,615
Provision for tax indemnity	33(c)	**(48,379)**	(17,495)
PROFIT FROM OPERATING ACTIVITIES	7	**1,325,577**	1,412,230
Finance costs	8	**(47,076)**	(41,777)
Share of profits and losses of associates		**1,335,581**	982,364
Loss on deemed disposal of interest in an associate		**(3,552)**	—
PROFIT BEFORE TAX		**2,610,530**	2,352,817
Tax	11	**(217,230)**	(244,756)
PROFIT FOR THE YEAR		**2,393,300**	2,108,061
Attributable to:			
Ordinary equity holders of the Company	12	**2,343,707**	2,064,562
Non-controlling interests		**49,593**	43,499
		2,393,300	2,108,061
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic		**HK16.55 cents**	HK14.58 cents
Diluted		**N/A**	N/A

Consolidated Statement of Comprehensive Income

Year ended 31 July 2011

	2011 HK$'000	2010 HK$'000
PROFIT FOR THE YEAR	**2,393,300**	2,108,061
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Changes in fair value of available-for-sale financial assets	**224,441**	216,350
Exchange realignments:		
Subsidiaries	**370**	5
Associate	**70,856**	(6,526)
Share of investment revaluation reserve of an associate	**8,338**	33,041
Share of an associate's release of reserves to the income statement upon disposal of its interest in an associate	**(99,279)**	—
Share of other reserve of an associate	**—**	3,734
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**204,726**	246,604
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,598,026**	2,354,665
Attributable to:		
Ordinary equity holders of the Company	**2,548,291**	2,311,166
Non-controlling interests	**49,735**	43,499
	2,598,026	2,354,665

Consolidated Statement of Financial Position

31 July 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**356,226**	368,231
Prepaid land lease payments	15	**26,038**	27,066
Investment properties	16	**7,756,931**	6,444,930
Properties under development for sale	17	**1,098,195**	900,378
Interests in associates	19	**5,048,312**	3,725,761
Available-for-sale financial assets	20	**883,183**	657,994
Held-to-maturity debt investments	21	**—**	35,840
Pledged bank balances and time deposits	22	**99,591**	99,154
Deposit paid for acquisition of interest in an associate	23	**90,000**	—
Total non-current assets		**15,358,476**	12,259,354
CURRENT ASSETS			
Completed properties for sale	24	**147,197**	465,085
Equity investments at fair value through profit or loss	25	**10,158**	12,552
Inventories		**5,878**	4,780
Debtors and deposits paid	26(a)	**124,827**	121,315
Held-to-maturity debt investments	21	**33,963**	144,812
Cash and cash equivalents	22	**1,002,805**	1,124,778
Total current assets		**1,324,828**	1,873,322
CURRENT LIABILITIES			
Creditors, deposits received and accruals	26(b)	**222,099**	216,621
Tax payable		**62,896**	51,829
Bank borrowings	27	**217,097**	390,323
Total current liabilities		**502,092**	658,773
NET CURRENT ASSETS		**822,736**	1,214,549
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,181,212**	13,473,903
NON-CURRENT LIABILITIES			
Bank borrowings	27	**(2,199,440)**	(2,313,493)
Deferred tax	28	**(1,160,297)**	(975,875)
Provision for tax indemnity	33(c)	**(518,570)**	(470,191)
Long term rental deposits received		**(55,930)**	(47,523)
Total non-current liabilities		**(3,934,237)**	(3,807,082)
		12,246,975	9,666,821

Consolidated Statement of Financial Position

31 July 2011

	Notes	2011 HK$'000	2010 HK$'000
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	29	**141,620**	141,620
Share premium account		**6,974,701**	6,974,701
Investment revaluation reserve		**833,856**	699,769
Share option reserve		**1,092**	12,417
Capital redemption reserve		**1,200,000**	1,200,000
General reserve	29	**504,136**	504,136
Other reserve		**7,565**	3,734
Special capital reserve	29	**126,264**	126,264
Exchange fluctuation reserve		**112,379**	35,058
Retained profits/(accumulated losses)		**2,057,428**	(292,009)
		11,959,041	9,405,690
Non-controlling interests		**287,934**	261,131
		12,246,975	9,666,821

Lam Kin Ngok, Peter
Director

Lau Shu Yan, Julius
Director

	Attributable to ordinary equity holders of the Company												
	Issued capital HK$'000	Share premium account HK$'000	Investment revaluation reserve HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	General reserve HK$'000	Other reserve HK$'000	Special capital reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 August 2009	141,620	6,974,701	450,378	19,019	1,200,000	504,136	—	46,885	41,579	(2,284,844)	7,093,474	221,630	7,315,104
Profit for the year	—	—	—	—	—	—	—	—	—	2,064,562	2,064,562	43,499	2,108,061
Other comprehensive income/ (expenses) for the year:													
Change in fair value of available-for-sale financial assets	—	—	216,350	—	—	—	—	—	—	—	216,350	—	216,350
Exchange realignments	—	—	—	—	—	—	—	—	(6,521)	—	(6,521)	—	(6,521)
Share of investment revaluation reserve of an associate	—	—	33,041	—	—	—	—	—	—	—	33,041	—	33,041
Share of other reserve of an associate	—	—	—	—	—	—	3,734	—	—	—	3,734	—	3,734
Total comprehensive income/ (expenses) for the year	—	—	249,391	—	—	—	3,734	—	(6,521)	2,064,562	2,311,166	43,499	2,354,665
Share of reserve movements of associates	—	—	—	(6,602)	—	—	—	—	—	7,652	1,050	—	1,050
Transfer of reserves	—	—	—	—	—	—	—	79,379	—	(79,379)	—	—	—
Dividend paid to non-controlling interest of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	(11,466)	(11,466)
Capital contribution from non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	7,468	7,468
At 31 July 2010 and 1 August 2010	141,620	6,974,701	699,769	12,417	1,200,000	504,136	3,734	126,264	35,058	(292,009)	9,405,690	261,131	9,666,821
Profit for the year	—	—	—	—	—	—	—	—	—	2,343,707	2,343,707	49,593	2,393,300
Other comprehensive income/ (expenses) for the year:													
Change in fair value of available-for-sale financial assets	—	—	224,441	—	—	—	—	—	—	—	224,441	—	224,441
Exchange realignments	—	—	—	—	—	—	—	—	71,084	—	71,084	142	71,226
Share of investment revaluation reserve of an associate	—	—	8,338	—	—	—	—	—	—	—	8,338	—	8,338
Share of an associate's release of reserve to income statement upon disposal of its interest in an associate	—	—	(98,692)	—	—	—	—	—	(587)	—	(99,279)	—	(99,279)
Total comprehensive income/ (expenses) for the year	—	—	134,087	—	—	—	—	—	70,497	2,343,707	2,548,291	49,735	2,598,026
Share of reserve movements of associates	—	—	—	(4,753)	—	—	3,831	—	6,824	(842)	5,060	—	5,060
Transfer of reserve upon lapse of share options	—	—	—	(6,572)	—	—	—	—	—	6,572	—	—	—
Dividend paid to non-controlling interest of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	(15,288)	(15,288)
Repayment to non-controlling interest of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	(7,644)	(7,644)
At 31 July 2011	**141,620**	**6,974,701**	**833,856**	**1,092**	**1,200,000**	**504,136**	**7,565**	**126,264**	**112,379**	**2,057,428**	**11,959,041**	**287,934**	**12,246,975**

Consolidated Statement of Cash Flows

Year ended 31 July 2011

	Notes	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**2,610,530**	2,352,817
Adjustments for:			
Finance costs	8	**47,076**	41,777
Share of profits and losses of associates		**(1,335,581)**	(982,364)
Loss on deemed disposal of interest in an associate		**3,552**	—
Fair value gains on investment properties		**(1,074,933)**	(1,232,615)
Depreciation	7	**23,469**	26,807
Amortisation of prepaid land lease payments	7	**1,028**	1,028
Loss on disposal of items of property, plant and equipment	7	**30**	327
Gain on disposal of an available-for-sale financial asset	6	**(27,795)**	—
Fair value loss/(gain) on equity investments at fair value through profit or loss	7	**7,215**	(121)
Loss on disposal of equity investments at fair value through profit or loss	7	**782**	19,804
Provision for tax indemnity		**48,379**	17,495
Interest income	6	**(5,914)**	(8,286)
Dividend income from equity investments at fair value through profit or loss	6	**(113)**	(46)
Dividend income from unlisted available-for-sale equity investments	6	**(3,926)**	(20,748)
		293,799	215,875
Decrease in completed properties for sale		**317,888**	25,581
Decrease/(increase) in inventories		**(1,098)**	270
Increase in debtors and deposits paid		**(5,839)**	(28,034)
Increase in creditors, deposits received and accruals		**15,174**	32,498
Cash generated from operations		**619,924**	246,190
Interest received		**3,485**	2,528
Interest paid on bank and other borrowings		**(43,339)**	(29,574)
Hong Kong profits tax paid		**(6,258)**	(8,899)
Overseas taxes paid		**(15,483)**	(13,477)
Net cash flows from operating activities		**558,329**	196,768

Consolidated Statement of Cash Flows

Year ended 31 July 2011

	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(11,983)**	(16,344)
Additions to investment properties	**(237,068)**	(19,515)
Additions to properties under development for sale	**(194,025)**	(663,878)
Acquisition of equity investments at fair value through profit or loss	**(12,838)**	(19,102)
Acquisition of an unlisted available-for-sale equity investment	**(1,560)**	—
Acquisition of held-to-maturity debt investments	**—**	(189,120)
Redemption of held-to-maturity debt investments	**146,689**	261,818
Proceeds from disposal of items of property, plant and equipment	**489**	70
Proceeds from disposal of equity investments at fair value through profit or loss	**7,235**	25,199
Advances to associates	**(5,507)**	(52,444)
Proceeds from disposal of an available-for-sale financial asset	**30,000**	—
Deposit paid for acquisition of interest in an associate	**(90,000)**	—
Dividends received from unlisted available-for-sale equity investments	**3,926**	1,083
Interest received from held-to-maturity debt investments	**2,175**	5,433
Interest received from bank deposits with maturity of more than three months	**—**	100
Dividends received from equity investments at fair value through profit or loss	**113**	46
Increase in pledged bank balances and time deposits	**(437)**	(21,607)
Decrease in bank deposits with maturity of more than three months	**—**	60,000
Net cash flows used in investing activities	**(362,791)**	(628,261)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	**523,026**	1,203,000
Repayment of bank borrowings	**(810,305)**	(646,262)
Capital contribution from non-controlling interests of subsidiaries	**—**	7,468
Bank financing charges	**(7,670)**	(15,733)
Dividend paid to non-controlling interest of a subsidiary	**(15,288)**	(11,466)
Repayment to non-controlling interest of a subsidiary	**(7,644)**	—
Net cash flows from/(used in) financing activities	**(317,881)**	537,007
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(122,343)**	105,514
Cash and cash equivalents at beginning of year	**1,124,778**	1,019,259
Effect of foreign exchange rate changes, net	**370**	5
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,002,805**	1,124,778
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**400,233**	230,403
Non-pledged time deposits	**602,572**	894,375
	1,002,805	1,124,778

Statement of Financial Position

31 July 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**4,068**	5,897
Investment properties	16	**4,839,100**	4,243,200
Interests in subsidiaries	18	**3,584,955**	3,407,799
Interests in associates	19	**391,031**	391,002
Available-for-sale financial assets	20	**101**	101
Held-to-maturity debt investments	21	**—**	35,840
Pledged bank balances and time deposits	22	**99,591**	99,154
Total non-current assets		**8,918,846**	8,182,993
CURRENT ASSETS			
Equity investments at fair value through profit or loss	25	**10,158**	12,552
Debtors and deposits paid	26(a)	**45,696**	36,808
Held-to-maturity debt investments	21	**33,963**	144,812
Cash and cash equivalents	22	**689,993**	869,444
Total current assets		**779,810**	1,063,616
CURRENT LIABILITIES			
Creditors, deposits received and accruals		**72,268**	80,773
Tax payable		**48,481**	41,466
Bank borrowings	27	**177,200**	201,500
Total current liabilities		**297,949**	323,739
NET CURRENT ASSETS		**481,861**	739,877
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,400,707**	8,922,870
NON-CURRENT LIABILITIES			
Bank borrowings	27	**(1,815,100)**	(2,060,300)
Deferred tax	28	**(762,688)**	(663,483)
Provision for tax indemnity	33(c)	**(518,570)**	(470,191)
Long term rental deposits received		**(39,337)**	(30,396)
Total non-current liabilities		**(3,135,695)**	(3,224,370)
		6,265,012	5,698,500
EQUITY			
Issued capital	29	**141,620**	141,620
Reserves	31(b)	**6,123,392**	5,556,880
		6,265,012	5,698,500

Lam Kin Ngok, Peter
Director

Lau Shu Yan, Julius
Director

1. Corporate Information

Lai Sun Development Company Limited (the "Company") is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- property development for sale/sale of properties
- property investment
- investment in and operation of hotels and restaurants
- investment holding

Details of the principal activities of the principal subsidiaries and associates are set out in notes 18 and 19 to the financial statements, respectively.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, equity investments at fair value through profit or loss and certain available-for-sale financial assets, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

Basis of consolidation from 1 August 2009

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group"). The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in the income statement. The Group's share of components previously recognised in other comprehensive income is reclassified to the income statement or retained profits, as appropriate.

2.1 Basis of Preparation (continued)

Basis of consolidation (continued)

Basis of consolidation prior to 1 August 2009

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests (formerly known as minority interests), prior to 1 August 2009, were accounted for using the parent entity extension method, whereby the differences between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 August 2009 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of the net asset value of such investment at the date at which control was lost. The carrying amount of such investment at 1 August 2009 has not been restated.

2.2 Impact of New and Revised HKFRSs

The Group has adopted the following new and revised HKFRSs, which are applicable to the Group, for the first time for the current year's financial statements:

Improvements to HKFRSs 2009	
Improvements to HKFRSs 2010[1]	
HK Interpretation 4 Amendment	Amendments to HK Interpretation 4 Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HK Interpretation 5	Presentation of financial statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

[1] *The amendments to HKFRS 3 (as revised in 2008), HKAS 1 and HKAS 27 are included in these improvements, which became effective or early adopted in the current financial period.*

The adoption of these new and revised HKFRSs has had no material impact on the reported results or financial position of the Group.

2.3 Issued but not yet Effective HKFRSs

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

Improvements to HKFRSs 2010[1]	
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 24 (Revised)	Related Party Disclosures[2]
HKAS 27 (As revised in 2011)	Separate Financial Statements[5]
HKAS 28 (As revised in 2011)	Investments in Associates and Joint Ventures[5]
HKFRS 7 Amendments	Financial Instruments: Disclosures — Transfers of Financial Assets[6]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[5]
HKFRS 11	Joint Arrangements[5]
HKFRS 12	Disclosure of Interests in Other Entities[5]
HKFRS 13	Fair Value Measurement[5]

1 *The amendments to HKAS 34 and HKFRS 7 included in these improvements are effective for annual periods beginning on or after 1 January 2011*
2 *Effective for annual periods beginning on or after 1 January 2011*
3 *Effective for annual periods beginning on or after 1 July 2012*
4 *Effective for annual periods beginning on or after 1 January 2012*
5 *Effective for annual periods beginning on or after 1 January 2013*
6 *Effective for annual periods beginning on or after 1 July 2011*

The amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The adoption of the amendments to HKAS 12 may have a material impact on deferred tax recognised for investment properties that are measured using the fair value model. The Group is in the process of assessing the impact from application of these amendments.

For other new and revised HKFRSs which are issued but not yet effective, the Group is in the process of making an assessment of the impact upon initial application. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

2.4 Summary of Significant Accounting Policies

Subsidiaries

A subsidiary is an entity in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors; or over which the Company has a contractual right to exercise a dominant influence with respect to that entity's financial and operating policies.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any accumulated impairment losses.

2.4 Summary of Significant Accounting Policies (continued)

Associates

An associate is an entity, not being a subsidiary, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the interests in associates. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the income statement.

The requirements of HKAS 39 "Financial Instruments: Recognition and Measurement" are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's interest in an associate. When necessary, the entire carrying amount of the interests in associates (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the interests in associates. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when it ceases to have significant influence over an associate and shall account for the investment in accordance with HKAS 39 from that date, provided that the associate does not become a subsidiary or a joint venture as defined in HKAS 31 "Interests in Joint Ventures". On the loss of significant influence, the Group shall measure at fair value any investment the Group retains in the former associate. The Group shall recognise in the income statement any difference between (i) the fair value of any retained investment and any proceeds from disposing of the part interest in the associate; and (ii) the carrying amount of the investment at the date when significant influence is lost.

When an investment ceases to be an associate and is accounted for in accordance with HKAS 39, the fair value of the investment at the date when it ceases to be an associate shall be regarded as its fair value on initial measurement recognition as a financial asset in accordance with HKAS 39.

If the Group loses significant influence over an associate, the Group shall account for all amounts recognised in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by an associate would be reclassified to the income statement on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to the income statement (as a reclassification adjustment) when it loses significant influence over the associate. For example, if an associate has available-for-sale financial assets and the Group loses significant influence over the associate, the Group shall reclassify to the income statement the gain or loss previously recognised in other comprehensive income in relation to those assets. If the Group's ownership interest in an associate is reduced, but the investment continues to be an associate, the Group shall reclassify to the income statement only a proportionate amount of the gain or loss previously recognised in other comprehensive income.

2.4 Summary of Significant Accounting Policies (continued)

Associates (continued)

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Prior to the completion of the Shares Swap Transactions (as defined in note 19) on 30 September 2010, there was a crossholding relationship between the Group and eSun Holdings Limited ("eSun"), an associate of the Group. Therefore, the Group's share of results of eSun for the period prior to the completion of the Shares Swap Transactions also included the results of the Group which were shared by eSun when eSun equity accounted for the Group's results. The crossholding relationship was dismantled upon completion of the Shares Swap Transactions on 30 September 2010.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in associates are treated as non-current assets and are stated at cost less any impairment losses.

Business combination and goodwill

Business combinations from 1 August 2009

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the income statement. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the income statement where such treatment would be appropriate if that interest were disposed of.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in the income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

2.4 Summary of Significant Accounting Policies (continued)

Business combination and goodwill (continued)

Business combinations from 1 August 2009 (continued)

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in the income statement as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 July. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to 1 August 2009 but after 1 August 2004

In comparison to the above-mentioned requirements which were applied on a prospective basis, the following differences applied to business combinations prior to 1 August 2009 but after 1 August 2004:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2.4 Summary of Significant Accounting Policies (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties under development for sale, inventories, financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a member of the key management personnel of the Group;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or

(f) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

2.4 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Hotel properties	Over the remaining lease terms
Leasehold buildings	Over the remaining lease terms
Leasehold improvements	20%
Furniture, fixtures and equipment	10%-20%
Motor vehicles	10%-25%
Computers	10%-25%
Motor vessels	25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. These include properties that are being constructed or developed for future use as investment properties. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

2.4 Summary of Significant Accounting Policies (continued)

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Properties under development for sale

Properties under development for sale are stated at lower of cost and net realisable value. Cost comprises the prepaid land lease payments or cost of land together with any other direct costs attributable to the development of the properties and other related expenses capitalised during the development period. Net realisable value is determined by the directors based on prevailing market prices on an individual property basis less estimated costs of completion and costs to be incurred in selling the property.

Once the constructions or developments of these properties are completed, these properties are reclassified to the appropriate categories of assets.

Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost includes all development expenditure, applicable borrowing costs and other direct costs attributable to such properties. Cost is determined by apportionment of the total land and building costs attributable to unsold properties. Net realisable value is determined by the directors based on prevailing market prices on an individual property basis less costs to be incurred in selling the property.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as held-to-maturity debt investments, financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition and, when allowed and appropriate, re-evaluates this designation at the end of the reporting period. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include amounts due from associates, debtors and deposits paid, available-for-sale financial assets, held-to-maturity debt investments, equity investments at fair value through profit or loss, pledged bank balances and time deposits, and cash and cash equivalents.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Held-to-maturity debt investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost less any allowance for impairment. Amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in other income and gains or finance costs in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in other expenses.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement in other operating expenses and removed from the available-for-sale investment valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies set out for “Revenue recognition” below.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The Group evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management’s intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to the income statement over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 Summary of Significant Accounting Policies (continued)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

2.4 Summary of Significant Accounting Policies (continued)

Impairment of financial assets (continued)

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement — is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include creditors, deposits received and bank borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

2.4 Summary of Significant Accounting Policies (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models.

Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for obsolete or slow-moving items. Cost for food, beverages, cutlery, linen and supplies used in hotel and restaurant operations is determined on the first-in, first-out basis. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

2.4 Summary of Significant Accounting Policies (continued)

Income tax

Income tax comprises current and deferred tax. Income tax is recognised as income or expense and included in the income statement for the period, except that income tax relating to a transaction or an event, which is recognised in the same or a different period outside the income statement, is recognised, either in other comprehensive income or directly in equity as appropriate.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 Summary of Significant Accounting Policies (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of completed properties developed for sale, upon the establishment of a binding contract in respect of the sale of properties, and the issue of an occupation permit by the government of the Hong Kong Special Administrative Region or a certificate of compliance by the relevant government authorities, whichever is later;

(b) rental and property management fee income, in the period in which the properties are let and on the straight-line basis over the lease terms;

(c) service income from hotel and restaurant operations and the provision of other related services, in the period in which such services are rendered;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing funds.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

2.4 Summary of Significant Accounting Policies (continued)

Foreign currencies (continued)

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Employee benefits

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black-Scholes Model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 Summary of Significant Accounting Policies (continued)

Employee benefits (continued)

Retirement benefits

The Group operates Mandatory Provident Fund retirement benefit schemes (the "MPF Schemes") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the respective schemes during the year. The assets of the schemes are held separately from those of the Group in the respective independently administered funds. Contributions to the MPF Schemes are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the respective schemes. The Group's employer contributions vest fully with the employees when contributed into the MPF Schemes.

The employees of the Group's subsidiaries which operate in Vietnam and Mainland China are required to participate in a central pension scheme operated by the government in Vietnam and Mainland China. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

3. Significant Accounting Judgements and Estimates (continued)

Judgements (continued)

Income tax

Deferred tax is provided using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for unused tax losses carried forward to the extent that it is probable (i.e., more likely than not) that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at the end of each reporting period and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the tax losses carried forward, the asset balance will be reduced and charged to the income statement.

Provision for tax indemnity

Provision for tax indemnity is recognised when a present obligation (legal or constructive) has arisen as a result of tax liability arising from disposal of certain property interests in the People's Republic of China (the "PRC") pursuant to certain indemnity deeds entered into by the Group and it is probable that such tax liability will be required to be settled. Management's judgement is required to determine (i) the estimated sale proceeds and outgoings; and (ii) the development plan and status of individual property development project. Further details are included in note 33(c) to the financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of fair value of investment properties and available-for-sale financial assets

The best evidence of fair value is current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts. In the absence of such information, management determines the amount within a range of reasonable fair value estimates. In making its judgement, management considers information from (i) independent valuations; (ii) current prices in an active market for properties of a different nature, condition or location by reference to available market information; (iii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of transactions that occurred at those prices; and (iv) discounted cash flow projections, based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rates for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows. The carrying amount at fair value of investment properties as at 31 July 2011 was HK$7,756,931,000 (2010: HK$6,444,930,000) and of available-for-sale financial assets as at 31 July 2011 was HK$867,860,000 (2010: HK$641,836,000).

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

Impairment test of assets

The Group determines whether an asset is impaired at least on an annual basis. This requires an estimation of the value in use of the asset. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

4. Operating Segment Information

For management purpose, the Group is organised into business units based on their operations and services and has the following reportable segments:

(a) the property development and sales segment engages in property development and sale of properties;

(b) the property investment segment engages in the leasing of and sale of investment properties and development of properties for investment purpose;

(c) the hotel and restaurant operations segment engages in the operation of hotels and restaurants; and

(d) the "others" segment comprises the Group's property management and consultancy services business, which provides property management, security and consultancy services to residential, office, industrial, commercial properties, hotel and restaurants.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that fair value gain/(loss) on investment properties, reversal of provision/(provision) for tax indemnity, interest income, finance costs, dividend income and share of profits and losses of associates are excluded from such measurement.

Segment assets mainly exclude interests in associates, available-for-sale financial assets, equity investments at fair value through profit or loss, held-to-maturity debt investments and certain pledged bank balances and time deposits, and cash and cash equivalents.

Segment liabilities mainly exclude bank borrowings, tax payable, deferred tax and provision for tax indemnity.

Intersegment sales and transfers are transacted with reference to the prevailing market prices.

4. Operating Segment Information (continued)

Segment revenue and results

The following tables present revenue and profit/(loss) for the Group's reportable segments:

	Property development and sales		Property investment		Hotel and restaurant operations		Others		Eliminations		Consolidated	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Segment revenue:												
Sales to external customers	414,521	34,578	367,455	341,103	389,419	334,843	21,519	18,730	—	—	1,192,914	729,254
Intersegment sales	—	—	7,670	8,537	—	—	24,916	26,144	(32,586)	(34,681)	—	—
Other revenue	6,099	883	507	542	—	1	—	—	—	—	6,606	1,426
Total	420,620	35,461	375,632	350,182	389,419	334,844	46,435	44,874	(32,586)	(34,681)	1,199,520	730,680
Segment results	60,036	(4,020)	283,523	265,462	85,816	76,159	1,119	367	—	—	430,494	337,968
Interest income and unallocated gains											47,724	45,153
Fair value gains on investment properties	—	—	1,074,933	1,232,615	—	—	—	—	—	—	1,074,933	1,232,615
Unallocated expenses											(179,195)	(186,011)
Provision for tax indemnity											(48,379)	(17,495)
Profit from operating activities											1,325,577	1,412,230
Finance costs											(47,076)	(41,777)
Share of profits and losses of associates	436,507	(4,246)	462,918	859,299	785	155	—	—	—	—	900,210	855,208
Share of profits and losses of associates — unallocated											435,371	127,156
Loss on deemed disposal of interest in an associate											(3,552)	—
Profit before tax											2,610,530	2,352,817
Tax											(217,230)	(244,756)
Profit for the year											2,393,300	2,108,061

4. Operating Segment Information (continued)

Segment assets and liabilities

The following table presents the total assets and liabilities for the Group's reportable segments:

	Property development and sales		Property investment		Hotel and restaurant operations		Others		Eliminations		Consolidated	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Segment assets	1,258,813	1,409,304	7,794,466	6,465,206	557,901	528,001	55,143	56,497	—	—	9,666,323	8,459,008
Interests in associates	721,432	279,531	1,847,124	1,384,180	4,975	4,174	—	—	—	—	2,573,531	1,667,885
Interests in associates — unallocated											2,474,781	2,057,876
Unallocated assets											1,968,669	1,947,907
Total assets											16,683,304	14,132,676
Segment liabilities	33,382	21,496	106,291	96,806	47,743	48,462	14,690	16,129	—	—	202,106	182,893
Bank borrowings											2,416,537	2,703,816
Other unallocated liabilities											1,817,686	1,579,146
Total liabilities											4,436,329	4,465,855

Other segment information

	Property development and sales		Property investment		Hotel and restaurant operations		Others		Eliminations		Consolidated	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Amortisation of prepaid land lease payments	—	—	—	—	1,028	1,028	—	—	—	—	1,028	1,028
Depreciation	124	124	29	28	17,044	15,215	135	212	—	—	17,332	15,579
Depreciation — unallocated											6,137	11,228
											23,469	26,807
Capital expenditure	197,816	665,638	237,068	19,515	11,183	10,843	21	40	—	—	446,088	696,036
Capital expenditure — unallocated											780	4,965
											446,868	701,001

4. Operating Segment Information (continued)

Geographical information

The following table presents revenue and asset by geographical location of assets for the years ended 31 July 2011 and 2010:

	Hong Kong		Vietnam		Others		Consolidated	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Segment revenue								
Sales to external customers	**843,028**	436,390	**324,622**	292,864	**25,264**	—	**1,192,914**	729,254
Other revenue	**6,606**	1,426	**—**	—	**—**	—	**6,606**	1,426
Total	**849,634**	437,816	**324,622**	292,864	**25,264**	—	**1,199,520**	730,680
Segment assets								
Non-current assets	**8,648,940**	7,358,638	**294,418**	303,466	**220,889**	—	**9,164,247**	7,662,104
Current assets	**256,952**	597,362	**220,722**	199,542	**24,402**	—	**502,076**	796,904
	8,905,892	7,956,000	**515,140**	503,008	**245,291**	—	**9,666,323**	8,459,008

Information about major customers

For both the years ended 31 July 2011 and 31 July 2010, there was no revenue derived from a single customer which contributed for more than 10% of the Group's revenue for respective years.

5. Related Party Transactions

In addition to the related party transactions and balances detailed elsewhere in the financial statements, the Group entered into the following material transactions with related parties during the year:

(a) Transactions with related parties

	Notes	Group 2011 HK$'000	Group 2010 HK$'000
Rental income and building management fee received from:			
— Lai Sun Garment (International) Limited ("LSG"), a substantial shareholder of the Company	(i)	**565**	565
— Lai Fung Holdings Limited ("Lai Fung"), a related company of the Company, and its subsidiaries (collectively, the Lai Fung Group)	(ii)	**1,275**	1,273
— related companies	(i)	**2,703**	4,043
— eSun, an associate of the Company, and its subsidiaries (collectively the "eSun Group")	(ii)	**7,420**	7,219
— an associate of the Group	(iii)	**2,821**	569
Project management fee income received from an associate of the Group	(iii)	**3,600**	9,000
Rental expenses and building management fees paid to the Lai Fung Group	(ii)	**1,639**	321
Rental expenses and building management fees paid to a related company	(iv)	**1,491**	960

Notes:

(i) The rental and building management fee received from LSG and the related companies, of which certain directors of the Company are also directors of the related companies, were based on terms stated in the respective lease agreements or contracts.

(ii) The rental income/expenses and building management fee received from/paid to the eSun Group and Lai Fung, of which certain directors of the Company are also directors of Lai Fung, were based on terms stated in the respective lease agreements.

(iii) The project management fee income, rental income and building management fee received from associates of the Group were based on terms stated in the respective lease agreements or contracts.

(iv) The rental expenses and building management fees paid to the related company, of which certain directors of the Company are also directors of the related company, were based on terms stated in the agreement.

5. Related Party Transactions (continued)

(a) Transactions with related parties (continued)

Other than the project management fee income, rental income and building management fee received from the associate as disclosed in (iii) above, the above related party transactions disclosed constituted continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Pursuant to the Shares Swap Agreement (as defined and detailed in note 19) which was completed on 30 September 2010, LSG's 40.58% equity interest in Lai Fung was transferred to the eSun Group and the eSun Group's 36.72% equity interest in the Company was transferred to LSG. Lai Fung ceased to be an associate of a connected person of the Company and eSun ceased to be a connected person of the Company since then. The related party transactions as disclosed in (ii) above for the period from 1 October 2010 to 31 July 2011 did not constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

The details of certain of these continuing connected transactions, which were subject to the reporting requirements set out in Chapter 14A of the Listing Rules, were disclosed on pages 34 to 36 of the Report of the Directors.

(b) Compensation of key management personnel of the Group

	Group	
	2011 HK$'000	2010 HK$'000
Short term employee benefits	**18,036**	17,292
Post-employment benefits	**327**	316
Total compensation paid to key management personnel	**18,363**	17,608

Further details of directors' emoluments are included in note 9 to the financial statements.

6. Turnover and Other Revenue

Turnover comprises the proceeds from sale of properties, rental income and building management fee, and income from hotel, restaurant and other operations.

An analysis of the Group's turnover and other revenue are as follows:

	Group	
	2011 HK$'000	2010 HK$'000
Turnover		
Sale of properties	**414,521**	34,578
Rental income and building management fee	**367,455**	341,103
Hotel, restaurant and other operations	**410,938**	353,573
	1,192,914	729,254

	Group	
	2011 HK$'000	2010 HK$'000
Other revenue and gain		
Interest income from bank deposits	**3,002**	1,774
Interest income from held-to-maturity debt investments	**2,175**	5,433
Other interest income	**737**	1,079
Gain on disposal of an available-for-sale financial asset	**27,795**	—
Dividend income from equity investments at fair value through profit or loss	**113**	46
Dividend income from unlisted available-for-sale equity investments	**3,926**	20,748
Project management fee income received from an associate	**3,600**	9,000
Others	**12,982**	8,499
	54,330	46,579

7. Profit from Operating Activities

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

		Group	
	Notes	**2011 HK$'000**	2010 HK$'000
Depreciation#	14	**23,469**	26,807
Amortisation of prepaid land lease payments*	15	**1,028**	1,028
Staff costs (including directors' remuneration — note 9):			
Wages and salaries		**159,539**	137,160
Pension scheme contributions		**3,715**	3,519
		163,254	140,679
Auditors' remuneration		**2,684**	2,550
Loss on disposal of items of property, plant and equipment*		**30**	327
Fair value loss/(gain) on equity investments at fair value through profit or loss*		**7,215**	(121)
Loss on disposal of equity investments at fair value through profit or loss*		**782**	19,804
Minimum lease payments under operating leases in respect of leasehold buildings		**8,439**	8,466
Rental income		**(367,455)**	(341,103)
Less: Outgoings		**56,629**	52,589
Net rental income		**(310,826)**	(288,514)
Foreign exchange gains, net		**(441)**	(114)

\# *Depreciation charge of HK$21,321,000 (2010: HK$19,451,000) for property, plant and equipment is included in "other operating expenses, net" on the face of the consolidated income statement.*

* *These items are included in "other operating expenses, net" on the face of the consolidated income statement.*

8. Finance Costs

	Group	
	2011 **HK$'000**	2010 HK$'000
Interest on bank borrowings wholly repayable within five years	**40,889**	33,892
Bank financing charges	**9,979**	9,149
	50,868	43,041
Less: Amount capitalised in properties under development for sale (note 17)	**(3,792)**	(1,264)
	47,076	41,777

9. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2011 **HK$'000**	2010 HK$'000
Fees	**600**	539
Other emoluments:		
Salaries, allowances and benefits in kind	**17,436**	16,753
Pension scheme contributions	**327**	316
	17,763	17,069
	18,363	17,608

9. Directors' Remuneration (continued)

The remuneration paid to independent non-executive directors, executive directors and non-executive directors during the year were as follows:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Employee share option benefits HK$'000	Pension scheme contributions HK$'000	Total emoluments HK$'000
2011					
Independent non-executive directors:					
Lam Bing Kwan	150	—	—	—	150
Leung Shu Yin, William	150	—	—	—	150
Wan Yee Hwa, Edward #	75	—	—	—	75
Ip Shu Kwan, Stephen, GBS, JP	150	—	—	—	150
	525	—	—	—	525
Executive directors:					
Lam Kin Ngok, Peter	—	9,988	—	12	10,000
Lau Shu Yan, Julius	—	3,721	—	169	3,890
Tam Kin Man, Kraven	—	3,112	—	141	3,253
Cheung Wing Sum, Ambrose, MH, JP	—	—	—	—	—
Lui Siu Tsuen, Richard *	—	—	—	—	—
Cheung Sum, Sam ø	—	615	—	5	620
Leung Churk Yin, Jeanny ^	—	—	—	—	—
	—	17,436	—	327	17,763
Non-executive directors:					
Lam Kin Ming	—	—	—	—	—
U Po Chu	—	—	—	—	—
Wan Yee Hwa, Edward #	75	—	—	—	75
	75	—	—	—	75
	600	17,436	—	327	18,363

9. Directors' Remuneration (continued)

The remuneration paid to independent non-executive directors, executive directors and non-executive directors during the year were as follows: (continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Employee share option benefits HK$'000	Pension scheme contributions HK$'000	Total emoluments HK$'000
2010					
Independent non-executive directors:					
Lam Bing Kwan	150	—	—	—	150
Leung Shu Yin, William	150	—	—	—	150
Wan Yee Hwa, Edward #	150	—	—	—	150
Ip Shu Kwan, Stephen, GBS, JP	89	—	—	—	89
	539	—	—	—	539
Executive directors:					
Lam Kin Ngok, Peter	—	9,889	—	12	9,901
Lau Shu Yan, Julius	—	3,575	—	165	3,740
Tam Kin Man, Kraven	—	2,990	—	138	3,128
Cheung Wing Sum, Ambrose, MH, JP	—	—	—	—	—
Cheung Sum, Sam ø	—	299	—	1	300
Leung Churk Yin, Jeanny	—	—	—	—	—
	—	16,753	—	316	17,069
Non-executive directors:					
Lam Kin Ming	—	—	—	—	—
U Po Chu	—	—	—	—	—
	—	—	—	—	—
	539	16,753	—	316	17,608

\# *Mr. Wan Yee Hwa, Edward was re-designated as a non-executive director of the Company on 1 February 2011.*

* *Mr. Lui Siu Tsuen, Richard was appointed an executive director of the Company on 1 January 2011.*

^ *Miss Leung Churk Yin, Jeanny resigned as an executive director of the Company on 1 January 2011.*

ø *Mr. Cheung Sum, Sam resigned as and was appointed an executive director of the Company on 5 October 2009 and 1 March 2011 respectively.*

There were no other emoluments payable to the independent non-executive directors during the year (2010: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2010: Nil).

10. Employees' Remuneration

The five highest paid employees during the year included three (2010: three) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining two (2010: two) non-director, highest paid employees for the year are as follows:

	Group	
	2011 HK$'000	2010 HK$'000
Salaries, allowances and benefits in kind	**3,523**	3,650
Pension scheme contributions	**84**	86
	3,607	3,736

The number of the non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2011	2010
HK$1,500,001 to HK$2,000,000	**2**	2

11. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the places in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2011 HK$'000	2010 HK$'000
Current tax		
Hong Kong	**16,776**	17,148
Overseas	**16,248**	13,557
	33,024	30,705
Deferred tax (note 28)	**184,422**	209,772
Prior years' under/(over) provision — Hong Kong	**(216)**	4,279
Tax charge for the year	**217,230**	244,756

11. Tax (continued)

A reconciliation of the tax charge applicable to profit before tax at the statutory rate for the locations in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Group	
	2011 HK$'000	2010 HK$'000
Profit before tax	**2,610,530**	2,352,817
Share of profits and losses of associates	**(1,335,581)**	(982,364)
Profit before tax attributable to the Company and its subsidiaries	**1,274,949**	1,370,453
Tax at the statutory tax rate of 16.5% (2010: 16.5%)	**210,367**	226,125
Higher tax rate for other countries	**1,654**	1,898
Adjustments in respect of current tax of previous periods	**(216)**	4,279
Income not subject to tax	**(7,130)**	(5,463)
Expenses not deductible for tax purposes	**21,217**	12,398
Tax losses utilised from previous periods	**(10,525)**	(324)
Tax losses not recognised	**1,863**	5,843
Tax charge for the year	**217,230**	244,756

12. Profit Attributable to Ordinary Equity Holders of the Company

The consolidated profit attributable to ordinary equity holders of the Company for the year ended 31 July 2011 includes a profit of HK$566,512,000 (2010: HK$783,259,000) which has been dealt with in the financial statements of the Company (note 31(b)).

13. Earnings per Share Attributable to Ordinary Equity Holders of the Company

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK$2,343,707,000 (2010: HK$2,064,562,000) and the weighted average number of 14,162,042,000 (2010: 14,162,042,000) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31 July 2011 and 2010 have not been presented as no diluting events existed during both years.

14. Property, Plant and Equipment

Group

	Note	Hotel properties HK$'000	Leasehold buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Computers HK$'000	Motor vessels HK$'000	Construction in progress HK$'000	Total HK$'000
Cost:										
At 1 August 2009		357,035	81,035	49,235	137,031	20,340	11,162	34,013	–	689,851
Additions		–	–	256	10,410	5,042	487	149	–	16,344
Disposals/write-off		–	–	(485)	(366)	(2,033)	(362)	–	–	(3,246)
At 31 July 2010 and 1 August 2010		357,035	81,035	49,006	147,075	23,349	11,287	34,162	–	702,949
Additions		–	–	3,611	3,723	–	1,089	456	3,104	11,983
Disposals/write-off		–	–	(7,331)	(9,394)	(469)	(181)	–	–	(17,375)
At 31 July 2011		**357,035**	**81,035**	**45,286**	**141,404**	**22,880**	**12,195**	**34,618**	**3,104**	**697,557**
Accumulated depreciation:										
At 1 August 2009		98,009	10,694	28,853	113,681	18,377	7,470	33,676	–	310,760
Depreciation provided for the year	7	8,211	1,725	7,626	5,025	2,597	1,334	289	–	26,807
Disposals/write-off		–	–	(115)	(346)	(2,033)	(355)	–	–	(2,849)
At 31 July 2010 and 1 August 2010		106,220	12,419	36,364	118,360	18,941	8,449	33,965	–	334,718
Depreciation provided for the year	7	8,209	1,726	4,976	5,199	1,553	1,400	406	–	23,469
Disposals/write-off		–	–	(7,331)	(8,940)	(468)	(117)	–	–	(16,856)
At 31 July 2011		**114,429**	**14,145**	**34,009**	**114,619**	**20,026**	**9,732**	**34,371**	**–**	**341,331**
Net carrying amount:										
At 31 July 2011		**242,606**	**66,890**	**11,277**	**26,785**	**2,854**	**2,463**	**247**	**3,104**	**356,226**
At 31 July 2010		250,815	68,616	12,642	28,715	4,408	2,838	197	–	368,231

14. Property, Plant and Equipment (continued)

At 31 July 2011, the Group's hotel properties with a total carrying amount of HK$242,606,000 (2010: HK$250,815,000) were pledged to banks to secure a banking facility granted to the Group (note 27).

The Group's hotel properties and leasehold buildings included above are held under the following lease terms:

	2011 HK$'000	2010 HK$'000
At cost:		
Medium-term leases		
Hong Kong	**81,035**	81,035
Elsewhere	**357,035**	357,035
	438,070	438,070

Company

	Leasehold improvements HK$'000	**Furniture, fixtures and equipment** HK$'000	**Motor vehicles** HK$'000	**Computers** HK$'000	**Total** HK$'000
Cost:					
At 1 August 2009	19,814	12,369	18,364	1,037	51,584
Additions	—	181	4,546	89	4,816
Disposals/write-off	—	—	(2,033)	(29)	(2,062)
At 31 July 2010 and 1 August 2010	19,814	12,550	20,877	1,097	54,338
Additions	86	93	—	140	319
Disposals/write-off	—	(18)	(468)	(22)	(508)
At 31 July 2011	**19,900**	**12,625**	**20,409**	**1,215**	**54,149**
Accumulated depreciation:					
At 1 August 2009	15,424	10,187	16,711	825	43,147
Depreciation provided for the year	3,619	1,228	2,373	134	7,354
Disposals/write-off	—	—	(2,033)	(27)	(2,060)
At 31 July 2010 and 1 August 2010	19,043	11,415	17,051	932	48,441
Depreciation provided for the year	278	405	1,345	120	2,148
Disposals/write-off	—	(18)	(468)	(22)	(508)
At 31 July 2011	**19,321**	**11,802**	**17,928**	**1,030**	**50,081**
Net carrying amount:					
At 31 July 2011	**579**	**823**	**2,481**	**185**	**4,068**
At 31 July 2010	771	1,135	3,826	165	5,897

15. Prepaid Land Lease Payments

	Group	
	2011 HK$'000	2010 HK$'000
Cost:		
At beginning and end of year	**35,960**	35,960
Accumulated amortisation:		
At beginning of year	**8,894**	7,866
Amortisation provided for the year — note 7	**1,028**	1,028
At end of year	**9,922**	8,894
Net carrying amount:		
At beginning of year	**27,066**	28,094
At end of year	**26,038**	27,066

Leasehold land of the Group is held under a medium-term lease and is situated outside Hong Kong.

At 31 July 2011, the Group's prepaid land lease payments with a carrying amount of HK$26,038,000 (2010: HK$27,066,000) were pledged to banks to secure a banking facility granted to the Group (note 27).

16. Investment Properties

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Carrying amount at beginning of year	**6,444,930**	5,192,800	**4,243,200**	3,441,300
Additions, at cost	**237,068**	19,515	**9,908**	19,463
Fair value gains	**1,074,933**	1,232,615	**585,992**	782,437
Carrying amount at end of year	**7,756,931**	6,444,930	**4,839,100**	4,243,200

The Group's investment properties are situated in Hong Kong and outside Hong Kong and are held under the following lease terms:

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Long leases in Hong Kong	**2,700,000**	2,200,000	**—**	—
Medium-term leases in Hong Kong	**4,841,300**	4,244,930	**4,839,100**	4,243,200
Freehold land outside Hong Kong	**215,631**	—	**—**	—
	7,756,931	6,444,930	**4,839,100**	4,243,200

16. Investment Properties (continued)

At 31 July 2011, the investment properties were stated at their aggregate open market value of HK$7,756,931,000 (2010: HK$6,444,930,000), based on their existing use with reference to a valuation performed by Savills Valuation and Professional Services Limited, independent chartered surveyors, on that date.

All investment properties of the Group and the Company are leased out under operating leases, further summary details of which are included in note 34(a) to the financial statements.

Certain investment properties of the Group and the Company with carrying amounts of HK$7,742,631,000 (2010: HK$6,435,000,000) and HK$4,827,000,000 (2010: HK$4,235,000,000), respectively, were pledged to banks to secure banking facilities granted to the Group (note 27).

17. Properties under Development for Sale

	Group	
	2011 HK$'000	2010 HK$'000
At beginning of year, at cost	**900,378**	723,552
Additions	**194,025**	663,878
Interest and bank financing charges capitalised (note 8)	**3,792**	1,264
Transfer to completed properties for sale	**—**	(488,316)
At end of year, at cost	**1,098,195**	900,378

The Group's properties under development for sale are situated in Hong Kong and are held under the following lease terms:

	Group	
	2011 HK$'000	2010 HK$'000
Long leases	**615,158**	483,189
Medium-term leases	**483,037**	417,189
	1,098,195	900,378

As at 31 July 2011, the Group's properties under development for sale with a total carrying amount of HK$481,917,000 (2010: HK$416,069,000) were pledged to a bank to secure a banking facility granted to the Group (note 27).

18. Interests in Subsidiaries

	Company 2011 HK$'000	Company 2010 HK$'000
Unlisted shares, at cost	**167,421**	167,421
Amounts due from subsidiaries	**7,065,218**	6,946,614
Amounts due to subsidiaries	**(980,062)**	(985,792)
	6,085,156	5,960,822
Provision for impairment	**(2,667,622)**	(2,720,444)
	3,584,955	3,407,799

Balances with subsidiaries were unsecured, interest-free and had no fixed terms of repayment except for an amount due from a subsidiary of HK$465,868,000 (2010: HK$474,372,000) as at 31 July 2011 which bore interest at the prevailing market lending rate.

The provision for impairment in respect of the amounts due from subsidiaries at the end of the reporting period was determined on the basis of the amounts recoverable from subsidiaries with reference to the fair value of the underlying assets held by the subsidiaries.

Particulars of the principal subsidiaries as at 31 July 2011 were as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered and paid-up capital	Class of shares held	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Bushell Limited	Hong Kong	HK$2	Ordinary	—	100.00	Property development
Chains Caravelle Hotel Joint Venture Company Limited ("CCHJV")	Vietnam	US$23,175,577	*	—	26.01**	Hotel operations
Furama Hotel Enterprises Limited ("FHEL")	Hong Kong	HK$102,880,454	Ordinary	—	100.00	Investment holding
Furama Hotels and Resorts International Limited	British Virgin Islands/ Hong Kong	US$1,000,000	Ordinary	—	100.00	Provision of management services
Gilroy Company Limited	Hong Kong	HK$10,000	Ordinary	100.00	—	Property investment

18. Interests in Subsidiaries (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered and paid-up capital	Class of shares held	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Glynhill Hotels and Resorts (Vietnam) Pte. Ltd.	Singapore/ Vietnam	S$2	Ordinary	—	100.00	Provision of management and consultancy services to hotel owners
Glynhill Investments (Vietnam) Pte. Ltd. ("GIV")	Singapore/ Vietnam	S$2	Ordinary	—	51.00**	Investment holding
Goldmay Development Limited	Hong Kong	HK$2	Ordinary	100.00	—	Property development/ sale of property
Hong Kong Hill Limited	Hong Kong	HK$100	Ordinary	100.00	—	Property investment
Key Point Profits Limited#	British Virgin Islands/ Hong Kong	US$1	Ordinary	100.00	—	Investment holding
Kolot Property Services Limited	Hong Kong	HK$2	Ordinary	100.00	—	Property management
Lai Sun Real Estate Agency Limited	Hong Kong	HK$2	Ordinary	100.00	—	Property management and real estate agency
Luck Reach Limited#	British Virgin Islands/ Hong Kong	US$1	Ordinary	100.00	—	Investment holding
Milirich Investment Limited	Hong Kong	HK$2	Ordinary	100.00	—	Property development
Modern Charm Limited	Hong Kong	HK$10,000	Ordinary	—	70.00	Restaurant operation
Oriental Style Limited	Hong Kong	HK$1	Ordinary	—	100.00	Property development
Peakflow Profits Limited ("Peakflow")	British Virgin Islands/ Hong Kong	US$1	Ordinary	100.00	—	Investment holding

18. Interests in Subsidiaries (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered and paid-up capital	Class of shares held	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Porchester Assets Limited ("Porchester") #	British Virgin Islands/ Hong Kong	US$100	Ordinary	—	51.00**	Investment holding
Royal Team Limited	Hong Kong	HK$10,000	Ordinary	—	52.00	Restaurant operation
Speedy Result Limited	British Virgin Islands/ United Kingdom	US$1	Ordinary	—	100.00	Property investment
Surearn Profits Limited#	British Virgin Islands/ Hong Kong	US$1	Ordinary	—	100.00	Investment holding
Transformation International Limited#	British Virgin Islands/ Hong Kong	US$1	Ordinary	100.00	—	Investment holding
Transtrend Holdings Limited	Hong Kong	HK$20	Ordinary	—	100.00	Investment holding
韵港餐飲(上海)有限公司#	The PRC	US$1,000,000	*	—	63.07	Restaurant operation

* *These subsidiaries have registered rather than issued share capital.*

** *The Group owns a 51% equity interest in Porchester which in turn, through GIV, a wholly-owned subsidiary of Porchester, owns a 51% interest in CCHJV. By virtue of the 51% equity interest in CCHJV held by the Group through the 51%-owned Porchester, an effective equity interest of 26.01% in CCHJV was held by the Group.*

\# *Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particular of excessive length.

Shares of certain subsidiaries held by the Group were also pledged to banks to secure banking facilities granted to the Group (note 27).

19. Interests in Associates

	Group		Company	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Unlisted shares, at cost	**—**	—	**907**	907
Share of net assets	**4,295,017**	2,978,013	**—**	—
	4,295,017	2,978,013	**907**	907
Amounts due from associates	**941,905**	928,775	**597,256**	597,156
Amounts due to associates	**(15,854)**	(15,808)	**(11,503)**	(11,503)
	5,221,068	3,890,980	**586,660**	586,560
Provision for impairment	**(172,756)**	(165,219)	**(195,629)**	(195,558)
	5,048,312	3,725,761	**391,031**	391,002
Market value of listed shares at the end of the reporting period	**944,445**	474,460	**—**	—

The balances with associates were unsecured, interest-free and had no fixed terms of repayment.

The provision for impairment in respect of the amounts due from associates at the end of the reporting period was determined on the basis of the amounts recoverable from the associates with reference to the fair value of the underlying assets held by the associates.

19. Interests in Associates (continued)

Particulars of the principal associates as at 31 July 2011 were as follows:

Name	Business structure	Place of incorporation/ registration and operations	Class of shares held	Percentage of ownership interest attributable to the Group	Principal activities
Brilliant Pearl Limited ("Brilliant Pearl") #	Corporate	Hong Kong	Ordinary	50.00	Property development/ sales of property
Capital Artists Limited	Corporate	Hong Kong	Ordinary	36.00	Music production and distribution
Diamond String Limited ("Diamond String")	Corporate	Hong Kong	Ordinary	50.00	Property investment
East Asia Entertainment Limited	Corporate	Hong Kong	Ordinary	36.00	Entertainment activity production
East Asia Music (Holdings) Limited	Corporate	Hong Kong	Ordinary	36.00	Music production and distribution
eSun Holdings Limited	Corporate	Bermuda/ Hong Kong	Ordinary	36.00	Investment holding
Lucky Result Limited #	Corporate	British Virgin Islands/ Hong Kong	Ordinary	50.00	Investment holding
Media Asia Entertainment Group Limited	Corporate	Bermuda/ Hong Kong	Ordinary	36.00	Investment holding
Media Asia Group Holdings Limited (formerly known as Rojam Entertainment Holdings Limited)	Corporate	Incorporated in the Cayman Islands and continued in Bermuda/ Hong Kong	Ordinary	18.34	Entertainment business in the PRC and Macau
Rich & Famous Talent Management Group Limited	Corporate	Hong Kong	Ordinary	27.00	Provision of ariste management services

Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

19. Interests in Associates (continued)

Certain shares of an associate held by the Group were also pledged to a bank to secure the banking facilities granted to the associate.

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

The financial year end dates of the above associates are coterminous with that of the Group, except for Brilliant Pearl and Diamond String whose financial year end date is 31 December. In the prior years, the consolidated financial statements of the Group were prepared with reference to the unaudited management accounts of the eSun Group for the period ended 30 June and were adjusted for material transactions of the eSun Group between 30 June and 31 July. During the year, the eSun Group has changed its financial year end date from 31 December to 31 July which has then been coterminous with that of the Group. The consolidated financial statements of the Group are prepared with reference to the audited financial statements or unaudited management accounts of these associates for the period ended 31 July.

All the above associates have been accounted for using the equity method in these financial statements.

The following table illustrates the summarised financial information of the Group's associates extracted from their management accounts/published financial statements:

	2011 HK$'000	2010 HK$'000
Assets	**11,361,451**	9,540,519
Liabilities	**3,881,334**	3,904,111
Turnover	**2,638,758**	391,612
Profit attributable to ordinary equity holders of the Company	**2,093,618**	322,416

The eSun Group

(a) Included in the Group's interests in associates at 31 July 2011 and share of profits and losses of associates for the year ended 31 July 2011 was the Group's share of net assets and profit of the eSun Group of HK$2,461,426,000 (2010: HK$2,044,631,000) and HK$435,372,000 (2010: HK$127,152,000), respectively.

(b) Reorganisation involving shares in the capital of Lai Fung and the Company

Up to 30 September 2010, a crossholding position existed between the eSun Group and the Company that the Group's interest in eSun was 36.08% and the eSun Group held 36.72% of the issued share capital of the Company.

19. Interests in Associates (continued)

The eSun Group (continued)

(b) Reorganisation involving shares in the capital of Lai Fung and the Company (continued)

On 26 July 2010, LSG, a substantial shareholder of the Company, entered into a conditional shares swap agreement with eSun pursuant to which:

(i) LSG agreed to transfer or procure the transfer of, and eSun agreed to accept the transfer of, LSG's direct and indirect interests in 3,265,688,037 shares in the capital of Lai Fung (the "Lai Fung Transaction"), representing approximately 40.58% of the then existing issued share capital of Lai Fung and LSG's entire shareholding interest in Lai Fung. The consideration was satisfied by (i) the transfer to LSG of eSun's entire shareholding interest in the Company; and (ii) cash consideration of HK$178.4 million paid by eSun to LSG (HK$100 million paid on the date of completion of the Shares Swap Transactions (see definition below), and approximately HK$78.4 million paid, without interest, six months after the date of completion); and

(ii) eSun agreed to procure the transfer of, and LSG agreed to accept the transfer of, eSun's indirect interest in 5,200,000,000 shares in the capital of the Company (the "LSD Transaction", together with the Lai Fung Transaction collectively referred to as the "Shares Swap Transactions"), representing approximately 36.72% of the then existing issued share capital of the Company and eSun's entire shareholding interest in the Company. The consideration was satisfied by the transfer to eSun of LSG's entire shareholding interest in Lai Fung less the cash consideration of approximately HK$178.4 million received by LSG from eSun.

Further details of the Shares Swap Transactions were set out in the joint announcement of LSG and eSun dated 26 July 2010 and the circulars of LSG and eSun both dated 30 August 2010. Resolutions approving the shares swap agreement were duly passed at an extraordinary general meeting of LSG and a special general meeting of eSun on 20 September 2010. All the conditions precedent under the shares swap agreement were fulfilled and completion of the Shares Swap Transactions took place on 30 September 2010.

Upon completion of the Shares Swap Transactions, eSun no longer holds any interest in the Company but the Company continues to hold a 36.08% equity interest in eSun. Accordingly, the cross-shareholding relationship between eSun and the Company was dismantled.

Included in the share of results of the eSun Group above were (i) the eSun Group's gain on disposal of 36.72% interest in the Company shared by the Group of HK$215,505,000 (including the eSun Group's release of reserves to the income statement shared by the Group of HK$99,279,000); and (ii) the eSun Group's discount on acquisition of 40.58% interest in Lai Fung shared by the Group of HK$1,861,000.

(c) In April 2011, certain share options granted by eSun under its share option scheme were exercised to subscribe for 2,480,000 ordinary shares of HK$0.50 each of eSun at a subscription price of HK$1.4 per share. Accordingly, the Group's interest in eSun was diluted from 36.08% to 36.00%.

19. Interests In Associates (continued)

Diamond String

Included in the Group's interests in associates as at 31 July 2011 and share of profits and losses of associates for the year ended 31 July 2011 was the Group's share of net assets and profits of Diamond String of HK$1,847,124,000 (2010: HK$1,384,180,000) and HK$462,918,000 (2010: HK$859,299,000), respectively.

During the year ended 31 July 2010, the Group had adopted the amendments to HKAS 40 which became effective in the Group's accounting period beginning 1 August 2009. Under the amendments, investment property under construction was included within the scope of HKAS 40. Investment property under construction could be carried at fair value when its fair value is reliably determinable. Any difference between the fair value and the carrying book value of the property shall be recognised as gain or loss in the income statement for the period of initial adoption of this amendment. Prior to the amendments, investment property under construction was carried at cost until the construction had been completed. The Group, through Diamond String, a 50%-owned associate, holds a property (the "Property") situated at 3 Connaught Road Central, Hong Kong (formerly operating as "The Ritz-Carlton Hong Kong") which is being re-developed into a grade-A office tower for investment purpose. The Property is stated at cost less accumulated depreciation and any impairment losses in Diamond String's financial statements. When the Group accounts for its interest in Diamond String under equity method in its consolidated financial statements, the Property is measured at fair value for the purpose of conforming to the Group's accounting policies. As a result, a 50% share of fair value gain arising from valuation of the Property of HK$859,582,000 (after net of the related deferred tax and goodwill) was recorded in the Group's share of results of associates for the year ended 31 July 2010. In the current year, the Group's share of profits of Diamond String was mainly attributable to the Group's share of the fair value gain for the current year arising from the Property of HK$463,235,000 (net of the related deferred tax).

20. Available-for-sale Financial Assets

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Available-for-sale investments, at fair value				
Unlisted equity investments	**835,353**	609,417	**—**	—
Unlisted debt investments	**32,507**	32,419	**—**	—
	867,860	641,836	**—**	—
Unlisted equity investments, at cost	**177,117**	196,732	**3,101**	3,101
Provision for impairment	**(161,794)**	(180,574)	**(3,000)**	(3,000)
	15,323	16,158	**101**	101
	883,183	657,994	**101**	101

The fair values of the unlisted investments have been estimated using either the present value of the estimated future cash flows expected to be generated by the underlying property development projects, including cash flows from their operations and the proceeds from the ultimate disposal of the underlying projects with reference to the prevailing property market conditions in Hong Kong as at 31 July 2011, or with reference to the market value of the underlying properties held by the investee companies.

As at 31 July 2011, unlisted investments of the Group with a carrying amount of HK$15,323,000 (2010: HK$16,158,000) were stated at cost less impairment because the directors are of the opinion that the variability in the range of reasonable fair value estimate is so significant and the probabilities of the various estimates cannot be reasonably assessed and used in estimating fair value.

As at 31 July 2011, included in available-for-sale financial assets at fair value were equity and debt interests in Bayshore Development Limited ("Bayshore"), the principal activity of which is property investment, with an aggregate amount of HK$861,665,000 (2010: HK$633,675,000). The interest held by the Group was pledged to banks to secure a syndicated loan facility granted to Bayshore.

21. Held-to-maturity Debt Investments

	Group and Company	
	2011 HK$'000	2010 HK$'000
Debt securities, at amortised cost	**33,963**	180,652
Analysed for reporting purposes as:		
Current assets	**33,963**	144,812
Non-current assets	**—**	35,840
	33,963	180,652

The held-to-maturity debt investments held as at 31 July 2011 are listed overseas. As at 31 July 2010, approximately HK$146,399,000 were listed overseas and HK$34,253,000 were unlisted. The weighted average effective interest rate of these held-to-maturity debt investments was approximately 2.0% (2010: 2.1%) per annum.

22. Pledged Bank Balances and Time Deposits and Cash and Cash Equivalents

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Cash and bank balances	**404,005**	233,177	**249,402**	122,377
Time deposits	**698,391**	990,755	**540,182**	846,221
	1,102,396	1,223,932	**789,584**	968,598
Less: Pledged balances for bank borrowings:				
Bank balances	**(3,772)**	(2,774)	**(3,772)**	(2,774)
Time deposits	**(95,819)**	(96,380)	**(95,819)**	(96,380)
Pledged bank balances and time deposits	**(99,591)**	(99,154)	**(99,591)**	(99,154)
Cash and cash equivalents	**1,002,805**	1,124,778	**689,993**	869,444

At the end of the reporting period, cash and bank balances of the Group denominated in Vietnamese Dong ("VND") and Renminbi ("RMB") amounted to approximately HK$17,596,000 (2010: HK$17,966,000) and HK$2,013,000 (2010: Nil), respectively. The conversion of VND/RMB denominated cash and bank balances into foreign currencies and the remittance of such foreign currencies balances out of Vietnam/the PRC are subject to the relevant rules and regulation of foreign exchange control promulgated by the respective government authorities concerned.

Cash at banks earns interest at floating rates based on bank deposit rates. Short term time deposits are spread over varying periods up to one month based on the estimated cash requirements of the Group, and earn interest at the respective short term time deposit rates. Bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

23. Deposit Paid for Acquisition of Interest in an Associate

On 12 July 2011, Luck Reach Limited (the "Purchaser", a wholly-owned subsidiary of the Company), the Company, Focal Point Services Limited ("Focal"), Keyfull Investment Limited ("Keyfull"), Cypress Vine Corporation ("Cypress", together with Focal and Keyfull, collectively referred as the "Vendors"), guarantors for the Vendors (the "Vendors' Guarantors") and the trustee for Cypress (the "Cypress Trustee") entered into an agreement (the "Acquisition Agreement"), pursuant to which:

(a) the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell 50% equity and loan interests in Best Value International Limited (the "Target") at a total consideration of HK$845,635,574 (subject to adjustment in accordance with the terms and conditions of the Acquisition Agreement); and

23. Deposit Paid for Acquisition of Interest in an Associate (continued)

(b) the Vendors granted an option to the Purchaser to purchase an additional 10% equity and loan interests in the Target (the "Option") for a consideration of HK$169,127,115 (subject to adjustment in accordance with the terms and conditions of the Acquisition Agreement), exercisable by the Purchaser if:

— the agreement to be entered into between the Vendors, Cypress Trustee, the Vendors' Guarantors and Financial Express International Limited ("Financial Express"), which hold 40% of the entire issued share capital of the Target, pursuant to which Financial Express acquires and the Vendors sells the 10% equity and loan interests in the Target (the "FE Agreement") has not been executed with Financial Express within one month from the date of the Acquisition Agreement; or

— the completion of the FE Agreement does not take place within one month from the date of completion of the sale and purchase of 50% equity and loan interests in the Target (the "Completion") due to reasons other than the default of the Vendor(s).

In July 2011, the Group paid an amount of HK$90,000,000 to the Vendors' solicitors as the deposit upon signing of the Acquisition Agreement.

The principal assets of the Target and its subsidiaries (the "Target Group") comprise properties, which representing parcels of ground on Observatory Road, Kowloon, Hong Kong with the buildings erected thereon (now known as Nos. 2, 4, 6, 8, 10 and 12, Observatory Road, Kowloon, Hong Kong) (the "Land"). The Group currently intends that the Target Group will develop a multi-storey commercial complex on the Land.

The Group was informed by the Vendors that the FE Agreement was executed on 1 August 2011. According to the terms of the Acquisition Agreement, if the completion of the FE Agreement does not take place within one month from the date of the Completion due to reasons other than the default of the Vendor(s), then the Option shall be exercisable by the Purchaser. Given that the completion of the FE Agreement has not yet taken place as at the date of this report and the Option will only be exercisable by the Purchaser if the completion of the FE Agreement fails to take place in accordance with the time and other terms prescribed in the Acquisition Agreement, the Option may or may not be exercisable by the Purchaser.

Subject to further studies (including the receipt of surveying and other professional reports) on the properties to be developed on the Land, further discussions and agreements with Financial Express, the final design and development plan in relation to up-scaling of the properties to be developed on the Land in terms of their design, features and quality, possible expenditure for (if required) lease modification, market conditions and such other factors as may be relevant, the total development and related costs for the Land, excluding the acquisition costs of the properties, are currently budgeted at approximately HK$611,000,000.

The acquisition of 50% equity and loan interests in the Target, the exercise of the Option and the amount of financial assistance that is currently estimated to be provided by the Group to the Target Group for redevelopment of the Land of approximately HK$367 million (i.e. 60% of HK$611,000,000) (collectively as the "Transactions") together constituted a major transaction for the Company under Chapter 14 of the Listing Rules and are, therefore, subject to the approval of the Company's shareholders by way of poll. Further details of the Transactions and the Acquisition Agreement were set out in the circular of the Company dated 4 October 2011.

Resolutions approving the Transactions were duly passed at the extraordinary general meeting of the Company on 22 October 2011. Completion shall take place on 11 November 2011 (or such other date as may be agreed by the Purchaser and the Vendors in writing) in accordance with the terms stipulated in the Acquisition Agreement.

24. Completed Properties for Sale

The completed properties for sale are carried at the lower of cost and estimated sale proceeds less costs to be incurred for disposal as at the end of the reporting period.

As at 31 July 2010, the Group's completed properties for sale with a total carrying amount of HK$462,735,000 were pledged to a bank to secure a banking facility granted to the Group. During the year, the outstanding bank loan balance under this banking facility was fully repaid and none of the Group's completed properties for sale were pledged as at 31 July 2011.

25. Equity Investments at Fair Value through Profit or Loss

	Group and Company	
	2011 HK$'000	2010 HK$'000
Equity investments at market value:		
Listed in Hong Kong	**7,707**	12,552
Listed overseas	**2,451**	—
	10,158	12,552

The above equity instruments as at 31 July 2011 and 2010 were classified as held for trading.

26. Debtors and Deposits Paid/Creditors, Deposits Received and Accruals

(a) 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. Hotel and restaurant charges are mainly settled by customers on cash basis except for those corporate clients who maintain credit accounts with the respective subsidiaries, the settlement of which is in accordance with the respective agreements.

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

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Trade debtors:				
Not yet due or less than 30 days past due	**7,252**	23,363	**1,420**	1,101
31-60 days past due	**2,143**	1,458	**235**	267
61-90 days past due	**385**	270	**106**	63
Over 90 days past due	**2,559**	2,282	**1,697**	2,005
	12,339	27,373	**3,458**	3,436
Other debtors and deposits paid	**112,488**	93,942	**42,238**	33,372
	124,827	121,315	**45,696**	36,808

26. Debtors and Deposits Paid/Creditors, Deposits Received and Accruals (continued)

(a) (continued)

Movements in provision for impairment of trade debtors are as follows:

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
At 1 August	**1,446**	1,216	**1,446**	1,216
Impairment losses recognised	**150**	377	**150**	377
Amount written off as uncollectible	**(1,390)**	(147)	**(1,390)**	(147)
At 31 July	**206**	1,446	**206**	1,446

Included in the above provision for impairment of trade debtors is a provision for individually impaired trade debtors. The individually impaired trade debtors related to customers who defaulted in settlement of the receivables and portion of the receivables were expected not to be recovered after taking into account the rental deposits held by the Group.

Debtors that were past due but not impaired mainly relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and rental deposits are received by the Group in advance from its customers, and accordingly, the balances are still considered fully recoverable. Other than rental deposits received, the Group does not hold any collateral or other credit enhancements over these balances.

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

	Group	
	2011 HK$'000	2010 HK$'000
Trade creditors:		
Not yet due or less than 30 days past due	**7,004**	6,973
31-60 days past due	**1,273**	173
61-90 days past due	**374**	1
Over 90 days past due	**481**	—
	9,132	7,147
Other creditors, deposits received and accruals	**212,967**	209,474
	222,099	216,621

The trade creditors are non-interest-bearing normally with one month credit period.

27. Bank Borrowings

	Effective annual interest rate (%)	Group		Company	
		2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Current					
Bank borrowings — secured	1.51-4.06	**217,097**	390,323	**177,200**	201,500
Non-current					
Bank borrowings — secured	1.51-4.06	**2,199,440**	2,313,493	**1,815,100**	2,060,300
		2,416,537	2,703,816	**1,992,300**	2,261,800

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Analysed into:				
Bank borrowings repayable:				
Within one year	**217,097**	390,323	**177,200**	201,500
In the second year	**1,093,814**	1,283,197	**849,000**	1,243,300
In the third to fifth years, inclusive	**1,105,626**	1,030,296	**966,100**	817,000
	2,416,537	2,703,816	**1,992,300**	2,261,800

The Group's bank borrowings as at 31 July 2011 were secured, inter alia, by:

(i) fixed charges over the Group's hotel properties, certain investment properties, certain properties under development for sale and prepaid land lease payments;

(ii) floating charges over certain assets held by the Group;

(iii) charges over certain bank balances and time deposits of the Group; and

(iv) charges over shares of certain subsidiaries held by the Group.

28. Deferred Tax

The movements in deferred tax assets/(liabilities) during the year are as follows:

Group

	Revaluation of investment properties HK$'000	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 August 2009	(683,304)	(82,205)	562	(1,156)	(766,103)
Deferred tax charged to the consolidated income statement during the year — note 11	(203,344)	(6,235)	(193)	—	(209,772)
At 31 July 2010 and 1 August 2010	(886,648)	(88,440)	369	(1,156)	(975,875)
Deferred tax charged/(credited) to the consolidated income statement during the year — note 11	(179,188)	(5,568)	334	—	(184,422)
At 31 July 2011	**(1,065,836)**	**(94,008)**	**703**	**(1,156)**	**(1,160,297)**

The Group had tax losses arising in Hong Kong of approximately HK$1,296,000,000 (2010: HK$1,345,378,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as future taxable profit may not be available to utilise such losses in the foreseeable future.

Company

	Revaluation of investment properties HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 August 2009	(488,919)	(41,864)	(530,783)
Deferred tax charged to the income statement during the year	(129,102)	(3,598)	(132,700)
At 31 July 2010 and 1 August 2010	(618,021)	(45,462)	(663,483)
Deferred tax charged to the income statement during the year	(96,689)	(2,516)	(99,205)
At 31 July 2011	**(714,710)**	**(47,978)**	**(762,688)**

At 31 July 2011, there was no significant unrecognised deferred tax liability (2010: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries and associates as the Group has no liability to additional tax should such amounts be remitted.

29. Share Capital

	2011 Number of shares '000	2011 Nominal value HK$'000	2010 Number of shares '000	2010 Nominal value HK$'000
Authorised:				
Ordinary shares of HK$0.01 (2010: HK$0.01) each	**17,200,000**	**172,000**	17,200,000	172,000
Preference shares of HK$1.00 each	**1,200,000**	**1,200,000**	1,200,000	1,200,000
		1,372,000		1,372,000
Issued and fully paid:				
Ordinary shares of HK$0.01 (2010: HK$0.01) each	**14,162,042**	**141,620**	14,162,042	141,620

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company on 22 September 2011, the authorised share capital of the Company was increased from HK$1,372,000,000 divided into 17,200,000,000 ordinary shares of HK$0.01 each and 1,200,000,000 preference shares of HK$1.00 each to HK$1,470,000,000 divided into 27,000,000,000 ordinary shares of HK$0.01 each and 1,200,000,000 preference shares of HK$1.00 each by the creation of 9,800,000,000 additional ordinary shares of HK$0.01 each, ranking pari passu in all respects with the existing shares of the Company.

Pursuant to a special resolution passed at an extraordinary general meeting of the Company held on 24 July 2006, and the subsequent Order of the High Court of Hong Kong granted on 17 October 2006, the Company effected a capital reduction (the "Capital Reduction") which took effect on 18 October 2006. The paid-up capital on each of its issued ordinary shares of HK$0.50 was cancelled to the extent of HK$0.49 per share, and the nominal value of all of the ordinary shares of the Company, both issued and unissued, was reduced from HK$0.50 per share to HK$0.01 per share. A total credit of HK$6,245,561,000 had arisen as a result of the Capital Reduction. An amount of HK$5,619,000,000 of the total credit was credited to the accumulated losses of the Company and the remaining amount of HK$626,561,000 was credited to the share premium account of the Company.

An undertaking in standard terms was given to the High Court by the Company in connection with the Capital Reduction. The undertaking is for the benefit of the Company's creditors as at the effective date of the Capital Reduction. Pursuant to the undertaking, any receipts by the Company on or after 1 August 2005 in respect of the Company's:

(1) 50% investment in Fortune Sign Venture Inc. ("Fortune Sign"), up to an aggregate amount of HK$1,556,000,000;

(2) 10% investment in Bayshore, up to an aggregate amount of HK$2,923,000,000; and/or

(3) 100% investment in FHEL, up to an aggregate amount of HK$1,140,000,000

shall be credited to a special capital reserve in the accounting records of the Company. While any debt of or claim against the Company as at 18 October 2006 (the effective date of the Capital Reduction) remains outstanding, and the person entitled to the benefit thereof has not agreed otherwise, the special capital reserve shall not be treated as realised profits and (for so long as the Company remains a listed company) shall be treated as an undistributable reserve pursuant to Section 79C of the Hong Kong Companies Ordinance.

29. Share Capital (continued)

The undertaking is subject to the following provisos:

(i) the amount standing to the credit of the special capital reserve may be applied for the same purposes as a share premium account may be applied or may be reduced or extinguished by the aggregate of any increase in the Company's issued share capital or share premium account resulting from an issue of shares for cash or other new consideration upon a capitalisation of distributable reserves after 18 October 2006 and the Company shall be at liberty to transfer the amount of any such reduction to the general reserve of the Company and the same shall become available for distribution;

(ii) the aggregate limit in respect of the special capital reserve may be reduced after the disposal or other realisation of any of the assets being the subject of the undertaking (as referred to at (1) to (3) above) by the amount of the individual limit for the asset in question less such amount (if any) as is credited to the special capital reserve as a result of such disposal or realisation; and

(iii) in the event that the amount standing to the credit of the special capital reserve exceeds the limit thereof, after any reduction of such limit pursuant to proviso (ii) above, the Company shall be at liberty to transfer the amount of such excess to the general reserve of the Company and the same shall become available for distribution.

In prior years, an aggregate amount of HK$630,400,000, which comprised (i) the reversal of provision for impairment of the Company's interest in Peakflow, which holds a 10% equity interest in Bayshore, to the extent of HK$372,072,000; and (ii) the recognition of dividend income from the Company's investment in Fortune Sign of HK$258,328,000, was transferred from accumulated losses to the special capital reserve of the Company.

During the year ended 31 July 2011, there was no movement of transfer between retained profits and special capital reserve.

After the effective date of the Capital Reduction, the Company entered into a placing agreement dated 17 November 2006 pursuant to which a total of 1,416,000,000 new ordinary shares of HK$0.01 each in the capital of the Company were allotted and issued for net cash proceeds of HK$504,136,000. With such increase in the Company's issued share capital and share premium account resulting from the placing of new shares for cash, an aggregate amount of HK$504,136,000 was then transferred from special capital reserve to general reserve (a distributable reserve) of the Company in prior years pursuant to the provisos of the undertaking given by the Company in connection with the Capital Reduction as stated above.

As a result of the above transfers between the reserves, the outstanding balance of the special capital reserve of the Company as at 31 July 2011 was HK$126,264,000 (2010: HK$126,264,000).

30. Share Option Scheme

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives or rewards to eligible participants for their contribution or would-be contribution to the Group, to enable the Group to recruit and retain high-calibre employees and to attract human resource that are valuable to the Group. Eligible participants of the Share Option Scheme include the directors (including executive and non-executive directors) of the Group, employees of the Group, agents or consultants of the Group, and employee of the shareholder or any member of the Group or any holder of any securities issued by any member of the Group. The Share Option Scheme was adopted on 22 December 2006 and became effective on 29 December 2006 and, unless otherwise terminated or amended, will remain in force for 10 years from the latter date.

The maximum number of the Company's shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the Company's total number of shares in issue from time to time. The total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other schemes of the Company shall not exceed 10% of the total number of shares of the Company in issue as at the date of adopting the Share Option Scheme unless the Company seeks the approval of its shareholders in general meeting to refresh the 10% limit under the Share Option Scheme.

The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant except for a substantial shareholder or an independent non-executive director of the Company or any of their associates (including both exercised and outstanding share options) in any 12-month period must not exceed 1% of the Company's total number of shares in issue. Any further grant of share options representing in aggregate over 1% of the total number of the Company's shares in issue must be separately approved by the shareholders in general meeting of the Company.

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, shall be subject to approval by the independent non-executive directors of the Company. Any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, representing in aggregate over 0.1% of the shares of the Company in issue or having an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, in the 12-month period up to and including the date of such grant must be approved by shareholders in general meeting of the Company.

The offer of a grant of share options shall be accepted within 28 days from the date of offer and acceptance shall be made with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant. The exercise period of the share options granted is determinable by the directors of the Company save that such period shall not be more than 10 years from the date of grant of the share options.

The exercise price of share options is determinable by the directors of the Company, but shall not be lower than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the grant; and (iii) the nominal value of the Company's share.

Share options do not confer rights on the holders to dividends or to vote at general meetings of the Company.

30. Share Option Scheme (continued)

The following share options were granted during the year ended 31 July 2007 and vested on the same day, outstanding under the Share Option Scheme as at 31 July 2010 and lapsed during the year:

Category and name of participant	Number of share options granted in 2007 and outstanding as at 31 July 2010 and lapsed during the year	Date of grant of options	Exercise period of share options	Exercise price of share options* per share HK$
Director				
Lau Shu Yan, Julius	15,000,000	19/01/2007	19/01/2007-31/12/2010	0.45
	15,000,000	19/01/2007	19/01/2007-31/12/2010	0.55
	15,000,000	19/01/2007	19/01/2007-31/12/2010	0.65
	15,000,000	19/01/2007	19/01/2007-31/12/2010	0.75
	60,000,000			

* *The exercise price of the share options is subject to adjustment in case of rights issue, or other relevant changes in the Company's share capital.*

Other than the lapse of the above 60,000,000 share options, during the year, no options were granted, exercised, or cancelled or lapsed in accordance with the terms of the Share Option Scheme. As at 31 July 2011, there were no share options outstanding under the Share Option Scheme. As at the date of approval of these financial statements, 1,416,204,232 shares of HK$0.01 each of the Company were available for issue under the Share Option Scheme, representing 10% of the Company's shares in issue as at that date.

31. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 51 of the financial statements.

31. Reserves (continued)

(b) Company

	Notes	Share premium account HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	General reserve HK$'000	Special capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 August 2009		6,974,701	6,572	1,200,000	504,136	46,885	(3,958,673)	4,773,621
Profit for the year	12	—	—	—	—	—	783,259	783,259
Transfer of reserves from accumulated losses to special capital reserve	29	—	—	—	—	79,379	(79,379)	—
At 31 July 2010 and 1 August 2010		6,974,701	6,572	1,200,000	504,136	126,264	(3,254,793)	5,556,880
Profit for the year	12	—	—	—	—	—	566,512	566,512
Transfer of reserve upon lapse of share options	29	—	(6,572)	—	—	—	6,572	—
At 31 July 2011		**6,974,701**	**—**	**1,200,000**	**504,136**	**126,264**	**(2,681,709)**	**6,123,392**

32. Capital Commitments

The Group had the following commitments in respect of purchase of property, plant and equipment not provided for in the financial statements at the end of the reporting period:

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Contracted, but not provided for	**4,168**	11,070	**4,168**	11,070

33. Contingent Liabilities

(a) Contingent liabilities not provided for in the financial statements at the end of the reporting period are as follows:

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Guarantees given to banks in connection with facilities granted to and utilised by:				
Subsidiaries	**—**	—	**356,026**	354,500
Associates	**277,979**	216,608	**277,979**	216,608
	277,979	216,608	**634,005**	571,108

(b) In connection with the disposal (the "Transaction") of 100% interests in Majestic Hotel and Majestic Centre, Kowloon, Hong Kong by Taiwa Land Investment Company, Limited ("Taiwa"), an indirect 50% owned associate of the Group, Taiwa, the Company, and the other 50% beneficial shareholder of Taiwa (collectively the "Covenantors") entered into a tax deed (the "Tax Deed") with the purchaser of the Transaction, and Majestic Hotel Enterprises Holding Limited and Majestic Centre Holding Limited and their subsidiaries (collectively the "Properties Holding Companies") on 17 July 2007. Pursuant to the Tax Deed, the Covenantors severally agreed to indemnify the Properties Holding Companies against any taxation on profits levied by relevant tax authority in Hong Kong resulting from events happened prior to the completion of the Transaction for a maximum amount of HK$30,000,000. As such, the maximum liability of the Company under the Tax Deed is HK$15,000,000. The Tax Deed is valid for a period of 7 years from the date of its execution.

(c) Pursuant to an indemnity deed (the "Lai Fung Tax Indemnity Deed") dated 12 November 1997 entered into between the Company and Lai Fung, the Company has undertaken to indemnify Lai Fung in respect of certain potential PRC income tax and land appreciation tax ("LAT") payable or shared by Lai Fung in consequence of the disposal of any of the property interests attributable to Lai Fung through its subsidiaries and its associates as at 31 October 1997 (the "Property Interests"). These tax indemnities given by the Company apply in so far as such tax is applicable to the difference between (i) the value of the Property Interests in the valuation thereon by Chesterton Petty Limited (currently known as "Knight Frank Petty Limited"), independent chartered surveyors, as at 31 October 1997 (the "Valuation"); and (ii) the aggregate costs of such Property Interests incurred up to 31 October 1997, together with the amount of unpaid land costs, unpaid land premium and unpaid costs of resettlement, demolition and public utilities and other deductible costs in respect of the Property Interests. The Lai Fung Tax Indemnity Deed assumes that the Property Interests are disposed of at the values attributed to them in the Valuation, computed by reference to the rates and legislation governing PRC income tax and LAT prevailing at the time of the Valuation.

The indemnities given by the Company do not cover (i) new properties acquired by Lai Fung subsequent to the listing of the shares of Lai Fung on the Stock Exchange (the "Listing"); (ii) any increase in the relevant tax which arises due to an increase in tax rates or changes to the legislation prevailing at the time of the Listing; and (iii) any claim to the extent that provision for deferred tax on the revaluation surplus has been made in the calculation of the adjusted net tangible asset value of Lai Fung as set out in Lai Fung's prospectus dated 18 November 1997.

33. Contingent Liabilities (continued)

(c) (continued)

After taking into account the Property Interests currently held by Lai Fung as at 31 July 2011 which are covered under the Lai Fung Tax Indemnity Deed and the prevailing tax rates and legislation governing PRC income tax and LAT, the total amount of tax indemnity given by the Company is estimated to be HK$1,336,996,000 (2010: HK$1,341,829,000).

As at 31 July 2011, the directors of the Company, after taking into account the prevailing market situation and the latest development plan and status of the various individual property development projects as included in the Property Interests and the prevailing tax rates and legislation governing PRC income tax and LAT, considered it is probable that an estimated amount of HK$518,570,000 (2010: HK$470,191,000) of the abovementioned tax indemnity given by the Company would be crystallised. Therefore, an additional provision for the tax indemnity amount of HK$48,379,000 (2010: HK$17,495,000) was recognised in the income statement for the year ended 31 July 2011.

34. Operating Lease Arrangements

(a) As lessor

The Group leases its investment properties (note 16) under operating lease arrangements, with leases negotiated for terms ranging from one to three years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group and the Company had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Within one year	**249,374**	215,510	**156,362**	157,872
In the second to fifth years, inclusive	**176,487**	156,997	**119,462**	100,429
	425,861	372,507	**275,824**	258,301

(b) As lessee

The Group leases certain properties under operating lease arrangements, with original lease terms ranging from two years to twelve years. Under the terms of certain leases, the Group has options to terminate the relevant leases upon expiry of certain periods and the rents payable are subject to the turnover generated from the relevant properties.

At the end of the reporting period, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Within one year	**26,494**	12,670	**20,330**	6,538
In the second to fifth years, inclusive	**45,353**	6,545	**37,553**	—
	71,847	19,215	**57,883**	6,538

35. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2011 **Group**

Financial assets

	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Held-to-maturity debt investments HK$'000	Total HK$'000
Available-for-sale financial assets	—	—	883,183	—	883,183
Held-to-maturity debt investments	—	—	—	33,963	33,963
Amounts due from associates	—	769,149	—	—	769,149
Trade and other debtors	—	68,855	—	—	68,855
Equity investments at fair value through profit or loss	10,158	—	—	—	10,158
Pledged bank balances and time deposits	—	99,591	—	—	99,591
Cash and cash equivalents	—	1,002,805	—	—	1,002,805
	10,158	1,940,400	883,183	33,963	2,867,704

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Amounts due to associates	15,854
Trade and other creditors	123,894
Bank borrowings	2,416,537
	2,556,285

35. Financial Instruments by Category (continued)

2010 Group

Financial assets

	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Held-to-maturity debt investments HK$'000	Total HK$'000
Available-for-sale financial assets	—	—	657,994	—	657,994
Held-to-maturity debt investments	—	—	—	180,652	180,652
Amounts due from associates	—	763,556	—	—	763,556
Trade and other debtors	—	62,404	—	—	62,404
Equity investments at fair value through profit or loss	12,552	—	—	—	12,552
Pledged bank balances and time deposits	—	99,154	—	—	99,154
Cash and cash equivalents	—	1,124,778	—	—	1,124,778
	12,552	2,049,892	657,994	180,652	2,901,090

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Amounts due to associates	15,808
Trade and other creditors	110,680
Bank borrowings	2,703,816
	2,830,304

35. Financial Instruments by Category (continued)

Company

Financial assets

	2011					2010				
	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Held-to-maturity debt investments HK$'000	Total HK$'000	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Held-to-maturity debt investments HK$'000	Total HK$'000
Amounts due from subsidiaries	—	4,397,596	—	—	4,397,596	—	4,226,170	—	—	4,226,170
Amounts due from associates	—	401,627	—	—	401,627	—	401,598	—	—	401,598
Available-for-sale financial assets	—	—	101	—	101	—	—	101	—	101
Held-to-maturity debt investments	—	—	—	33,963	33,963	—	—	—	180,652	180,652
Trade and other debtors	—	7,063	—	—	7,063	—	7,035	—	—	7,035
Equity investments at fair value through profit or loss	10,158	—	—	—	10,158	12,552	—	—	—	12,552
Pledged deposits	—	99,591	—	—	99,591	—	99,154	—	—	99,154
Cash and cash equivalents	—	689,993	—	—	689,993	—	869,444	—	—	869,444
	10,158	5,595,870	101	33,963	5,640,092	12,552	5,603,401	101	180,652	5,796,706

Financial liabilities

	2011 Financial liabilities at amortised cost HK$'000	2010 Financial liabilities at amortised cost HK$'000
Amounts due to subsidiaries	980,062	985,792
Amounts due to associates	11,503	11,503
Trade and other creditors	35,881	39,154
Bank borrowings	1,992,300	2,261,800
	3,019,746	3,298,249

The carrying amounts of all financial assets and financial liabilities at amortised cost of the Group and the Company approximate to their fair values.

36. Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
Group				
As at 31 July 2011				
Available-for-sale assets,				
at fair value (note 20)				
Unlisted equity and debt investments	**—**	**867,860**	**—**	**867,860**
Equity investments at fair value				
through profit or loss (note 25)	**10,158**	**—**	**—**	**10,158**
	10,158	**867,860**	**—**	**878,018**
As at 31 July 2010				
Available-for-sale assets,				
at fair value (note 20)				
Unlisted equity and debt investments	—	641,836	—	641,836
Equity investments at fair value				
through profit or loss (note 25)	12,552	—	—	12,552
	12,552	641,836	—	654,388

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
Company				
As at 31 July 2011				
Equity investments at fair value				
through profit or loss (note 25)	**10,158**	**—**	**—**	**10,158**
As at 31 July 2010				
Equity investments at fair value				
through profit or loss (note 25)	12,552	—	—	12,552

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2010: Nil).

37. Financial Risk Management Objectives and Policies

The principal financial assets held by the Group comprise held-to-maturity debt investments, available-for-sale financial assets, pledged bank balances, and time deposits and cash and cash equivalents. The management will, based on the Group's projected cashflow requirements, determine the types and levels of these financial instruments with a view to maintaining appropriate level of fundings for the Group's operations and to enhancing the returns generated from these financial instruments. The Group's principal financial liabilities are bank borrowings. The Group will procure various types and levels of such financial liabilities in order to maintain sufficient fundings for the Group's daily operations and to cope with expenditures incurred for various properties under development for sale or investment projects. In addition, the Group has various other financial assets and liabilities such as debtors and creditors which arise directly from its daily operations.

The main risks arising from the Group's financial instruments are interest rate risks, foreign currency risk, credit risk and equity price risk. The management of the Company meets periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group has adopted relatively conservative strategies on its risk management and the Group has not used any derivatives and other instruments for hedging purposes during the year. The Group does not hold or issue derivative financial instruments for trading purposes. The directors review and determine policies for managing each of these risks and they are summarised as follows:

(i) Fair Value and Cash Flow Interest Rate Risks

Fair value interest rate risk is the risk that the value of a financial instrument fluctuates because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument fluctuates because of changes in market interest rates. The Group is exposed to both fair value and cash flow interest rate risks. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's pledged bank balances and time deposits, cash and cash equivalents and bank borrowings with a floating interest rate.

At present, the Group does not intend to seek to hedge its exposure to interest rate fluctuations. However, the Group constantly reviews the economic situation and its interest rate risk profile, and will consider appropriate hedging measures in future as may be necessary.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant and before any impact on tax, of the Group's profit or loss (through the impact on floating rate pledged bank balances and time deposits, cash and cash equivalents and bank borrowings) and the Group's and the Company's equity.

	Group			Company	
	Increase in interest rate (in percentage)	Decrease in profit or increase in loss HK$'000	Decrease in equity HK$'000	Increase in interest rate (in percentage)	Decrease in equity HK$'000
2011	**0.5%**	**6,571**	**6,571**	**0.5%**	**6,014**
2010	0.5%	7,399	7,399	0.5%	6,466

37. Financial Risk Management Objectives and Policies (continued)

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument fluctuates because of changes in foreign exchange rates.

The Group's major assets and liabilities and transactions are principally denominated in HK$ or US$. As HK$ is pegged against US$, the Group does not expect any significant movements in the exchange rate in the foreseeable future.

During the year, the Group had made a new investment in the United Kingdom with the assets and liabilities denominated in Pounds Sterling. The investment was partly financed by bank borrowings denominated in Pounds Sterling in order to minimise the net foreign exchange exposure. The net investment amounted to approximately HK$86 million which only accounted for a small portion of the consolidated net assets of the Group as at 31 July 2011. Other than the abovementioned, the remaining monetary assets and liabilities of the Group were denominated in Renminbi and Vietnamese Dong which were also insignificant as compared with the Group's total assets and liabilities. No hedging instruments were employed to hedge for the foreign exchange exposure.

(iii) Credit Risk

The Group maintains various credit policies for different business operations as described in note 26. In addition, trade debtors balances are being closely monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk on held-to-maturity debt investments is limited because most of the counter-parties are financial institutions and corporates with investment grade credit-ratings assigned by international credit-rating agencies.

The credit risk of the Group's financial assets, which comprise trade and other debtors, amounts due from associates, held-to-maturity debt investments, cash and cash equivalents and available-for-sale financial assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

(iv) Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as equity investments at fair value through profit or loss (note 25) as at 31 July 2011. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every 5% increase in the fair value of the equity investments, with all other variables held constant and before any impact on tax, of the Group's profit or loss and equity based on their carrying amounts at the end of the reporting period.

	Increase in profit or decrease in loss and increase in equity	
	2011	2010
	HK$'000	HK$'000
Investments listed in:		
Hong Kong — Held-for-trading	**508**	628

37. Financial Risk Management Objectives and Policies (continued)

(v) Liquidity Risk

The Group's objective is to ensure adequate funds are available to meet commitments associated with its capital expenditure and financial liabilities. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

	2011				
	Less than 3 months HK$'000	**3 to 12 months HK$'000**	**1 to 5 years HK$'000**	**No fixed repayment term HK$'000**	**Total HK$'000**
Amounts due to associates	**—**	**—**	**—**	**15,854**	**15,854**
Trade and other creditors	**123,894**	**—**	**—**	**—**	**123,894**
Bank borrowings	**29,312**	**227,709**	**2,285,147**	**—**	**2,542,168**
	153,206	**227,709**	**2,285,147**	**15,854**	**2,681,916**

	2010				
	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	No fixed repayment term HK$'000	Total HK$'000
Amounts due to associates	—	—	—	15,808	15,808
Trade and other creditors	110,680	—	—	—	110,680
Bank borrowings	238,037	190,335	2,340,081	—	2,768,453
	348,717	190,335	2,340,081	15,808	2,894,941

37. Financial Risk Management Objectives and Policies (continued)

(v) Liquidity Risk (continued)

Company

	2011				
	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	No fixed repayment term HK$'000	Total HK$'000
Amounts due to subsidiaries	—	—	—	980,062	980,062
Amounts due to associates	—	—	—	11,503	11,503
Trade and other creditors	35,881	—	—	—	35,881
Bank borrowings	26,779	182,289	1,885,204	—	2,094,272
	62,660	182,289	1,885,204	991,565	3,121,718

	2010				
	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	No fixed repayment term HK$'000	Total HK$'000
Amounts due to subsidiaries	—	—	—	985,792	985,792
Amounts due to associates	—	—	—	11,503	11,503
Trade and other creditors	39,154	—	—	—	39,154
Bank borrowings	85,837	149,080	2,080,629	—	2,315,546
	124,991	149,080	2,080,629	997,295	3,351,995

(vi) Capital Management

The Group manages its capital structure to ensure that entities in the Group will be able to continue to operate as a going concern while maximising the return to stakeholders through the setting up and maintenance of an optimal debt and equity capital structure. The Group's overall strategy remains unchanged from that of the prior year.

The capital structure of the Group consists of mainly bank borrowings and equity attributable to ordinary equity holders of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. They will take into consideration the cost of capital and the risks associated with each class of capital prevailing in the market. Based on the recommendation of the directors, the Group will balance its overall capital structure through various types of equity fund raising exercises as well as maintenance of appropriate types and level of debts.

37. Financial Risk Management Objectives and Policies (continued)

(vi) Capital Management (continued)

The Group monitors its capital structure through a gearing ratio of total bank borrowings to total equity. The Group's policy is to maintain the gearing ratio at a moderate level which stands at 20% at 31 July 2011. Total equity represents equity attributable to ordinary equity holders of the Company. The gearing ratios as at the end of the reporting periods were as follows:

	Group	
	2011 **HK$'000**	2010 HK$'000
Bank borrowings	**2,416,537**	2,703,816
Equity attributable to ordinary equity holders of the Company	**11,959,041**	9,405,690
Gearing ratio	**20%**	29%

38. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 28 October 2011.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (the "AGM") of the members (the "Members") of Lai Sun Development Company Limited (the "Company") will be held at Salon 1-3, JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 21 December 2011 at 11:00 a.m. for the following purposes:

1. To consider and adopt the audited financial statements and the reports of the directors and of the independent auditors of the Company for the year ended 31 July 2011;

2. To re-elect the retiring directors of the Company (the "Directors") and to authorise the board of Directors (the "Board") to fix the Directors' remuneration;

3. To re-appoint Ernst & Young as the independent auditors of the Company and to authorise the Board to fix their remuneration; and

4. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

"**THAT**:

(a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to issue, allot and deal with additional shares in the Company and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are exchangeable or convertible into shares in the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are exchangeable or convertible into shares in the Company) which would or might require the exercise of such power after the end of the Relevant Period;

(c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to:

(i) a Rights Issue (as hereinafter defined); or

(ii) an issue of shares in the Company upon the exercise of rights of subscription, exchange or conversion under the terms of any of the options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are exchangeable or convertible into shares in the Company); or

(iii) an issue of shares in the Company as scrip dividends pursuant to the Articles of Association of the Company from time to time; or

(iv) an issue of shares in the Company under any award or option scheme or similar arrangement for the grant or issue to eligible participants under such scheme or arrangement of shares in the Company or rights to acquire shares in the Company,

shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of this Resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next Annual General Meeting of the Company;

(ii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the Members of the Company in general meeting; or

(iii) the expiration of the period within which the next Annual General Meeting of the Company is required by law or the Articles of Association of the Company to be held; and

"Rights Issue" means an offer of shares of the Company open for a period fixed by the Directors to the holders of shares, whose names appear on the Register of Members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company)."

By Order of the Board
Lai Sun Development Company Limited
Kwok Siu Man
Company Secretary

Hong Kong, 22 November 2011

Notice of Annual General Meeting

Notes:

1. *A Member entitled to attend and vote at the AGM convened by the above notice (the "Notice") is entitled to appoint one (or if he/she/it holds two or more shares, more than one) proxy to attend and, on a poll, vote on his/her/its behalf in accordance with the Articles of Association of the Company (the "Articles of Association"). A proxy need not be a Member.*

2. *A form of proxy for use at the AGM is enclosed with this Notice.*

3. *To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company's share registrars, Tricor Tengis Limited (the "Registrars"), at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the AGM or its adjourned meeting (as the case may be) and in default, the proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude Members from attending in person and voting at the AGM or at its adjourned meeting should they so wish. In such case, the said form(s) of proxy shall be deemed to be revoked.*

   The contact phone and fax numbers of the Registrars are (852) 2980 1333 and (852) 2810 8185 respectively.

4. *To ascertain the entitlements to attend and vote at the AGM, Members must lodge the relevant transfer document(s) and share certificate(s) at the office of the Registrars not later than 4:30 p.m. on Friday, 16 December 2011 for registration.*

5. *Where there are joint registered holders of any share in the Company, any one of such joint holders may attend and vote at the AGM or its adjourned meeting (as the case may be), either personally or by proxy, in respect of such share as if he/she/it were solely entitled thereto; but if more than one of such joint holders are present at the AGM or its adjourned meeting personally or by proxy, that one of such holders so present whose name stands first in the Register of Members of the Company in respect of such share shall alone be entitled to vote in respect thereof.*

6. *Concerning agenda item 2 of this Notice,*

   (i) *in accordance with Article 93 of the Articles of Association, Mr. Cheung Sum, Sam (appointed by the Board as an executive Director on 1 March 2011) will retire at the AGM and, being eligible, offers himself for re-election;*

   (ii) *in accordance with Article 102 of the Articles of Association, Dr. Lam Kin Ming and Messrs. Lau Shu Yan, Julius, Tam Kin Man, Kraven, Cheung Wing Sum, Ambrose ("Mr. ACheung"), Wan Yee Hwa, Edward, Lam Bing Kwan and Leung Shu Yin, William ("Mr. WLeung") will retire from office as Directors by rotation at the AGM. Being eligible, they (except Mr. ACheung) offer themselves for re-election. Mr. ACheung has indicated that he will not be offering himself for re-election;*

   (iii) *Mr. WLeung, an independent non-executive Director, has declared in his annual confirmation of independence for 2010-2011 that he has been acting as the liquidator of True Kin Development Limited ("True Kin"), a private limited company incorporated in Hong Kong, which has proceeded to the final stage of a members' voluntary winding up, at a fee of around HK$30,000. Madam U Po Chu, a non-executive Director, was also a director and a shareholder (23.52% interest) of True Kin. In view of the nature of the service provided by the certified public accountants' firm of which Mr. WLeung is a director and other material facts relating to this case, the Board considers that it should not affect the independence of Mr. WLeung in the exercise of his duties as an independent non-executive Director; and*

   (iv) *in accordance with Rule 13.74 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), details of the Directors proposed for re-election are set out in the "Biographical Details of Directors" section of the 2010-2011 Annual Report of the Company.*

7. *Concerning agenda item 3 of this Notice, the Board (which concurs with the Audit Committee) has recommended that subject to the approval of Members at the AGM, Ernst & Young will be re-appointed independent auditors of the Company for 2011-2012. Members should note that in practice, independent auditors' remuneration for 2011-2012 cannot be fixed at the AGM because such remuneration varies by reference to the scope and extent of audit and other works which the independent auditors are being called upon to undertake in any given year. To enable the Company to charge the amount of such independent auditors' remuneration as operating expenses for the year ending 31 July 2012, Members' approval to delegate the authority to the Board to fix the independent auditors' remuneration for the financial year 2011-2012 is required, and is hereby sought, at the AGM.*

8. *The proposed Ordinary Resolution under agenda item 4 of this Notice relates to the granting of a general mandate to the Directors to issue new shares of up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said Resolution. The Company has no immediate plan to issue any new shares under the general mandate.*

9. *In compliance with Rule 13.39(4) of the Listing Rules, voting on all resolutions proposed in this Notice will be decided by way of a poll.*