



LAI SUN GARMENT

Lai Sun Garment (International) Limited  
(Stock Code: 191)

## Interim Report

For the six months ended 31 January 2014



# Corporate Information

## PLACE OF INCORPORATION

Hong Kong

## BOARD OF DIRECTORS

### *Executive Directors*

Lam Kin Ming (*Chairman*)

Lam Kin Ngok, Peter (*Deputy Chairman*)

Chew Fook Aun (*Deputy Chairman*)

Lam Hau Yin, Lester

*(also alternate director to U Po Chu)*

Lam Kin Hong, Matthew

U Po Chu

### *Independent Non-executive Directors*

Chow Bing Chiu

Lam Bing Kwan

Leung Shu Yin, William

## AUDIT COMMITTEE

Leung Shu Yin, William (*Chairman*)

Chow Bing Chiu

Lam Bing Kwan

## REMUNERATION COMMITTEE

Lam Bing Kwan (*Chairman*)

Chew Fook Aun

Chow Bing Chiu

Leung Shu Yin, William

## COMPANY SECRETARY

Tse Pik Ha

## 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 Ming

Chew Fook Aun

## SHARE REGISTRAR 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

## PRINCIPAL BANKERS

The Bank of East Asia, Limited

China Construction Bank Corporation

Chong Hing Bank Limited

Hang Seng Bank Limited

The Hongkong and Shanghai Banking Corporation Limited

Oversea-Chinese Banking Corporation Limited

## SHARES INFORMATION

### *Place of Listing*

The Main Board of The Stock Exchange  
of Hong Kong Limited

### *Stock Code*

191

### *Board Lot*

1,000 shares

## WEBSITE

[www.laisun.com](http://www.laisun.com)

## INVESTOR RELATIONS

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Fax: (852) 2853 6651

E-mail: [ir@laisun.com](mailto:ir@laisun.com)

\* The address of Tricor Tengis Limited will be changed to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014.

The board of directors (the “Board”) of Lai Sun Garment (International) Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 January 2014 together with the comparative figures of the last corresponding period as follows:

## Condensed Consolidated Income Statement

For the six months ended 31 January 2014

	Notes	Six months ended 31 January	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
TURNOVER	3	<b>1,271,768</b>	470,283
Cost of sales		<b>(666,143)</b>	(152,594)
Gross profit		<b>605,625</b>	317,689
Other revenue		<b>38,349</b>	22,358
Selling and marketing expenses		<b>(33,431)</b>	(11,519)
Administrative expenses		<b>(193,637)</b>	(171,848)
Other operating expenses, net		<b>(24,542)</b>	(17,775)
Employee share option benefits		—	(60,495)
Fair value gains on investment properties		<b>376,818</b>	1,519,509
Provision for tax indemnity	12(b)	<b>(139,017)</b>	—
PROFIT FROM OPERATING ACTIVITIES	4	<b>630,165</b>	1,597,919
Finance costs	5	<b>(134,081)</b>	(48,013)
Share of profits and losses of associates		<b>44,521</b>	(6,630)
Share of profits and losses of joint ventures		<b>49,151</b>	502,978
Discount on acquisition of additional interest in an associate	6	<b>99,382</b>	134,930
PROFIT BEFORE TAX		<b>689,138</b>	2,181,184
Tax	7	<b>(45,877)</b>	(25,345)
PROFIT FOR THE PERIOD		<b>643,261</b>	2,155,839
Attributable to:			
Owners of the Company		<b>338,555</b>	1,103,758
Non-controlling interests		<b>304,706</b>	1,052,081
		<b>643,261</b>	2,155,839
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic		<b>HK\$0.209</b>	HK\$0.682
Diluted		<b>HK\$0.207</b>	HK\$0.675

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2014

	Six months ended 31 January	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	<b>643,261</b>	2,155,839
OTHER COMPREHENSIVE INCOME		
Items that may be subsequently reclassified to profit or loss:		
Changes in fair value of available-for-sale financial assets	<b>4,150</b>	30,587
Exchange realignments	<b>11,141</b>	1,236
Share of other comprehensive income of an associate	<b>59,380</b>	26,541
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<b>74,671</b>	58,364
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<b>717,932</b>	2,214,203
Attributable to:		
Owners of the Company	<b>375,885</b>	1,131,767
Non-controlling interests	<b>342,047</b>	1,082,436
	<b>717,932</b>	2,214,203

# Condensed Consolidated Statement of Financial Position

As at 31 January 2014

	Notes	31 January 2014 (Unaudited) HK\$'000	31 July 2013 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		874,594	838,735
Prepaid land lease payments		23,468	23,982
Investment properties		13,307,586	12,775,296
Properties under development for sale		184,295	879,561
Interests in associates		3,780,226	3,415,620
Interests in joint ventures		5,830,074	5,688,887
Available-for-sale financial assets		1,202,470	1,198,321
Pledged bank balances and time deposits		216,307	216,222
Deposits paid and other receivables		17,997	23,500
<b>Total non-current assets</b>		<b>25,437,017</b>	25,060,124
<b>CURRENT ASSETS</b>			
Completed properties for sale		1,063,139	817,990
Equity investments at fair value through profit or loss		6,324	7,489
Inventories		10,037	6,456
Debtors, deposits paid and other receivables	9(a)	187,050	126,214
Held-to-maturity debt investments		8,524	8,317
Cash and cash equivalents		9,333,898	3,183,396
<b>Total current assets</b>		<b>10,608,972</b>	4,149,862
<b>CURRENT LIABILITIES</b>			
Creditors, deposits received and accruals	9(b)	348,173	358,446
Temporary receipt	10	5,809,135	—
Tax payable		103,260	84,839
Bank borrowings		439,477	430,886
<b>Total current liabilities</b>		<b>6,700,045</b>	874,171
<b>NET CURRENT ASSETS</b>		<b>3,908,927</b>	3,275,691
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>29,345,944</b>	28,335,815
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings		(2,901,408)	(2,983,993)
Guaranteed notes		(2,700,840)	(2,695,474)
Other borrowing, note payable and interest payable		(344,659)	(338,944)
Deferred tax		(177,853)	(177,989)
Provision for tax indemnity	12(b)	(980,638)	(865,923)
Long term rental deposits received		(91,546)	(87,480)
<b>Total non-current liabilities</b>		<b>(7,196,944)</b>	(7,149,803)
		<b>22,149,000</b>	21,186,012
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Issued capital		16,174	16,174
Share premium account		1,908,840	1,908,840
Investment revaluation reserve		161,260	158,034
Share option reserve		16,214	16,214
Hedging reserve		671	(5,889)
Asset revaluation reserve		55,494	55,494
Other reserve	10	904,651	327,231
Exchange fluctuation reserve		58,145	30,601
Retained profits		8,867,168	8,528,561
<b>Non-controlling interests</b>		<b>11,988,617</b>	11,035,260
		<b>10,160,383</b>	10,150,752
		<b>22,149,000</b>	21,186,012

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2014

	Attributable to owners of the Company											Total HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Investment revaluation reserve HK\$'000	Share option reserve HK\$'000	Hedging reserve HK\$'000	Asset revaluation reserve HK\$'000	Other reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	
At 31 July 2013 and 1 August 2013 (Audited)	16,174	1,908,840	158,034	16,214	(5,889)	55,494	327,231	30,601	8,528,561	11,035,260	10,150,752	21,186,012
Profit for the period	—	—	—	—	—	—	—	—	338,555	338,555	304,706	643,261
Other comprehensive income for the period:												
Changes in fair value of available-for-sale financial assets	—	—	2,074	—	—	—	—	—	—	2,074	2,076	4,150
Exchange realignments	—	—	—	—	—	—	—	5,584	—	5,584	5,557	11,141
Share of other comprehensive income of an associate	—	—	1,152	—	6,560	—	—	21,960	—	29,672	29,708	59,380
Total comprehensive income for the period	—	—	3,226	—	6,560	—	—	27,544	338,555	375,885	342,047	717,932
Share of reserve movements of an associate	—	—	—	—	—	—	58,074	—	52	58,126	60,658	118,784
Net proceeds from rights issue (Note 10)	—	—	—	—	—	—	210,329	—	—	210,329	—	210,329
Capital contribution from non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	—	4,780	4,780
Acquisition of additional interest in a subsidiary (Note)	—	—	—	—	—	—	309,017	—	—	309,017	(397,854)	(88,837)
<b>At 31 January 2014 (Unaudited)</b>	<b>16,174</b>	<b>1,908,840</b>	<b>161,260</b>	<b>16,214</b>	<b>671</b>	<b>55,494</b>	<b>904,651</b>	<b>58,145</b>	<b>8,867,168</b>	<b>11,988,617</b>	<b>10,160,383</b>	<b>22,149,000</b>
At 31 July 2012 and 1 August 2012 (Audited)	16,174	1,908,840	140,492	8,658	—	55,494	35,432	422	6,861,232	9,026,744	8,942,905	17,969,649
Profit for the period	—	—	—	—	—	—	—	—	1,103,758	1,103,758	1,052,081	2,155,839
Other comprehensive income for the period:												
Changes in fair value of available-for-sale financial assets	—	—	14,672	—	—	—	—	—	—	14,672	15,915	30,587
Exchange realignments	—	—	—	—	—	—	—	605	—	605	631	1,236
Share of other comprehensive income of an associate	—	—	4,244	—	—	—	—	8,488	—	12,732	13,809	26,541
Total comprehensive income for the period	—	—	18,916	—	—	—	—	9,093	1,103,758	1,131,767	1,082,436	2,214,203
Share of reserve movements of an associate	—	—	—	2,244	—	—	28,976	—	—	31,220	33,862	65,082
Recognition of share-based payments	—	—	—	5,760	—	—	—	—	—	5,760	54,735	60,495
Capital contribution from non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	—	11,902	11,902
Acquisition of additional interest in a subsidiary (Note)	—	—	—	—	—	—	261,400	—	—	261,400	(369,263)	(107,863)
At 31 January 2013 (Unaudited)	16,174	1,908,840	159,408	16,662	—	55,494	325,808	9,515	7,964,990	10,456,891	9,756,577	20,213,468

*Note: During the period from November 2013 to December 2013, the Group acquired 2% additional interest in a subsidiary, Lai Sun Development Company Limited ("LSD"), from the public shareholders at a cost of approximately HK\$88,837,000 and the Group's interest in LSD increased from 49.97% to 51.97%. A discount on acquisition of approximately HK\$309,017,000 was credited to other reserve.*

*During the period from October 2012 to December 2012, the Group acquired 2% additional interest in LSD from the public shareholders at a cost of approximately HK\$107,863,000 and the Group's interest in LSD increased from 47.97% to 49.97%. A discount on acquisition of approximately HK\$261,400,000 was credited to other reserve.*

# Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2014

	Six months ended	
	31 January	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	<b>605,728</b>	62,785
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<b>(380,220)</b>	(1,592,439)
NET CASH FLOWS FROM FINANCING ACTIVITIES	<b>5,924,305</b>	3,286,481
NET INCREASE IN CASH AND CASH EQUIVALENTS	<b>6,149,813</b>	1,756,827
Cash and cash equivalents at beginning of period	<b>3,183,396</b>	1,746,822
Effect of foreign exchange rate changes, net	<b>689</b>	454
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>9,333,898</b>	3,504,103
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>7,564,620</b>	2,975,137
Time deposits	<b>1,769,278</b>	528,966
	<b>9,333,898</b>	3,504,103

# Notes to Condensed Consolidated Interim Financial Statements

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2014 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of presentation used in the preparation of these interim financial statements are the same as those used in the Group's audited consolidated financial statements for the year ended 31 July 2013.

The Group has adopted the new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) which are applicable to the Group and are effective in the current period. The adoption of these new and revised HKFRSs has had no material impact on the reported results or financial position of the Group.

## 3. SEGMENT INFORMATION

The following table presents revenue and results for the Group's reportable segments:

	Six months ended 31 January (Unaudited)											
	Property development and sales		Property investment		Hotel and restaurant operations		Others		Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:												
Sales to external customers	722,742	1,220	284,305	256,138	253,053	202,814	11,668	10,111	—	—	1,271,768	470,283
Intersegment sales	—	—	8,070	8,350	—	—	14,447	13,026	(22,517)	(21,376)	—	—
Other revenue	1,331	552	672	709	656	91	1,669	78	—	—	4,328	1,430
<b>Total</b>	<b>724,073</b>	<b>1,772</b>	<b>293,047</b>	<b>265,197</b>	<b>253,709</b>	<b>202,905</b>	<b>27,784</b>	<b>23,215</b>	<b>(22,517)</b>	<b>(21,376)</b>	<b>1,276,096</b>	<b>471,713</b>
Segment results	222,310	(12,696)	227,178	209,695	21,833	32,165	1,512	(917)	—	—	472,833	228,247
Interest income and unallocated revenue											34,021	20,928
Fair value gains on investment properties	—	—	376,818	1,519,509	—	—	—	—	—	—	376,818	1,519,509
Unallocated expenses											(114,490)	(170,765)
Provision for tax indemnity											(139,017)	—
Profit from operating activities											630,165	1,597,919
Finance costs											(134,081)	(48,013)
Share of profits and losses of associates	15	(172)	1,195	3,646	(1,859)	(34)	—	—	—	—	(649)	3,440
Share of profits and losses of associates — unallocated											45,170	(10,070)
Share of profits and losses of joint ventures	6,106	41,623	43,045	461,355	—	—	—	—	—	—	49,151	502,978
Discount on acquisition of additional interest in an associate											99,382	134,930
Profit before tax											689,138	2,181,184
Tax											(45,877)	(25,345)
Profit for the period											643,261	2,155,839



# Notes to Condensed Consolidated Interim Financial Statements (Continued)

## 3. SEGMENT INFORMATION (CONTINUED)

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		Consolidated	
	31 January 2014 (Unaudited) HK\$'000	31 July 2013 (Audited) HK\$'000	31 January 2014 (Unaudited) HK\$'000	31 July 2013 (Audited) HK\$'000	31 January 2014 (Unaudited) HK\$'000	31 July 2013 (Audited) HK\$'000	31 January 2014 (Unaudited) HK\$'000	31 July 2013 (Audited) HK\$'000	31 January 2014 (Unaudited) HK\$'000	31 July 2013 (Audited) HK\$'000
Segment assets	1,357,393	1,730,151	13,349,911	12,821,558	1,113,923	1,080,110	94,683	69,849	15,915,910	15,701,668
Interests in associates	10,201	10,174	31,269	29,812	18,945	20,029	—	—	60,415	60,015
Interests in associates — unallocated									3,719,811	3,355,605
Interests in joint ventures	1,437,381	1,426,241	4,392,693	4,262,646	—	—	—	—	5,830,074	5,688,887
Unallocated assets									10,519,779	4,403,811
<b>Total assets</b>									<b>36,045,989</b>	<b>29,209,986</b>
Segment liabilities	80,355	120,698	152,545	154,006	79,893	65,270	7,711	5,140	320,504	345,114
Temporary receipt									5,809,135	—
Bank borrowings									3,340,885	3,414,879
Guaranteed notes									2,700,840	2,695,474
Other borrowing, note payable and interest payable									344,659	338,944
Other unallocated liabilities									1,380,966	1,229,563
<b>Total liabilities</b>									<b>13,896,989</b>	<b>8,023,974</b>

## 4. PROFIT FROM OPERATING ACTIVITIES

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

	Six months ended 31 January	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Depreciation <sup>#</sup>	20,762	16,949
Amortisation of prepaid land lease payments <sup>*</sup>	514	514
Loss on disposal of listed equity investments at fair value through profit or loss <sup>*</sup>	—	385
Fair value loss/(gain) on listed equity investments at fair value through profit or loss <sup>*</sup>	1,222	(17)
Interest income from bank deposits	(10,402)	(3,297)
Other interest income	(594)	(611)
Dividend income from listed equity investments at fair value through profit or loss	(25)	(22)
Dividend income from unlisted available-for-sale financial assets	(23,000)	(14,447)

# Depreciation charge of approximately HK\$19,508,000 (Six months ended 31 January 2013: HK\$15,642,000) for property, plant and equipment is included in "other operating expenses, net" on the condensed consolidated income statement.

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

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

## 5. FINANCE COSTS

	Six months ended 31 January	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interest on bank borrowings wholly repayable within five years	38,481	34,995
Interest on guaranteed notes wholly repayable within five years	79,552	4,784
Interest on other borrowing and note payable wholly repayable within five years	5,714	5,702
Bank financing charges	11,561	8,436
	<b>135,308</b>	53,917
Less: Amount capitalised in properties under development for sale	<b>(1,227)</b>	(5,904)
	<b>134,081</b>	48,013

## 6. DISCOUNT ON ACQUISITION OF ADDITIONAL INTEREST IN AN ASSOCIATE

During the period from November 2013 to December 2013, LSD acquired 1.33% additional interest in eSun Holdings Limited ("eSun") from the public shareholders at a cost of approximately HK\$18,545,000 and LSD's interest in eSun was increased from 39.93% to 41.26%. A discount on acquisition of approximately HK\$99,382,000 arose from this acquisition.

During the period from October 2012 to December 2012, LSD acquired 2% additional interest in eSun from the public shareholders at a cost of approximately HK\$29,336,000 and LSD's interest in eSun was increased from 37.93% to 39.93%. A discount on acquisition of approximately HK\$134,930,000 arose from this acquisition.

## 7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (Six months ended 31 January 2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

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.

	Six months ended 31 January	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Current tax		
Hong Kong	37,976	15,801
Overseas	8,438	7,772
	<b>46,414</b>	23,573
Deferred tax	<b>(537)</b>	1,772
Tax charge for the period	<b>45,877</b>	25,345

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Six months ended	
	31 January 2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Earnings		
Earnings for the purpose of basic earnings per share	338,555	1,103,758
Effect of dilutive potential ordinary shares arising from adjustment to the share of profit of a subsidiary based on dilution of its earnings per share	(1,668)	(6,212)
Earnings for the purpose of diluted earnings per share	336,887	1,097,546
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,617,423	1,617,423
Effect of dilutive potential ordinary shares arising from share options	8,949	7,545
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,626,372	1,624,968

## 9. DEBTORS, DEPOSITS PAID AND OTHER RECEIVABLES/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:

	31 January 2014 (Unaudited) HK\$'000	31 July 2013 (Audited) HK\$'000
Trade debtors:		
Not yet due or less than 30 days past due	9,679	6,699
31-60 days past due	2,380	1,980
61-90 days past due	1,082	400
Over 90 days past due	1,426	1,642
Other receivables	14,567	10,721
Deposits paid and prepayments	93,394	58,844
	79,089	56,649
	187,050	126,214

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

## 9. DEBTORS, DEPOSITS PAID AND OTHER RECEIVABLES/CREDITORS, DEPOSITS RECEIVED AND ACCRUALS (CONTINUED)

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

	<b>31 January 2014 (Unaudited) HK\$'000</b>	31 July 2013 (Audited) HK\$'000
Trade creditors:		
Not yet due or less than 30 days past due	<b>11,329</b>	9,171
31-60 days past due	<b>1,325</b>	1,488
61-90 days past due	<b>809</b>	87
Over 90 days past due	<b>28</b>	237
Other payables and accruals	<b>13,491</b>	10,983
Deposits received and other provisions	<b>197,522</b>	185,643
	<b>137,160</b>	161,820
	<b>348,173</b>	358,446

## 10. TEMPORARY RECEIPT/OTHER RESERVE

Temporary receipt represented proceeds from over-subscription of rights issue as at 31 January 2014 which were refunded to the subscribers subsequent to the end of reporting period.

Pursuant to the prospectus dated 13 January 2014, the Company proposed a rights issue of 258,787,744 shares on the basis of four rights shares for every twenty five existing shares of the Company at a subscription price of HK\$0.834 each. The rights issue was subsequently completed on 4 February 2014 (the "Completion"). The net proceeds from the rights issue of approximately HK\$210,329,000, after deduction of rights issue expenses of approximately HK\$5,500,000, were recorded as other reserve as at 31 January 2014. Following the Completion, approximately HK\$2,588,000 and HK\$207,741,000 would be credited to issued capital and share premium account, respectively.

## 11. CAPITAL COMMITMENTS

The Group had the following commitments not provided for in the condensed consolidated interim financial statements at the end of the reporting period:

	<b>31 January 2014 (Unaudited) HK\$'000</b>	31 July 2013 (Audited) HK\$'000
Contracted, but not provided for		
Purchase of property, plant and equipment	<b>9,743</b>	34,803
Additions of investment properties	<b>1,907</b>	—
Acquisition of a subsidiary	<b>—</b>	123,500
	<b>11,650</b>	158,303

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

## 11. CAPITAL COMMITMENTS (CONTINUED)

In addition, the Group's share of joint ventures' own capital commitments, in respect of future development expenditure of its investment properties, is as follows:

	31 January 2014 (Unaudited) HK\$'000	31 July 2013 (Audited) HK\$'000
Authorised, but not contracted for	9,713	—
Contracted, but not provided for	193,627	24,821
	<b>203,340</b>	24,821

## 12. CONTINGENT LIABILITIES

- (a) In connection with the disposal (the "**Disposal**") 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 LSD, Taiwa, LSD, and the other 50% beneficial shareholder of Taiwa (collectively the "**Covenantors**") entered into a tax deed (the "**Tax Deed**") with the purchaser of the Disposal, 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 which happened prior to the completion of the Disposal for a maximum amount of HK\$30 million. As such, the maximum liability of LSD under the Tax Deed is HK\$15 million. The Tax Deed is valid for a period of 7 years from the date of its execution.
- (b) Pursuant to an indemnity deed (the "**Lai Fung Tax Indemnity Deed**") dated 12 November 1997 entered into between LSD and Lai Fung Holdings Limited ("**Lai Fung**"), LSD has undertaken to indemnify Lai Fung in respect of certain potential income tax and land appreciation tax ("**LAT**") of the People's Republic of China (the "**PRC**") 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 LSD 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 LSD do not cover (i) new properties acquired by Lai Fung subsequent to the listing of the shares of Lai Fung on The Stock Exchange of Hong Kong Limited (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.

After taking into account the plans and the status of the Property Interests held by Lai Fung as at 31 January 2014 which are covered under the Lai Fung Tax Indemnity Deed and the prevailing tax rates and legislation governing PRC income tax and LAT, the Group recorded an aggregate provision for tax indemnity of approximately HK\$1,004,940,000 as at 31 January 2014 (31 July 2013: HK\$865,923,000), of which HK\$24,302,000 (31 July 2013: Nil) is included in creditors, deposits received and accruals and HK\$980,638,000 (31 July 2013: HK\$865,923,000) is included in provision for tax indemnity. Therefore, an additional provision for tax indemnity of HK\$139,017,000 (Six months ended 31 January 2013: Nil) is recognised in the condensed consolidated income statement for the six months ended 31 January 2014.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

## 13. RELATED PARTY TRANSACTIONS

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

### (a) Transactions with related parties

	<b>Six months ended 31 January 2014 (Unaudited) HK\$'000</b>	2013 (Unaudited) HK\$'000
Rental income and building management fee received from eSun and its subsidiaries, an associate	4,744	2,846
Rental expenses and building management fees paid to an associate	936	902
Purchase of leasehold buildings from a joint venture	—	205,000
Purchase of properties for sale from a joint venture	1,790	—

The above transactions were entered into based on terms stated in the respective agreements or contracts and were charged on bases mutually agreed by the respective parties.

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

	<b>Six months ended 31 January 2014 (Unaudited) HK\$'000</b>	2013 (Unaudited) HK\$'000
Short term employee benefits	17,051	14,723
Employee share option benefits	—	28,104
Post-employment benefits	46	46
<b>Total compensation paid to key management personnel</b>	<b>17,097</b>	<b>42,873</b>

## 14. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

### Financial instruments measured at amortised cost

Except for the guaranteed notes with fair value of approximately HK\$2,658,520,000 (31 July 2013: HK\$2,577,029,000), the directors consider the carrying amounts of all other financial assets and financial liabilities measured at amortised cost approximate to their fair values as at the end of the reporting period.

### Financial instruments measured at fair value

The Group uses the following hierarchy for measurements of fair values of financial instruments on a recurring basis:

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

Level 2: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

# Notes to Condensed Consolidated Interim Financial Statements *(Continued)*

## 14. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial instruments measured at fair value *(Continued)*

As at 31 January 2014

	Level 1 (Unaudited) HK\$'000	Level 2 (Unaudited) HK\$'000	Level 3 (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Available-for-sale financial assets, at fair value	—	1,188,118	—	1,188,118
Equity investments at fair value through profit or loss	6,324	—	—	6,324
	6,324	1,188,118	—	1,194,442

As at 31 July 2013

	Level 1 (Audited) HK\$'000	Level 2 (Audited) HK\$'000	Level 3 (Audited) HK\$'000	Total (Audited) HK\$'000
Available-for-sale financial assets, at fair value	—	1,183,968	—	1,183,968
Equity investments at fair value through profit or loss	7,489	—	—	7,489
	7,489	1,183,968	—	1,191,457

## Interim Dividend

The Board of the Company has resolved not to declare the payment of an interim dividend for the financial year ending 31 July 2014. No interim dividend was declared in respect of the last corresponding period.

As at 31 January 2014, the Company did not have any reserves available for distribution in accordance with the provisions of Section 79B of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong. The Companies Ordinance in Hong Kong has changed in early March 2014 and the process for restoring the reserves for distribution has been simplified and can be achieved by way of a unilateral declaration of solvency by the Board. The Board intends to make such declaration of solvency and is studying the changes in the Companies Ordinance and preparing for such approval process.

## Management Discussion and Analysis

### BUSINESS REVIEW AND OUTLOOK

The global economy is on a delicate recovery path with the United States leading the way through improving economic and employment conditions. However, a number of factors still shroud the horizon: the weak euro zone economy, adjustments to the macroeconomic policies of major economies, and geopolitical tensions. As a global financial centre, Hong Kong's economic performance is clearly not immune from the challenges faced by the major economies around the world.

The property sector in Hong Kong could be described as a tale of two cities: retail market well supported by low unemployment and robust visitors trend with the office leasing market stabilising with some improvements, but the residential market continues to be quiet since the introduction of control measures in late 2012 and early 2013. It is very likely that these control measures, barring any unforeseen circumstances, are here to stay until land supply has caught up; which is likely to take some years notwithstanding the government's emphasis and effort. Labour supply shortage in the construction industry drove wage inflation and continues to pose a challenge on the cost management side of the picture.

The Group performed admirably against this challenging environment: rental income increased through tenant mix adjustments, rental reversion and addition of the CCB Tower that is fully leased subsequent to the period end, rental proceeds of which was recognised as contributions from joint venture. Sale of Ocean One is substantially completed at the intended average selling price and boosted the revenue and profit of the Group compared to the same period last year.

The management believes it is paramount to prepare the Group for the challenges and opportunities ahead. The Group completed a series of corporate activities as part of the new strategy to improve funding sources, execution capabilities and overall coordination with the wider Lai Sun Group. Further to securing the Tseung Kwan O site in the same period last year, the Group participated in a number of government tenders to grow the pipeline. Major subsidiary of the Group, Lai Sun Development Company Limited ("**LSD**"), was named the most preferred proponent by Ocean Park for the Ocean Park Hotel project in October 2013. We are working with Ocean Park to complete the government approval processes and expect to be awarded the project soon. The Ocean Park Hotel, to be operated by the Marriott group, will provide a total of 495 rooms and approximately 190,210 square feet of attributable rental space to the existing rental portfolio attributable to the Group of approximately 1.0 million square feet. We are excited by the prospects of the Ocean Park Hotel project given the favourable supply and demand picture, which is underpinned by robust growth in visitor numbers and coinciding with the expansion of Ocean Park. The completion of the Observatory Road project will add an attributable rental gross floor area ("**GFA**") of approximately 42,900 square feet in the prime Tsim Sha Tsui area of Hong Kong when it is completed in the third quarter of 2015. The Tai Hang Road project, with 9 luxury units located at one of the most sought after addresses in Hong Kong with attributable GFA of approximately 15,800 square feet, was completed in January 2014 and the Group is preparing for its sale currently. Construction of the Tseung Kwan O site has commenced and is on-track for completion in 2017.



# Management Discussion and Analysis (Continued)

## BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Subsequent to the period, the Group raised net proceeds of approximately HK\$210.3 million through a 4-for-25 rights issue, which will be used for general working capital purposes.

The Group's strong cash position of HK\$3,741.1 million of cash on hand, excluding proceeds from over-subscription of rights issue of HK\$5,809.1 million which was subsequently refunded to the subscribers in February 2014, with a net debt to equity ratio of 22% as at 31 January 2014 provides the Group full confidence and the means to review opportunities more actively. However, the Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

## OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2014, the Group recorded turnover of HK\$1,271.8 million (2013: HK\$470.3 million) and a gross profit of HK\$605.6 million (2013: HK\$317.7 million), representing an increase of approximately 170% and 91%, respectively, over the same period last year. Turnover from rental income, sales of properties, hotel and restaurant and other operations during the period was HK\$284.3 million (2013: HK\$256.1 million), HK\$722.7 million (2013: HK\$1.2 million) and HK\$264.8 million (2013: HK\$213.0 million), respectively.

Profit before tax, excluding finance costs and property revaluations, was HK\$342.1 million (2013: HK\$188.8 million). Net profit attributable to owners of the Company was approximately HK\$338.6 million (2013: HK\$1,103.8 million), representing a decrease of approximately 69% over the same period of last year. Excluding the effect of property revaluations, net profit attributable to owners of the Company increased to approximately HK\$79.3 million (2013: HK\$47.2 million), primarily due to the successful sale of the majority of units at Ocean One. Basic earnings per share including and excluding the effect of property revaluations was HK\$0.209 (2013: HK\$0.682) and HK\$0.049 (2013: HK\$0.029), respectively.

	Six months ended 31 January	
	2014	2013
Profit attributable to owners of the Company	HK\$ million	HK\$ million
Reported	338.6	1,103.8
Adjustments in respect of revaluation gains of investment properties held by		
— subsidiaries	(206.6)	(804.9)
— associates and joint ventures	(52.7)	(251.7)
Profit attributable to owners of the Company excluding revaluation gains of investment properties	79.3	47.2

Equity attributable to owners of the Company as at 31 January 2014 amounted to HK\$11,988.6 million, up from HK\$11,035.3 million as at 31 July 2013. Net asset value per share attributable to owners of the Company increased by 9% to HK\$7.412 per share as at 31 January 2014 from HK\$6.823 per share as at 31 July 2013, representing a discount of 83% to the share price of HK\$1.230 as at 31 January 2014.

# Management Discussion and Analysis (Continued)

## PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and car-parking spaces of the Group's major properties as at 31 January 2014:

	Commercial/ Retail	Office	Industrial	Residential	Hotel	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
Completed Properties Held for Rental <sup>1</sup>	323	453	206	—	—	982	540
Completed Hotel Properties	—	—	—	—	51	51	—
Properties Under Development <sup>2</sup>	68	—	—	119	—	187	90
Completed Properties Held for Sale <sup>3</sup>	9	—	—	36	—	45	22
<b>Total GFA of major properties of the Group</b>	<b>400</b>	<b>453</b>	<b>206</b>	<b>155</b>	<b>51</b>	<b>1,265</b>	<b>652</b>

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

The above table does not include GFA of properties held by Lai Fung.

## PROPERTY INVESTMENT

### Rental Income

During the period under review, the Group's rental operations recorded a turnover of HK\$284.3 million (2013:HK\$256.1 million), representing an 11% increase over the same period last year. The increase was primarily due to continued management of tenant mix and rental reversion at major investment properties. CCB Tower, the 50:50 joint venture project of LSD, is fully leased subsequent to the period end and the rental proceeds was recognised as contributions from joint venture.

The Group wholly owns five major rental properties in Hong Kong, namely Cheung Sha Wan Plaza, Causeway Bay Plaza 2, Lai Sun Commercial Centre, commercial podium of Crocodile Center and Por Yen Building.

# Management Discussion and Analysis (Continued)

## PROPERTY INVESTMENT (CONTINUED)

### Rental Income (Continued)

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

	Six months ended 31 January			Period end occupancy (%)
	2014 HK\$ million	2013 HK\$ million	% Change	
Cheung Sha Wan Plaza (including car-parking spaces)	134.6	120.9	11	98.7
Causeway Bay Plaza 2 (including car-parking spaces)	73.0	65.8	11	96.8
Lai Sun Commercial Centre (including car-parking spaces)	24.1	25.1	-4	89.2
Crocodile Center (commercial podium)	39.3	34.1	15	100.0
Por Yen Building	6.9	6.0	15	98.7
Others	6.4	4.2	52	N/A
<b>Total:</b>	<b>284.3</b>	<b>256.1</b>	<b>11</b>	
<b>Rental proceeds from joint venture project of LSD</b>				
CCB Tower (50% basis)	50.5	—	N/A	95.7

## Review of major rental properties

### Hong Kong Properties

#### *Cheung Sha Wan Plaza*

The asset comprises of an 8-storey and a 7-storey office tower erected on top of a retail podium which was completed in 1989. It is located on top of the Lai Chi Kok MTR station with a total GFA of approximately 689,500 square feet (excluding car-parking spaces). The arcade is positioned to serve the local communities nearby with major banks and recognised restaurants chains as the key tenants.

#### *Causeway Bay Plaza 2*

The asset comprises of a 28-storey commercial/office building with car parking facilities at basement levels which was completed in 1992. It is located at the heart of Causeway Bay with a total GFA of approximately 208,500 square feet (excluding car-parking spaces). Key tenants include a branch of HSBC, commercial offices and major restaurants.

#### *Lai Sun Commercial Centre*

The asset comprises a 13-storey commercial/carpark complex completed in 1987. It is located near the Lai Chi Kok MTR station with a total GFA of approximately 188,500 square feet (excluding car-parking spaces).

#### *CCB Tower, 3 Connaught Road Central*

LSD has a 50:50 interest with China Construction Bank Corporation (“CCB”) in the joint redevelopment project of the former Ritz-Carlton Hotel in Central. This office tower is a landmark property in Central featuring underground access to the MTR station in Central. The property has a total GFA of approximately 229,000 square feet (excluding car-parking spaces). CCB Tower was completed in 2013 and added approximately 59,500 square feet of attributable GFA to our rental portfolio. Subsequent to the period end, CCB Tower has been fully leased with 15 floors of the office floors and 2 banking hall floors leased by CCB for its Hong Kong operations and it is expected to contribute in the coming financial year.

# Management Discussion and Analysis (Continued)

## PROPERTY INVESTMENT (CONTINUED)

### Review of major rental properties (Continued)

#### *Hong Kong Properties (Continued)*

##### *Crocodile Center*

Crocodile Center is a 25-storey commercial/office building which was completed in 2009 and located near the Kwun Tong MTR station. The Group owns the commercial podium which has a total GFA of approximately 97,800 square feet (excluding car-parking spaces). Tenants dominated by local restaurant groups.

##### *Por Yen Building*

The Por Yen Building, being a 14-storey industrial building with total GFA of approximately 123,200 square feet excluding car-parking spaces, is located at the hub of Cheung Sha Wan Business Area and is near to the Lai Chi Kok MTR station.

#### *Overseas Property*

##### *36 Queen Street, London EC4 1HJ, United Kingdom*

In February 2011, LSD acquired an office building in the city in central London located at 36 Queen Street. Completed in 1986, it comprises of a total gross internal area of approximately 61,000 square feet of office accommodation extending over basement, ground and six upper floors. Comprehensive refurbishment and renovation work has been completed and the building is currently being leased.

## PROPERTY DEVELOPMENT

For the six months ended 31 January 2014, recognised turnover from sales of properties was HK\$722.7 million (2013: HK\$1.2 million), representing a significant increase over the same period last year. The exceptional performance was due to the sale of residential units in Ocean One.

### Review of major projects for sale

#### *Ocean One, 6 Shung Shun Street, Yau Tong*

The Group wholly owns this development project, namely "Ocean One" located at No. 6 Shung Shun Street, Yau Tong, Kowloon. This property is a residential-cum-commercial property with a total GFA of about 122,000 square feet (excluding car-parking spaces) or 124 residential units and 2 commercial units. The estimated total development cost (including land cost and lease modification premium) is about HK\$730 million.

As at 31 January 2014, the Group has sold 82 units out of a total of 124 residential units of which the sale of 68 residential units were completed during the period under review. A total of HK\$567.7 million was recognised during the period under review and the average selling prices based on net saleable area and GFA are approximately HK\$13,600 per square foot and HK\$10,200 per square foot, respectively. Subsequent to the period end and up to 28 February 2014, we have completed the sale of a further 4 residential units with total sales proceeds of HK\$34.8 million.

#### *335-339 Tai Hang Road, Hong Kong*

The Group wholly owns the site located at 335-339 Tai Hang Road, Hong Kong. The Group is developing the site into a luxury residential property with a total GFA of about 30,400 square feet (excluding car-parking spaces). The total development cost (including land cost and lease modification premium) is estimated to be about HK\$670 million. This project has been completed during the current period and the Group is preparing the sale of this project.

### Review of major projects under development

#### *2-12 Observatory Road*

LSD completed the acquisition of a 50% interest in a project at Observatory Road, Kowloon with the buildings previously erected there known as Nos. 2-12, Observatory Road, Kowloon in November 2011. The joint venture partner is Henderson Land.

# Management Discussion and Analysis (Continued)

## PROPERTY DEVELOPMENT (CONTINUED)

### Review of major projects under development (Continued)

#### *2-12 Observatory Road (Continued)*

The site is being planned to be redeveloped into a multi-storey commercial building with a total GFA of approximately 165,200 square feet (excluding car-parking spaces). The total development cost is estimated to be approximately HK\$2.3 billion including an estimated land value of approximately HK\$1.8 billion. The new building is expected to be completed in the third quarter of 2015.

The Group reached an agreement with the Government to modify its land lease in relation to the relaxation of the development plot ratio and height restriction. Land premium of about HK\$133.7 million was paid during the period.

#### *Area 68A2, Tseung Kwan O*

In November 2012, LSD successfully tendered for and secured a site located at Area 68A2, Tseung Kwan O, New Territories, through a 50% joint venture vehicle. The lot has a total area of approximately 229,000 square feet with a permitted total GFA of approximately 556,100 square feet split into approximately 458,600 square feet for residential use and approximately 97,500 square feet for commercial use. The current intention is to develop the lot primarily into a residential project for sale, comprising residential towers as well as houses. Completion is expected to be in the second half of 2017.

## HOTEL AND RESTAURANT OPERATIONS

For the six months ended 31 January 2014, hotel and restaurant operations contributed HK\$253.1 million to the Group's turnover (2013: HK\$202.8 million), representing an increase of approximately 25% from the same period last year. Majority of the turnover from hotel and restaurant operations was derived from the Group's operation of the Caravelle Hotel in Ho Chi Minh City, Vietnam.

Caravelle Hotel is a leading international 5-star hotel in the centre of the business, shopping and entertainment district in Vietnam. It is an elegant 24-storey tower with mixture of French colonial and traditional Vietnamese style and has 335 superbly appointed rooms, suites, exclusive Signature Floors, Signature Lounge, specially equipped room for the disabled. Total GFA attributable to the Group is approximately 51,100 square feet.

The restaurant operation includes the Group's interests in 11 restaurants in Hong Kong and Mainland China, including the Michelin 3 star Italian restaurant 8 <sup>1/2</sup> Otto e Mezzo BOMBANA Hong Kong, Michelin 2 star Japanese restaurant Wagyu Takumi, 8 <sup>1/2</sup> Otto e Mezzo BOMBANA Shanghai, CIAK — In The Kitchen at Landmark (opened in the fourth quarter in 2013), Wagyu Kaiseki Den, Gin Sai, Rozan, Kowloon Tang, Island Tang, Chiu Tang and China Tang Hong Kong at Landmark (opened in the fourth quarter in 2013).

The hotel and restaurant operations have extensive experience in providing consultancy and management services to hotels in Mainland China, Hong Kong and other Asian countries. The division's key strategy going forward will continue to focus on providing management services, particularly to capture opportunities arising from the developments of Lai Fung in Shanghai, Guangzhou and Zhongshan. The hotel division will manage Lai Fung's serviced apartments in Shanghai, Guangzhou and Zhongshan under the "STARR" brand. STARR Resort Residence Zhongshan soft opened in August 2013 and comprises two 16-storey blocks with 90 fully furnished serviced apartment units located in the Palm Lifestyle complex in Zhongshan Western district at Cui Sha Road, opposite to the new Zhongshan traditional Chinese medical centre. STARR Hotel Shanghai soft opened in November 2013 and is a 17-storey hotel with 287 fully furnished and equipped hotel units with kitchenette located in the Mayflower Lifestyle complex right in the heart of the Zhabei inner ring road district, within walking distance to Lines 1, 3 and 4 of the Shanghai Metro Station with easy access to major motorways. The Guangzhou "STARR Xin Hotel", located at the junction of Da Sha Tou Road and Yan Jiang Dong Road in Yuexiu District is expected to soft-open in the fourth quarter of 2014.

## INTERESTS IN ASSOCIATES (eSun)

Film production and distribution and media and entertainment divisions improved across the board. Turnover substantially improved and losses narrowed. The acquisition of Intercontinental Group Holdings Limited bolstered its cinema network and film distribution capability. Lai Fung's results were encouraging given the challenging operating environment in the property sector in Mainland China.

As a result, the contribution from eSun Holdings Limited increased from a loss to a profit of HK\$45.2 million (2013: loss of HK\$10.1 million).

# Management Discussion and Analysis (Continued)

## INTERESTS IN JOINT VENTURES

During the period under review, contribution from joint ventures decreased to HK\$49.2 million (2013: HK\$503.0 million). This is primarily due to lower revaluation gains of CCB Tower and the Observatory Road project.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 January 2014, cash and bank balances and undrawn facilities held by the Group amounted to HK\$9,550.2 million and HK\$1,708.2 million, respectively. Cash and bank balances held by the Group excluding LSD as at 31 January 2014 was HK\$6,080.9 million, of which HK\$5,809.1 million, representing proceeds from over-subscription of rights issue, was subsequently refunded to the subscribers in February 2014.

The Group's sources of funding comprise mainly internal funds generated from the Group's business operations, loan facilities provided by banks, guaranteed notes issued to investors and rights issue.

As at 31 January 2014, the Group had bank borrowings of approximately HK\$3,340.9 million, guaranteed notes of approximately HK\$2,700.8 million, a note of HK\$195.0 million and a loan of HK\$31.7 million payable to the late Mr. Lim Por Yen ("**Mr. Lim**"), accrued interest of HK\$118.0 million in relation to the above-mentioned note and loan payable to the late Mr. Lim. The net debt to equity ratio expressed as a percentage of the total outstanding net debt (being the total outstanding bank borrowings, guaranteed notes, note and loan and related accrued interest payable to the late Mr. Lim and temporary receipt from over-subscription of rights issue less the pledged and unpledged bank balances and time deposits) to consolidated net assets attributable to owners of the Company was approximately 22%. As at 31 January 2014, the maturity profile of the bank borrowings of HK\$3,340.9 million was spread over a period of less than 5 years with HK\$439.5 million repayable within 1 year, HK\$1,601.3 million repayable in the second year and HK\$1,300.1 million repayable in the third to fifth years. All the Group's borrowings carried interest on a floating rate basis except for the United States dollar guaranteed notes issued in January 2013 which has a fixed rate of 5.7% per annum.

As at 31 January 2014, certain investment properties with carrying amounts of approximately HK\$13,042.3 million, certain completed properties for sale of approximately HK\$708.6 million, and certain bank balances and time deposits with banks of approximately HK\$216.3 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. The shares of a joint venture held by the Group were pledged to a bank to secure a loan facility granted to a joint venture of the Group. The shares of an investee company held by the Group were pledged to a bank 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 and 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. In addition, the Group has an 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\$227.2 million which only accounted for an insignificant portion of the consolidated net assets of the Group as at 31 January 2014. 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. The Group manages its foreign currency risk by closely reviewing the movement of the foreign currency rate and considers hedging significant foreign currency exposure should the need arise.

## CONTINGENT LIABILITIES

Details of contingent liabilities of the Group are set out in note 12 to the condensed consolidated interim financial statements.

# Particulars of Major Properties

## COMPLETED PROPERTIES HELD FOR RENTAL

Property Name	Location	Group Interest	Tenure	Approximate Attributable Gross Floor Area (square feet)			Total (excluding carpark & ancillary facilities)	No. of car-parking spaces attributable to the Group
				Commercial/Retail	Office	Industrial		
Cheung Sha Wan Plaza	833 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong (New Kowloon Inland Lot No. 5955)	51.97%	The property is held for a term expiring on 30 June 2047	112,556	245,802	—	358,358	184
Por Yen Building	478 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong (New Kowloon Inland Lot No. 2081)	100%	The property is held for a term which expired on 27 June 1997 and had been extended upon expiry until 30 June 2047	—	—	123,207	123,207	7
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)	51.97%	The property is held for a term of 99 years commencing on 15 April 1929 and renewable for a further term of 99 years	57,776	50,595	—	108,371	30
Crocodile Center (commercial podium)	79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong (Kwun Tong Inland Lot No. 692)	100%	The property is held for a term which expired on 27 June 1997 and had been extended upon expiry until 30 June 2047	97,800	—	—	97,800	—
Crocodile Center (car-parking spaces)	79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong (Kwun Tong Inland Lot No. 692)	50%	The property is held for a term which expired on 27 June 1997 and had been extended upon expiry until 30 June 2047	—	—	—	—	27
Lai Sun Commercial Centre	680 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong (New Kowloon Inland Lot No. 5984)	51.97%	The property is held for a term of which expired on 27 June 1997 and had been extended upon expiry until 30 June 2047	54,655	43,327	—	97,982	271
CCB Tower	3 Connaught Road Central, Hong Kong (Inland Lot No. 8736)	25.99%	The property is held for a term commencing from 28 June 1989 and expiring on 30 June 2047	—	59,534	—	59,534	10
Wylar Centre Phase II (20/F and 27/F and car-parking spaces nos. P17, P18 and P59 on 2/F)	192-200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong	51.97%	The property is held for a term of which expired on 27 June 1997 and had been extended upon expiry until 30 June 2047	—	—	26,627	26,627	2

## Particulars of Major Properties (Continued)

### COMPLETED PROPERTIES HELD FOR RENTAL (CONTINUED)

Property Name	Location	Group Interest	Tenure	Approximate Attributable Gross Floor Area (square feet)				No. of car-parking spaces attributable to the Group
				Commercial/ Retail	Office	Industrial	Total (excluding carpark & ancillary facilities)	
AIA Central	1 Connaught Road Central, Hong Kong (Marine Lot No. 275, Section A and the Remaining Portion of Marine Lot No. 278)	5.20%	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)	—	22,293	—	22,293	3
36 Queen Street London	36 Queen Street, London, EC4 1HJ, United Kingdom	51.97%	The property is held freehold	—	31,606	—	31,606	—
Por Mee Factory Building (Units A, B, C and D on 3/F)	500 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong	100%	The property is held for a term which expired on 27 June 1997 and had been extended upon expiry until 30 June 2047	—	—	20,087	20,087	—
Forda Industrial Building (6/F and car-parking spaces nos. 10, 22 and 27 on G/F)	16 Wan Chau Road, Yuen Long, New Territories, Hong Kong	100%	The property is held for a term which expired on 27 June 1997 and had been extended upon expiry until 30 June 2047	—	—	19,300	19,300	3
Metropolitan Factory and Warehouse Building (Units A and B on 7/F and car-parking spaces nos. 11 and 12 on G/F)	30-32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	44.65%	The property is held for a term which expired on 27 June 1997 and had been extended upon expiry until 30 June 2047	—	—	5,077	5,077	1
Victorious Factory Building (Unit B on 5/F)	33A-37A Tseuk Luk Street and 16-20 Sam Chuk Street, San Po Kong, Kowloon, Hong Kong	100%	The property is held for a term which expired on 27 June 1997 and had been extended upon expiry until 30 June 2047	—	—	5,828	5,828	—
Metropolitan Factory and Warehouse Building (Units A and B on 10/F and car-parking spaces nos. 1,2,13 and 14 on G/F)	30-32 Chai Wan, Kok Street, Tsuen Wan, New Territories, Hong Kong	51.97%	The property is held for a term which expired on 27 June 1997 and had been extended upon expiry until 30 June 2047	—	—	5,909	5,909	2
<b>Subtotal of completed properties held for rental:</b>				<b>322,787</b>	<b>453,157</b>	<b>206,035</b>	<b>981,979</b>	<b>540</b>



## Particulars of Major Properties (Continued)

### COMPLETED HOTEL PROPERTY

Hotel Name	Location	Group Interest	Tenure	Approximate Attributable Gross Floor Area (square feet)		No. of car-parking spaces attributable to the Group
				Hotel		
Caravelle Hotel	19-23 Lam Son Square, District 1, Ho Chi Minh City, Vietnam	13.52%	The property is held under a land use right due to expire on 8 October 2040	51,126		—

### PROPERTIES UNDER DEVELOPMENT

Location	Stage of construction	Group interest	Site Area (approximate square feet) (Note)	Expected completion date	Approximate Attributable Gross Floor Area (square feet)			No. of car-parking spaces attributable to the Group
					Commercial/ Retail	Residential	Total (excluding carpark & ancillary facilities)	
2-12 Observatory Road, Tsim Sha Tsui, Kowloon, Hong Kong	Superstructure in progress	25.99%	13,765	Q3 2015	42,919	—	42,919	14
Area 68A2, Tseung Kwan O, New Territories, Hong Kong	Foundation in progress	25.99%	114,500	2nd half of 2017	25,328	119,186	144,514	76
<b>Subtotal of properties under development:</b>					<b>68,247</b>	<b>119,186</b>	<b>187,433</b>	<b>90</b>

Note: On project basis

### COMPLETED PROPERTIES HELD FOR SALE

Property Name	Location	Group interest	Approximate Attributable Gross Floor Area (square feet)			No. of car-parking spaces attributable to the Group
			Commercial/ Retail	Residential	Total (excluding carpark & ancillary facilities)	
Ocean One	6 Shung Shun Street, Yau Tong, Kowloon, Hong Kong	51.97%	9,224	20,219	29,443	15
339 Tai Hang Road	335-339 Tai Hang Road, Hong Kong	51.97%	—	15,799	15,799	7
<b>Subtotal of completed properties held for sale:</b>			<b>9,224</b>	<b>36,018</b>	<b>45,242</b>	<b>22</b>

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

## The Company

On 21 December 2012, the Company entered into a facility agreement (the “**LSG Facility Agreement**”) related to a term loan and revolving credit facility of up to HK\$800 million (the “**LSG Facility**”) to be made available to the Company, as borrower, for a period of up to three years commencing 21 December 2012 (the “**LSG Facility Period**”).

Pursuant to the LSG Facility Agreement, the Company has undertaken to procure that Dr. Lam Kin Ngok, Peter and his family, will, at all times during the LSG Facility Period, remain as the single largest shareholder of the Company (directly or indirectly) and will maintain control over the management of the Company.

At 31 January 2014, the outstanding loan balance of the LSG Facility amounted to HK\$334,000,000.

## LSD

On 26 October 2012, LSD entered into a facility agreement (the “**LSD Facility Agreement**”) related to a term loan and revolving credit facility of up to HK\$2,200 million (the “**LSD Facility**”) to be made available to LSD, as borrower, for a period of up to three years commencing 26 October 2012 (the “**LSD Facility Period**”).

Pursuant to the LSD Facility Agreement, LSD has undertaken to procure that Dr. Lam Kin Ngok, Peter and his family, will, at all times during the LSD Facility Period, remain as the single largest shareholder of LSD (directly or indirectly) and will maintain control over the management of LSD.

At 31 January 2014, the outstanding loan balance of the LSD Facility amounted to HK\$1,028,500,000.

# Disclosure Pursuant to Paragraph 13.22 of Chapter 13 of the Listing Rules

## Financial assistance and guarantees to affiliated companies

As at 31 January 2014, 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 of the Listing Rules, the pro forma combined statement of financial position of the affiliated companies as at 31 January 2014 is disclosed as follows:

	HK\$'000
Property, plant and equipment	3,050,329
Properties under development	803,599
Investment property under construction	5,022,117
Investment properties	14,564,725
Film rights	41,506
Film products	117,631
Music catalogs	18,361
Goodwill	123,440
Interests in associates	56,354
Interests in joint ventures	1,120,124
Available-for-sale investments	164,267
Deposits, prepayments and other receivables	515,375
Deferred tax assets	9,217
Derivative financial instruments	36,414
Amounts due from shareholders	8,370
Net current assets	5,497,128
<b>Total assets less current liabilities</b>	<b>31,148,957</b>
<b>NON-CURRENT LIABILITIES</b>	
Long term deposits received	(158,014)
Long term borrowings	(3,255,596)
Convertible notes	(63,286)
Fixed rate senior notes	(2,256,748)
Deferred tax liabilities	(2,494,513)
Deferred income	(47,779)
Amounts due to shareholders	(5,471,512)
	<b>(13,747,448)</b>
	<b>17,401,509</b>
<b>CAPITAL AND RESERVES</b>	
Issued capital	646,895
Share premium account	4,230,797
Contributed surplus	891,289
Investment revaluation reserve	14,346
Share option reserve	15,258
Hedging reserve	3,363
Exchange reserve	296,900
Other reserve	672,488
Accumulated profits	3,037,434
	<b>9,808,770</b>
Non-controlling interests	7,592,739
	<b>17,401,509</b>

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**” and the “**Listing Rules**”, respectively) throughout the six months ended 31 January 2014 save for the deviations from code provisions A.4.1 and A.5.1.

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

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

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

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

## SECURITIES TRANSACTIONS BY DIRECTORS AND DESIGNATED EMPLOYEES

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees (the “**Securities Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. The Company has made specific enquiry on all Directors who have confirmed in writing their compliance with the required standard set out in the Securities Code during the six months ended 31 January 2014.

# Corporate Governance and Other Information (Continued)

## DIRECTORS' INTERESTS

The following Directors and the chief executive of the Company who held office on 31 January 2014 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 of Directors and Chief Executive"); or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Securities Code; or (d) as known by the Directors:

### (a) The Company

#### Long positions in the ordinary shares of HK\$0.01 each of the Company (the "Shares") and the underlying 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	188,783,407 (Note 1)	Nil	562,590,430 (Note 1)	1,617,423 (Notes 2 and 5)	752,991,260	40.13%
Lam Kin Ming	Beneficial owner	5,809,583 (Note 1)	Nil	Nil	Nil	5,809,583	0.31%
Chew Fook Aun	Beneficial owner	Nil	Nil	Nil	16,174,234 (Notes 3 and 5)	16,174,234	1.00%
U Po Chu	Beneficial owner	4,788,045 (Note 1)	Nil	Nil	Nil	4,788,045	0.25%
Lam Hau Yin, Lester	Beneficial owner	70,323,800 (Note 1)	Nil	Nil	16,174,234 (Notes 4 and 5)	86,498,034	4.61%

#### Notes:

1. These Shares include the rights shares that provisionally allotted on 13 January 2014 pursuant to the 4-for-25 rights issue of the Company ("**Rights Issue**").

*Dr. Lam Kin Ngok, Peter was deemed to be interested in 562,590,430 Shares (representing approximately 29.99% of the Company's issued share capital as enlarged by the Rights Issue) by virtue of his 100% interest in the issued share capital of Wisdoman Limited which directly owned 562,590,430 Shares in the Company.*

2. A share option comprising a total of 1,617,423 underlying Shares in the Company had been granted to Dr. Lam Kin Ngok, Peter at an exercise price of HK\$1.41 per Share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.
3. A share option comprising a total of 16,174,234 underlying Shares in the Company had been granted to Mr. Chew Fook Aun at an exercise price of HK\$0.582 per Share on 5 June 2012 and is exercisable during the period from 5 June 2012 to 4 June 2022.
4. A share option comprising a total of 16,174,234 underlying Shares in the Company had been granted to Mr. Lam Hau Yin, Lester at an exercise price of HK\$1.41 per Share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.

# Corporate Governance and Other Information *(Continued)*

## DIRECTORS' INTERESTS *(CONTINUED)*

### (a) The Company *(Continued)*

Notes: *(Continued)*

5. On 7 February 2014, the exercise price of and the number of Shares entitled to be subscribed for under the outstanding share options have been adjusted in the following manner following the completion of Rights Issue.

Name of Director	Number of share options before the Rights Issue	Exercise price per Share prior to the Rights Issue HK\$	Number of share options after the Rights Issue	Adjusted exercise price per Share after the Rights Issue HK\$
Lam Kin Ngok, Peter	1,617,423	1.41	1,876,211	1.21
Chew Fook Aun	16,174,234	0.582	18,762,111	0.501
Lam Hau Yin, Lester	16,174,234	1.41	18,762,111	1.21

### (b) Associated Corporations

- (i) Lai Sun Development Company Limited (“LSD”) — a subsidiary of the Company (since 30 September 2010)

#### Long positions in the ordinary shares of HK\$0.01 each and the underlying shares in LSD

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	14,307,745	Nil	10,425,699,353 <i>(Note 1)</i>	20,062,893 <i>(Note 2)</i>	10,460,069,991	52.14%
Chew Fook Aun	Beneficial owner	Nil	Nil	Nil	200,628,932 <i>(Note 3)</i>	200,628,932	1.00%
U Po Chu <i>(Note 5)</i>	Beneficial owner	897,316	Nil	Nil	Nil	897,316	0.004%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	Nil	200,628,932 <i>(Note 4)</i>	200,628,932	1.00%

# Corporate Governance and Other Information (Continued)

## DIRECTORS' INTERESTS (CONTINUED)

### (b) Associated Corporations (Continued)

#### (i) Lai Sun Development Company Limited (“LSD”) — a subsidiary of the Company (since 30 September 2010) (Continued)

Notes:

1. The Company and two of its wholly-owned subsidiaries, namely Joy Mind Limited and Zimba International Limited, beneficially owned in aggregate 10,425,699,353 shares in LSD, representing approximately 51.97% of the issued share capital of LSD. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 10,425,699,353 shares in LSD (representing approximately 51.97% of LSD's issued share capital) by virtue of, in aggregate, his personal and deemed interests of approximately 40.13% in the issued share capital of the Company as enlarged by the Rights Issue.
2. A share option comprising a total of 20,062,893 underlying shares in LSD had been granted to Dr. Lam Kin Ngok, Peter at an exercise price of HK\$0.335 per share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.
3. A share option comprising a total of 200,628,932 underlying shares in LSD had been granted to Mr. Chew Fook Aun at an exercise price of HK\$0.112 per share on 5 June 2012 and is exercisable during the period from 5 June 2012 to 4 June 2022.
4. A share option comprising a total of 200,628,932 underlying shares in LSD had been granted to Mr. Lam Hau Yin, Lester at an exercise price of HK\$0.335 per share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.
5. Madam U Po Chu is the widow of the late Mr. Lim Por Yen whose estate includes an interest of 197,859,550 shares in LSD, representing approximately 0.99% of the issued share capital of LSD.

#### (ii) eSun Holdings Limited (“eSun”) — an associate of LSD

##### Long positions in the ordinary shares of HK\$0.50 each and the underlying shares 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	512,890,186 (Note 1)	1,243,212 (Note 2)	516,927,841	41.58%
Chew Fook Aun	Beneficial owner	Nil	Nil	Nil	6,216,060 (Note 3)	6,216,060	0.50%
Lam Hau Yin, Lester	Beneficial owner	2,794,443	Nil	Nil	12,432,121 (Note 4)	15,226,564	1.22%

# Corporate Governance and Other Information (Continued)

## DIRECTORS' INTERESTS (CONTINUED)

### (b) Associated Corporations (Continued)

#### (ii) eSun Holdings Limited (“eSun”) — an associate of LSD (Continued)

Notes:

1. The Company was interested in 10,425,699,353 shares in LSD, representing approximately 51.97% of the issued share capital of LSD. Transtrend Holdings Limited, a wholly-owned subsidiary of LSD, was interested in 512,890,186 shares in eSun, representing approximately 41.26% of the issued share capital of eSun. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 512,890,186 shares in eSun (representing approximately 41.26% of eSun's issued share capital) by virtue of, in aggregate, his personal and deemed interests of approximately 40.13% and 52.14% in the issued share capital of the Company and LSD, respectively.
2. A share option comprising a total of 1,243,212 underlying shares in eSun had been granted to Dr. Lam Kin Ngok, Peter at an exercise price of HK\$1.612 per share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.
3. A share option comprising a total of 6,216,060 underlying shares in eSun had been granted to Mr. Chew Fook Aun at an exercise price of HK\$0.92 per share on 5 June 2012 and is exercisable during the period from 5 June 2012 to 4 June 2022.
4. A share option comprising a total of 12,432,121 underlying shares in eSun had been granted to Mr. Lam Hau Yin, Lester at an exercise price of HK\$1.612 per share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.
5. Dr. Lam Kin Ngok, Peter resigned as an ED of eSun on 14 February 2014.

#### (iii) Lai Fung Holdings Limited (“Lai Fung”) — a subsidiary of eSun (since 11 June 2012)

##### Long positions in the ordinary shares of HK\$0.10 each and the underlying shares 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	Beneficial owner/ Owner of controlled corporations	Nil	Nil	8,274,270,422 (Note 1)	16,095,912 (Note 3)	8,290,366,334	51.49%
Chew Fook Aun	Beneficial owner	Nil	Nil	Nil	80,479,564 (Note 4)	80,479,564	0.50%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	Nil	160,959,129 (Note 5)	160,959,129	1.00%



# Corporate Governance and Other Information (Continued)

## DIRECTORS' INTERESTS (CONTINUED)

### (b) Associated Corporations (Continued)

#### (iii) Lai Fung Holdings Limited (“Lai Fung”) — a subsidiary of eSun (since 11 June 2012) (Continued)

Notes:

1. These interests in Lai Fung were the shares beneficially owned by Merit Worth Limited (4,385,231,724 shares) and Silver Glory Securities Limited (3,889,038,698 shares), the latter two companies being wholly-owned subsidiaries of eSun, representing approximately 51.39% of the issued share capital of Lai Fung. eSun is owned as to approximately 41.26% by LSD which in turn is owned as to approximately 51.97% by the Company. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 8,274,270,422 shares in Lai Fung (representing approximately 51.39% of Lai Fung's issued share capital) by virtue of, in aggregate, his personal and deemed interests of approximately 41.58% in eSun.
2. A share option scheme was adopted by Lai Fung on 21 August 2003 and commenced with effect from 28 August 2003 and remains in force for a period of 10 years (“**Old Scheme**”). A new share option scheme was adopted by Lai Fung on 18 December 2012 and commenced with effect from 20 December 2012 and remains in force for a period of 10 years (“**New Scheme**”).
3. A share option comprising a total of 16,095,912 underlying shares in Lai Fung had been granted to Dr. Lam Kin Ngok, Peter under the New Scheme at an exercise price of HK\$0.228 per share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.
4. A share option comprising a total of 80,479,564 underlying shares in Lai Fung had been granted to Mr. Chew Fook Aun under the Old Scheme at an exercise price of HK\$0.133 per share on 12 June 2012 and is exercisable during the period from 12 June 2012 to 11 June 2020.
5. A share option comprising a total of 160,959,129 underlying shares in Lai Fung had been granted to Mr. Lam Hau Yin, Lester under the New Scheme at an exercise price of HK\$0.228 per share on 18 January 2013 and is exercisable during the period from 18 January 2013 to 17 January 2023.

#### Long positions in the 9.125% Senior Notes due 2014 issued by Lai Fung (the “9.125% Senior Notes”)

Name of Director	Capacity	Nature of interests	Principal Amount
Lam Kin Ngok, Peter	Owner of controlled corporations	Corporate	US\$1,025,000 (Note)

Note:

The 9.125% Senior Notes in a principal amount of US\$1,025,000 were beneficially owned by Accuremark Limited, a wholly-owned subsidiary of eSun. Lai Fung is owned as to approximately 51.39% by eSun which is in turn is owned as to approximately 41.26% by LSD which is in turn owned as to approximately 51.97% by the Company. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the 9.125% Senior Notes in the same principal amount of US\$1,025,000 by virtue of, in aggregate, his personal and deemed interests of approximately 41.58% in eSun.

Dr. Lam Kin Ngok, Peter stepped down as the Chairman of the board of directors and an ED of Lai Fung with effect from 1 November 2012.

## Corporate Governance and Other Information (Continued)

### DIRECTORS' INTERESTS (CONTINUED)

#### (b) Associated Corporations (Continued)

##### (iii) Lai Fung Holdings Limited (“Lai Fung”)—a subsidiary of eSun (since 11 June 2012) (Continued)

###### Long positions in the 6.875% Senior Notes due 2018 issued by Lai Fung (the “6.875% Senior Notes”)

Name of Director	Capacity	Nature of Interests	Principal Amount
Lam Kin Hong, Matthew	Owner of controlled corporations	Corporate (Note)	CNY23,600,000

Note:

The 6.875% Senior Notes are held by Tai Fu Holdings Limited, the entire issued share capital of which is beneficially owned by Mr. Lam Kin Hong, Matthew and his spouse.

##### (iv) Media Asia Group Holdings Limited (“MAGH”) — a subsidiary of eSun

###### Long positions in the ordinary shares and underlying shares in MAGH

Name of Director	Capacity	Number of ordinary shares of HK\$0.01 each held	Number of underlying shares held	Total number of issued shares and underlying shares	Approximate % of total interests to total issued shares
Lam Kin Ngok, Peter	Owner of controlled corporations	482,521,275 (Note 1)	559,750,000 (Note 2)	1,042,271,275	110.22%

Notes:

- As at 31 January 2014, these interests in MAGH represented the shares beneficially owned by Perfect Sky Holdings Limited (“Perfect Sky”), a wholly-owned subsidiary of eSun, representing approximately 51.03% of the issued share capital of MAGH. eSun is owned as to approximately 41.26% by LSD which in turn is owned as to approximately 51.97% by the Company. As the Company is approximately 10.06% owned by Dr. Lam Kin Ngok, Peter and approximately 29.99% owned by Wisdom Limited which is in turn 100% beneficially owned by Dr. Lam Kin Ngok, Peter, he was deemed to be interested in the said 482,521,275 shares in MAGH.
- By virtue of Dr. Lam Kin Ngok, Peter’s interests through the controlled corporations described in Note (1) above, he was also deemed to be interested in the 284,750,000 underlying shares of MAGH comprised in the first completion convertible notes issued to Perfect Sky by MAGH on 9 June 2011 (“First Completion Date”) and the 275,000,000 underlying shares of MAGH comprised in the second completion convertible notes issued to Perfect Sky by MAGH on 9 June 2012, being the first anniversary of the First Completion Date.

Save as disclosed above, as at 31 January 2014, none of the Directors and chief executive of the Company and their respective associates were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange under the SFO, recorded in the Register of Directors and Chief Executive, or notified under the Securities Code or otherwise known by the Directors.

## Corporate Governance and Other Information *(Continued)*

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 31 January 2014, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals, one being 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 (the "Register of Shareholders") or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (the "Voting Entitlements") (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

#### Long positions in the Shares and the underlying Shares of the Company

Name	Capacity	Nature of interests	Number of Shares	Approximate % of Shares in Issue
<b>Substantial Shareholders</b>				
Lam Kin Ngok, Peter <i>(Note 1)</i>	Beneficial owner	Personal and corporate	752,991,260 <i>(Note 2)</i>	40.13%
Wisdoman Limited	Beneficial owner	Corporate	562,590,430 <i>(Notes 1 &amp; 2)</i>	29.99%
Third Avenue Management LLC	Investment manager	Corporate	242,671,398 <i>(Note 3)</i>	15.00%
Third Avenue Management LLC, on behalf of the Third Avenue Value Fund	Beneficial owner	Corporate	171,393,000 <i>(Note 3)</i>	10.60%
<b>Other Persons</b>				
Chu Yuet Wah	Owner of controlled corporation	Personal	162,115,672 <i>(Note 4(a))</i>	8.40% <i>(Note 4(b))</i>
Active Dynamic Limited	Owner of controlled corporation	Corporate	162,115,672 <i>(Note 4(a))</i>	8.40% <i>(Note 4(b))</i>
Kingston Financial Group Limited	Owner of controlled corporation	Corporate	162,115,672 <i>(Note 4(a))</i>	8.40% <i>(Note 4(b))</i>
Kingston Capital Asia Limited	Owner of controlled corporation	Corporate	162,115,672 <i>(Note 4(a))</i>	8.40% <i>(Note 4(b))</i>
Galaxy Sky Investments Limited	Owner of controlled corporation	Corporate	162,115,672 <i>(Note 4(a))</i>	8.40% <i>(Note 4(b))</i>
Kingston Securities Limited	Owner of controlled corporation	Corporate	162,115,672 <i>(Note 4(a))</i>	8.40% <i>(Note 4(b))</i>
Yu Cheuk Yi	Beneficial owner	Personal	123,304,000 <i>(Note 5)</i>	7.62%
Yu Siu Yuk	Beneficial owner	Personal	123,304,000 <i>(Note 5)</i>	7.62%
Dalton Investments LLC	Investment manager	Corporate	82,395,337	5.09%

## Corporate Governance and Other Information *(Continued)*

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS (CONTINUED)

Notes:

- (1) *Dr. Lam Kin Ngok, Peter, Director of the Company, is also director of Wisdoman Limited.*
- (2) *These Shares include the rights shares that have been provisionally allotted on 13 January 2014 pursuant to the Rights Issue.*  
*Dr. Lam Kin Ngok, Peter was deemed to be interested in 562,590,430 Shares of the Company owned by Wisdoman Limited by virtue of his 100% interests in the issued share capital of Wisdoman Limited.*
- (3) *Third Avenue Management LLC held 242,671,398 Shares of the Company, of which Third Avenue Management LLC, on behalf of the Third Avenue Value Fund, held 171,393,000 Shares of the Company.*
- (4)(a) *These Shares represent the underwritten rights shares underwritten by Kingston Securities Limited under the Rights Issue, which were ceased following the completion of the Rights Issue.*
- (4)(b) *According to the notices of disclosure of interests filed in the Stock Exchange, (i) the percentage of interest is calculated based on the issued share capital of the Company as enlarged by the Rights Issue; and (ii) Kingston Securities Limited is 100% controlled by Galaxy Sky Investments Limited; Galaxy Sky Investments Limited is 100% controlled by Kingston Capital Asia Limited; Kingston Capital Asia Limited is 100% controlled by Kingston Financial Group Limited; Kingston Financial Group Limited is 42.53% controlled by Active Dynamic Limited and Active Dynamic Limited is 100% controlled by Chu Yuet Wah.*
- (5) *Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk were both taken to be interested in the same 123,304,000 Shares of the Company, which were held jointly by them.*

Save as disclosed above, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who, as at 31 January 2014, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares of the Company as recorded in the Register of Shareholders.

### SHARE OPTION SCHEME

#### (1) The Company

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

# Corporate Governance and Other Information (Continued)

## SHARE OPTION SCHEME (CONTINUED)

### (1) The Company (Continued)

Information on movements of share options under the Share Option Scheme during the six months ended 31 January 2014 is set out below:

#### Number of underlying Shares comprised in share options

Category/Name of participant	Date of grant of share options (Note 1)	As at 1 August 2013	Granted during the period	Lapsed during the period	As at 31 January 2014	Exercisable period of share options	Exercise price of share options per share HK\$ (Note 2)
<b>Director</b>							
Lam Kin Ngok, Peter	18/01/2013	1,617,423	—	—	1,617,423 (Note 3)	18/01/2013 to 17/01/2023	1.41 (Note 3)
Chew Fook Aun	05/06/2012	16,174,234	—	—	16,174,234 (Note 3)	05/06/2012 to 04/06/2022	0.582 (Note 3)
Lam Hau Yin, Lester	18/01/2013	16,174,234	—	—	16,174,234 (Note 3)	18/01/2013 to 17/01/2023	1.41 (Note 3)
		33,965,891	—	—	33,965,891		
<b>Other employees, in aggregate</b>	18/01/2013	10,687,117	—	—	10,687,117 (Note 3)	18/01/2013 to 17/01/2023	1.41 (Note 3)
<b>Other employees, in aggregate</b>	26/07/2013	500,000	—	—	500,000 (Note 3)	26/07/2013 to 25/07/2023	1.49 (Note 3)
		11,187,117	—	—	11,187,117		
<b>Grand Total</b>		45,153,008	—	—	45,153,008		

Notes:

- The share options were vested on the date of grant.
- The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other specific changes in the Company's share capital.
- On 7 February 2014, the exercise price of and the number of Shares entitled to be subscribed for under the outstanding share options have been adjusted in the following manner following the completion of Rights Issue of the Company.

Name of Director	Number of share options before the Rights Issue	Exercise price per Share prior to the Rights Issue HK\$	Number of share options after the Rights Issue	Adjusted exercise price per Share after the Rights Issue HK\$
Lam Kin Ngok, Peter	1,617,423	1.41	1,876,211	1.21
Chew Fook Aun	16,174,234	0.582	18,762,111	0.501
Lam Hau Yin, Lester	16,174,234	1.41	18,762,111	1.21
Other employees, in aggregate	10,687,117	1.41	12,397,056	1.21
Other employees, in aggregate	500,000	1.49	580,000	1.28
<b>Total</b>	45,153,008		52,377,489	

During the period under review, no share options were granted, exercised, cancelled or lapsed in accordance with the terms of the Share Option Scheme.

At 31 January 2014 and the date of this report, the Company had 45,153,008 underlying Shares and 52,377,489 underlying Shares, respectively comprised in options outstanding under the Share Option Scheme, which represented approximately 2.79% of the Company's Shares in issue as at those dates.

# Corporate Governance and Other Information *(Continued)*

## SHARE OPTION SCHEME *(CONTINUED)*

### (2) LSD

LSD adopted a share option scheme (the “**LSD Share Option Scheme**”) on 22 December 2006 and the LSD Share Option Scheme became effective on 29 December 2006 (the “**Commencement Date**”). The purpose of the LSD Share Option Scheme is to provide incentives or rewards to any eligible employee and director of LSD or any of its subsidiaries, any agent or consultant of any member of LSD and its subsidiaries (“**LSD Group**”) or any employee of the shareholder of any member of the Group or any holder of any securities issued by any member of LSD Group for their contribution or would be contribution to LSD Group and/or to enable LSD Group to recruit and retain high-calibre employees and attract human resources that are valuable to LSD Group. Unless otherwise altered or terminated, the LSD Share Option Scheme will be valid and effective for a period of 10 years commencing on the Commencement Date.

Information on movements of share options under the LSD Share Option Scheme (the “**LSD Share Options**”) during the six months ended 31 January 2014 is set out below:

#### Number of underlying shares comprised in options

Category/Name of participant	Date of grant of share options (Note 1)	As at 1 August 2013	Granted during the period	Lapsed during the period	As at 31 January 2014	Exercisable period of share options	Exercise price of share options per share HK\$ (Note 2)
<b>Director</b>							
Lam Kin Ngok, Peter	18/01/2013	20,062,893	—	—	20,062,893	18/01/2013 to 17/01/2023	0.335
Chew Fook Aun	05/06/2012	200,628,932	—	—	200,628,932	05/06/2012 to 04/06/2022	0.112
Lau Shu Yan, Julius	18/01/2013	100,314,466	—	—	100,314,466	18/01/2013 to 17/01/2023	0.335
Lam Hau Yin, Lester	18/01/2013	200,628,932	—	—	200,628,932	18/01/2013 to 17/01/2023	0.335
		521,635,223	—	—	521,635,223		
<b>Other employees, in aggregate</b>	18/01/2013	177,188,680	—	—	177,188,680	18/01/2013 to 17/01/2023	0.335
<b>Other employees, in aggregate</b>	26/07/2013	4,000,000	—	—	4,000,000	26/07/2013 to 25/07/2023	0.235
		181,188,680	—	—	181,188,680		
<b>Grand Total</b>		702,823,903	—	—	702,823,903		

Notes:

- The share options were rested on the date of grant.
- The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other specific changes in LSD's share capital.

During the period under review, no LSD Share Options were granted, exercised, cancelled or lapsed in accordance with the terms of the LSD Share Option Scheme.

At 31 January 2014 and the date of this report, LSD had 702,823,903 underlying shares comprised in LSD Share Options outstanding under the LSD Share Option Scheme, which represented approximately 3.50% of LSD's shares in issue as at those dates.

## Corporate Governance and Other Information (Continued)

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 January 2014, 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.

### UPDATE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in Directors' information since the disclosure made in the Company's annual report 2012-2013 are set out as follows:

- (1) The Group usually makes annual adjustment to basic salaries and pays discretionary bonuses in January. The basic salaries of Dr. Lam Kin Ngok, Peter, Mr. Chew Fook Aun and Mr. Lam Hau Yin, Lester were adjusted upward by 4.5% with effect from 1 January 2014. Directors' remuneration for the six months ended 31 January 2014 and 2013 are as follows:

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Equity-settled share option expense HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
<b>For the six months ended 31 January 2014</b>					
EDs:					
Lam Kin Ming ( <i>Chairman</i> )	149	405	—	—	554
Lam Kin Ngok, Peter ( <i>Deputy Chairman</i> )	24	7,237	—	15	7,276
Chew Fook Aun ( <i>Deputy Chairman</i> )	—	5,209	—	15	5,224
Lam Hau Yin, Lester (also alternate to U Po Chu)	—	1,237	—	8	1,245
Lam Kin Hong, Matthew	24	192	—	8	224
U Po Chu	149	1,800	—	—	1,949
	346	16,080	—	46	16,472
INEDs:					
Chow Bing Chiu	125	—	—	—	125
Lam Bing Kwan	250	—	—	—	250
Leung Shu Yin, William	250	—	—	—	250
	625	—	—	—	625
<b>Total</b>	<b>971</b>	<b>16,080</b>	<b>—</b>	<b>46</b>	<b>17,097</b>

# Corporate Governance and Other Information (Continued)

## UPDATE OF DIRECTORS' INFORMATION (CONTINUED)

(1) (Continued)

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Equity-settled share option expense HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
<b>For the six months ended 31 January 2013</b>					
<b>EDs:</b>					
Lam Kin Ming ( <i>Chairman</i> )	87	334	—	—	421
Lam Kin Ngok, Peter ( <i>Deputy Chairman</i> )	24	5,192	2,555	15	7,786
Chew Fook Aun ( <i>Deputy Chairman</i> )	—	4,985	—	15	5,000
Lam Hau Yin, Lester (also alternate to U Po Chu)	—	1,164	25,549	8	26,721
Lam Kin Hong, Matthew	24	192	—	8	224
U Po Chu (re-designated as ED on 27 November 2012)	87	1,800	—	—	1,887
Shiu Kai Wah (retired on 18 December 2012)	19	227	—	—	246
Lui Siu Tsuen, Richard (resigned on 1 November 2012)	—	—	—	—	—
	241	13,894	28,104	46	42,285
<b>NED:</b>					
Wan Yee Hwa, Edward (retired on 18 December 2012)	127	—	—	—	127
	127	—	—	—	127
<b>INEDs:</b>					
Chow Bing Chiu	87	—	—	—	87
Lam Bing Kwan	187	—	—	—	187
Leung Shu Yin, William	187	—	—	—	187
	461	—	—	—	461
<b>Total</b>	<b>829</b>	<b>13,894</b>	<b>28,104</b>	<b>46</b>	<b>42,873</b>

(2) Dr. Lam Kin Ngok, Peter:

- (a) stepped down as an ED of eSun with effect from 14 February 2014; and
- (b) was appointed as member of the Lantau Development Advisory Committee on an ad personam basis for term of two years from 1 February 2014 to 31 January 2016.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2014, the Group employed a total of approximately 1,300 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.



# Corporate Governance and Other Information *(Continued)*

## INVESTOR RELATIONS

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

The Company has met with a number of research analysts and investors, attended conferences as well as non-deal roadshows as follows:

Month	Event	Organizer	Location
August 2013	Investors luncheon	Bank of China International	Hong Kong
October 2013	Post full year results non-deal roadshow	UBS	Hong Kong
October 2013	Post full year results non-deal roadshow	UOB Kay Hian	Singapore
October 2013	Post full year results non-deal roadshow	DBS	New York/ Los Angeles/ Denver/ San Francisco
October 2013	Post full year results non-deal roadshow	UBS	Paris/London
November 2013	Post full year results non-deal roadshow	CIMB	Kuala Lumpur
November 2013	Post full year results non-deal roadshow	UOB Kay Hian	Taipei
December 2013	Post full year results non-deal roadshow	UBS	Sydney
January 2014	The Pulse of Asia Conference	DBS	Singapore
February 2014	Investors luncheon	China Merchants Securities	Hong Kong

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

Firm	Analyst	Publication Date
China Everbright Research	Jeff Wong	10 October 2013

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

## REVIEW OF INTERIM REPORT

The audit committee of the Company ("**Audit Committee**") currently comprises three INEDs, namely Messrs. Leung Shu Yin, William, Lam Bing Kwan and Chow Bing Chiu. The Audit Committee has reviewed the interim report (including the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2014.

By Order of the Board  
**Lam Kin Ming**  
Chairman

Hong Kong, 25 March 2014