LAI SUN GARMENT

Lai Sun Garment (International) Limited
(Incorporated in Hong Kong with limited liability)

(Stock Code: 191)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2008

RESULTS

The Board of Directors of Lai Sun Garment (International) Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 January 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 January 2008

		Six months ended 31 January	
	Notes	**2008** *HK$'000* **(Unaudited)**	2007 *HK$'000* (Unaudited)
TURNOVER	*3*	**6,913**	5,372
Cost of sales		**(1,025)**	(883)
Gross profit		**5,888**	4,489
Other revenue and gain	*4*	**13,918**	10,364
Administrative expenses		**(13,095)**	(15,006)
Other operating income/(expenses), net		**(3,199)**	4,059
Fair value gain on investment properties		**21,415**	21,400
PROFIT FROM OPERATING ACTIVITIES	*5*	**24,927**	25,306
Finance costs	*6*	**(8,341)**	(9,061)
Share of profits and losses of associates		**20,219**	82,509
PROFIT BEFORE TAX		**36,805**	98,754
Tax	*7*	**(3,748)**	(3,745)
PROFIT FOR THE PERIOD		**33,057**	95,009
Attributable to:			
Equity holders of the Company		**33,057**	95,009
Minority interests		**–**	–
		33,057	95,009
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic		**HK 2.04 cents**	HK 5.87 cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 January 2008

	Notes	31 January 2008 HK$'000 (Unaudited)	31 July 2007 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**2,055**	2,974
Investment properties		**178,300**	156,100
Properties under development		**207,243**	183,529
Interests in associates		**2,758,145**	2,656,103
Available-for-sale equity investments		**269,087**	474,860
Promissory note receivable		**167,000**	167,000
Total non-current assets		**3,581,830**	3,640,566
CURRENT ASSETS			
Debtors, deposits and other receivables	*9*	**7,485**	7,047
Loan and interest receivables		**58,338**	54,052
Cash and cash equivalents		**23,242**	18,401
Total current assets		**89,065**	79,500
CURRENT LIABILITIES			
Creditors, deposits received and accruals	*10*	**26,558**	22,831
Tax payable		**231**	231
Total current liabilities		**26,789**	23,062
NET CURRENT ASSETS		**62,276**	56,438
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,644,106**	3,697,004
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**(72,745)**	(59,745)
Note payable		**(195,000)**	(195,000)
Accrued interest payable		**(49,302)**	(41,037)
Deferred tax liabilities		**(30,282)**	(26,534)
Total non-current liabilities		**(347,329)**	(322,316)
		3,296,777	3,374,688
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**16,174**	16,174
Share premium account		**1,908,840**	1,908,840
Asset revaluation reserve		**55,494**	55,494
Share option reserve		**1,129**	747
Hedging reserve		**(56,589)**	(16,954)
Investment revaluation reserve		**68,063**	273,836
Capital reserve		**148,694**	148,694
Exchange fluctuation reserve		**339,909**	206,084
Retained earnings		**815,063**	781,773
		3,296,777	3,374,688

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 2008 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 "HKICPA").

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 2007, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRS", which also include HKASs and Interpretations) which are applicable to the Group and are adopted for the first time for the current period's interim financial statements:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of these new and revised HKFRSs has had no material impact on the accounting polices of the Group and the methods of computation in the Group's unaudited condensed consolidated interim financial statements.

Impact of issued but not yet effective HKFRSs

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

HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments

HKAS 23 (Revised) shall be applied for annual periods beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have a significant financial impact on the Group.

HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard requires the disclosure of information about the operating segments of the Group, the products and services provided by the segments, the geographical areas in which the Group operates, and revenues from the Group's major customers. This standard will supersede HKAS 14 "Segment Reporting".

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of the HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting format, by business segment.

No further geographical segment information is presented as all of the Group's revenue is derived from customers based in Hong Kong.

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

	Property development Six months ended 31 January		**Property investment Six months ended 31 January**		**Consolidated Six months ended 31 January**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue:						
Sales to external customers	**–**	–	**6,913**	5,372	**6,913**	5,372
Segment results	**(22)**	–	**27,303**	25,889	**27,281**	25,889
Interest income and unallocated other revenue and gain					**13,918**	10,364
Unallocated expense					**(16,272)**	(10,947)
Profit from operating activities					**24,927**	25,306

4. OTHER REVENUE AND GAIN

	Six months ended 31 January	
	2008	2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income from bank deposits	**165**	941
Other interest income	**13,680**	9,423
Others	**73**	–
	13,918	10,364

5. PROFIT FROM OPERATING ACTIVITIES

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

	Six months ended 31 January	
	2008	2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation	**918**	915
Impairment/(reversal of impairment) for loan and interest receivables *	**3,199**	(4,059)

* This item is included in "Other operating income/(expenses), net" on the face of the condensed consolidated income statement.

6. FINANCE COSTS

	Six months ended 31 January	
	2008	2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interests on:		
Bank loans and overdrafts wholly repayable within five years	**874**	–
Other borrowings and note payable wholly repayable within five years	**8,265**	9,011
Total interest expense	**9,139**	9,011
Bank financing charges	**455**	50
	9,594	9,061
Less: Amount capitalised in properties under development	**(1,253)**	–
	8,341	9,061

7. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (six months ended 31 January 2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the period.

	Six months ended 31 January	
	2008	2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Provision for the period:		
Deferred tax	**3,748**	3,745

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on profit for the period attributable to ordinary equity holders of the Company of HK$33,057,000 (six months ended 31 January 2007: HK$95,009,000) and the weighted average number of 1,617,423,423 (six months ended 31 January 2007: 1,617,423,423) ordinary shares in issue during the period.

The diluted earnings per share amount for the six months ended 31 January 2008 and 2007 have not been disclosed as there were no diluting events occurred during both periods.

9. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

The major income derived from the Group's operation during the interim period is rental income. 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. In view of the aforementioned and the fact that the Group's trade debtors relate to a number of diversified customers, there is no significant concentration of credit risk. Trade debtors are non-interest bearing.

An aged analysis of the debtors, based on invoice date, at the balance sheet date is as follows:

	31 January 2008	31 July 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Debtors:		
Current to 90 days	**254**	378
91 to 180 days	**75**	14
181 to 365 days	**11**	–
	340	392
Deposits and other receivables	**7,145**	6,655
	7,485	7,047

10. CREDITORS, DEPOSITS RECEIVED AND ACCRUALS

An aged analysis of the creditors, based on invoice date, as at balance sheet date is as follows:

	31 January 2008	31 July 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Creditors aged within 90 days	**7,312**	3,803
Deposits received and accruals	**19,246**	19,028
	26,558	22,831

INTERIM DIVIDEND

The Board of Directors do not recommend the payment of an interim dividend for the financial year ending 31 July 2008. No interim dividend was declared in respect of the previous corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Interim Results

For the six months ended 31 January 2008, the Group recorded a turnover of HK$6,913,000 (2007: HK$5,372,000), representing an increase of approximately 28.7% from the previous corresponding period in 2007. The turnover figures were mainly rental and management fee income derived from the Group's investment properties.

For the six months ended 31 January 2008, the Group recorded a gross profit of HK$5,888,000 (2007: HK$4,489,000) and a profit from operating activities of HK$24,927,000 (2007: HK$25,306,000), representing an increase of approximately 31.2% and a slight decrease of 1.5% respectively from the previous corresponding period. Share of profits from associates was HK$20,219,000 (2007: HK$82,509,000), representing a decrease of approximately 75.5% from the previous corresponding period. The decrease in share of profits from associates was mainly due to lower revenue generated from sale of properties by the Group's associated company, Lai Fung Holdings Limited ("Lai Fung"), in the period under review.

For the six months ended 31 January 2008, the Group recorded a consolidated profit attributable to equity holders of HK$33,057,000, compared to HK$95,009,000 for the previous corresponding period in 2007.

Lai Fung

As at 31 January 2008, the Group held an effective 40.58% interest in Lai Fung.

For the six months ended 31 January 2008, Lai Fung recorded a turnover of HK$128,685,000 (2007: HK$504,666,000) and a consolidated profit attributable to equity holders of HK$85,276,000 (2007: HK$203,544,000), representing a decrease of approximately 74.5% and 58.1% respectively from the previous corresponding period. The decrease in turnover and net profit was mainly due to lower revenue generated from sale of properties in the period under review.

During the period, Lai Fung derived a turnover of HK$121,377,000 (2007: HK$111,625,000) from gross rental income mainly from Shanghai Hong Kong Plaza and Guangzhou May Flower Plaza, up approximately 8.7% from the previous corresponding period in 2007. As most of its pre-sale of its development properties will be launched in the second half of the financial year, Lai Fung only derived a turnover of HK$7,308,000 (2007: HK$393,041,000) from sale of development properties in the six months ended 31 January 2008, down approximately 98.1% from the previous corresponding period in 2007.

Lai Sun Development Company Limited ("LSD")

As at 31 January 2008, the Group held an effective 11.18% interest in LSD.

For the six months ended 31 January 2008, LSD recorded a total turnover of HK$506,562,000 (2007: HK$458,030,000) and a consolidated profit attributable to equity holders of HK$882,771,000 (2007: HK$600,103,000), representing an increase of approximately 10.6% and 47.1%, respectively from the previous corresponding period in 2007.

For the six months ended 31 January 2008, LSD continued to benefit from the continued rental reversion from its investment properties, from the increase in average daily room rate of its hotel operations, from its disposal of hotel assets and from its share of profits of eSun Holdings Limited (“eSun”) as a result of the cross-holding shareholdings between LSD and eSun.

In December 2007, LSD together with the other three original shareholders of Diamond String Limited (“Diamond String”) (the company which owns the property of The Ritz-Carlton Hong Kong) completed the sale of a total of 40% interest in Diamond String to CCB International Group Holdings Limited (“CCB International”), a wholly-owned subsidiary of China Construction Bank Corporation (“CCB”). Out of the aforesaid 40% interest, LSD sold 16.57% interest in Diamond String and received a sale consideration of approximately HK$567 million (subject to adjustment). The transaction price was determined based on HK$15,800 per square foot in respect of the buildable gross floor area (“GFA”) of the site. Immediately following this disposal, LSD and CCB International held 60% and 40% interest in Diamond String respectively. Both parties, through Diamond String, will invest in the redevelopment of the site of The Ritz-Carlton Hong Kong into a Grade-A office tower. The hotel operations of The Ritz-Carlton Hong Kong was terminated on 1 February 2008.

Development of 79 Hoi Yuen Road, Kwun Tong, Hong Kong

This office and commercial development project is a joint venture between the Group and Crocodile Garments Limited ("CGL"). On completion of this joint redevelopment with CGL, the Group will retain the retail portion of this redeveloped property with a GFA of approximately 100,000 square feet. Construction has started with good progress and is now scheduled for completion by the end of 2009.

Prospects

Lai Fung

Lai Fung principally focuses on property development projects located in prime areas in core cities in China including Shanghai, Guangzhou and Zhongshan.

In the coming months, Lai Fung will focus on the pre-sale of Regents Park Phase II in Shanghai and West Point in Guangzhou. Initial responses of these pre-sales have been satisfactory.

On the development projects, construction work has already been commenced on Shanghai May Flower Plaza, Guangzhou Eastern Place and Zhongshan Palm Springs. Shanghai Northgate Plaza Phase II is also expected to commence construction soon.

Renovation work on the retail podium of Shanghai Hong Kong Plaza will be commenced in the second half of 2008. The upgrade on the service apartments, lift lobbies and common areas of office tower will also be commenced later this year. During the renovation period, the rental income on the retail podium will be affected but Lai Fung expects the impact would not be significant.

In 2008, the Chinese Government has further tightened its monetary policy. This will tighten the lending capacity of the banks and increase the cost of funding. In the medium to long term, this is beneficial to the stable development of the mainland property market. Lai Fung maintains a healthy financial position and will take a cautious approach in the acquisition of new development opportunities.

LSD

LSD continues to improve its tenant mix in its investment properties so as to strengthen its rental income base. On the development projects, LSD has started foundation work for its Wanchai Wood Road residential project and foundation work for its Tai Po Road residential project will be commenced soon. Other than its current development projects, LSD is also actively looking for new development projects in Hong Kong and overseas which offer good investment returns.

On 31 March 2008, LSD completed a further sale of 10% stake in Diamond String to CCB International for a total consideration of approximately HK$417 million (subject to adjustment). Immediately after the completion of this sale, LSD and CCB own this redevelopment project on a 50:50 basis. The buildable GFA for the redevelopment of The Ritz-Carlton Hong Kong site is approximately 225,000 square feet. Demolition work will start in April 2008. The redevelopment is expected to be completed in 2011. The redeveloped office tower will become a landmark property in Central, Hong Kong.

Development of 79 Hoi Yuen Road, Kwun Tong, Hong Kong

The Group plans to start pre-leasing of the rental portion of the development in the first quarter of 2009. Completion of this development will augment the Group's recurring rental income base.

Liquidity and Financial Resources

The Group has diverse sources of financing comprising internal funds generated from the Group’s business operations, interest income generated from the promissory note, dividend income from investment in a listed associate and loan facilities provided by banks and the late Mr. Lim Por Yen.

As at 31 January 2008, total borrowings (comprising a secured bank loan of HK$41 million, a note payable of HK$195 million and a loan of HK$32 million payable to the late Mr. Lim Por Yen) amounted to HK$268 million. As at that date, consolidated net assets of the Group amounted to HK$3,297 million. The debt to equity ratio as expressed in a percentage of total borrowings to consolidated net assets as at that date was approximately 8.1%. The Group’s borrowings were maintained as floating rate debts.

The note payable of HK$195 million and the loan of HK$32 million payable to the late Mr. Lim Por Yen have maturity dates on 30 April 2006 and 30 November 2005, respectively. The Group has received confirmation from the executor of the estate of the late Mr. Lim Por Yen that such note and loan payables are not repayable within one year from the balance sheet date.

As at 31 January 2008, certain investment properties with carrying value of approximately HK$174 million were pledged to a bank to secure banking facilities granted to the Group. In addition, the Group’s properties under development with carrying cost of HK$207 million and certain share in a subsidiary held by the Group were pledged to a bank to secure a construction loan facility for financing the redevelopment of that property.

As at 31 January 2008, the Group had cash and bank balances amounted to approximately HK$23 million and unutilised banking facility of HK$380 million (including HK$320 million unutilised banking facility for financing the construction costs of a property redevelopment project), which was considered adequate to cover the working capital requirement of the Group.

The Group’s monetary assets and liabilities and transactions are principally denominated in Hong Kong dollar. The Group does not have any significant exposure to exchange rate risk.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 January 2008, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the accounting period covered by the Interim Report save for the deviation from code provision A.4.1.

Under code provision A.4.1, non-executive directors should be appointed for a specific term and be subject to re-election. None of the existing non-executive Directors of the Company was appointed for a specific term. However, all Directors of the Company are subject to the retirement provisions in the Articles of Association of the Company which provide that the Directors for the time being shall retire from office by rotation once every three years since their last election at each annual general meeting and a retiring Director shall be eligible for re-election.

REVIEW OF INTERIM RESULTS

The interim results of the Company for the six months ended 31 January 2008 have been reviewed by the audit committee of the Company. The audit committee comprises the three independent non-executive Directors of the Company, namely, Messrs. Wan Yee Hwa, Edward, Leung Shu Yin, William and Chow Bing Chiu.

By Order of the Board
Lam Kin Ming
Chairman

Hong Kong, 11 April 2008

As at the date of this announcement, the executive Directors of the Company are Mr. Lam Kin Ming, Mr. Lam Kin Ngok, Peter, Mr. Shiu Kai Wah, Mr. Lam Kin Hong, Matthew, Mr. Tam Kin Man, Kraven, Mr. Lam Hau Yin, Lester (also alternate to Madam U Po Chu) and Ms. Leung Churk Yin, Jeanny; the non-executive Directors are Madam U Po Chu, Mr. Chiu Wai, Madam Lai Yuen Fong and Ms. Lam Wai Kei, Vicky (alternate Director to Madam Lai Yuen Fong); and the independent non-executive Directors are Mr. Wan Yee Hwa, Edward, Mr. Leung Shu Yin, William and Mr. Chow Bing Chiu.