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 2009

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 2009 as follows:

Condensed Consolidated Income Statement
For the six months ended 31 January 2009

		Six months ended 31 January	
	Notes	**2009** *HK$'000* **(Unaudited)**	2008 *HK$'000* (Unaudited)
TURNOVER	*3*	**7,442**	6,913
Cost of sales		**(857)**	(1,025)
Gross profit		**6,585**	5,888
Other revenue and gain	*4*	**4,432**	13,918
Administrative expenses		**(12,172)**	(13,095)
Other operating expenses		**(201)**	(3,199)
Fair value gain / (loss) on investment properties		**(12,402)**	21,415
PROFIT / (LOSS) FROM OPERATING ACTIVITIES	5	**(13,758)**	24,927
Finance costs	*6*	**(5,932)**	(8,341)
Share of profits and losses of associates		**25,778**	20,219
PROFIT BEFORE TAX		**6,088**	36,805
Tax	*7*	**1,739**	(3,748)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		**7,827**	33,057
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic		**HK 0.48 cents**	HK 2.04 cents
Diluted		**N/A**	N/A

Condensed Consolidated Balance Sheet

As at 31 January 2009

	Notes	**31 January 2009** *HK$'000* **(Unaudited)**	31 July 2008 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**989**	1,481
Investment properties		**189,000**	200,800
Properties under development		**359,403**	273,503
Interests in associates		**3,004,391**	3,025,253
Available-for-sale equity investments		**183,613**	167,784
Promissory note receivable		**167,000**	167,000
Total non-current assets		**3,904,396**	3,835,821
CURRENT ASSETS			
Debtors, deposits paid and other receivables	*9*	**6,447**	5,476
Loan and interest receivables		**33,840**	33,840
Cash and cash equivalents		**27,300**	22,665
Total current assets		**67,587**	61,981
CURRENT LIABILITIES			
Creditors, deposits received and accruals	*10*	**63,286**	44,817
Tax payable		**545**	669
Interest-bearing bank borrowing		**144,000**	-
Total current liabilities		**207,831**	45,486
NET CURRENT ASSETS/(LIABILITIES)		**(140,244)**	16,495
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,764,152**	3,852,316
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**(31,745)**	(113,745)
Note payable		**(195,000)**	(195,000)
Accrued interest payable		**(61,228)**	(55,370)
Deferred tax liabilities		**(30,213)**	(32,259)
Total non-current liabilities		**(318,186)**	(396,374)
		3,445,966	3,455,942
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		**70,442**	83,478
Share option reserve		**1,409**	1,440
Hedging reserve		**-**	2,321
Investment revaluation reserve		**(17,411)**	(33,240)
Capital reserve		**148,694**	148,694
Exchange fluctuation reserve		**481,647**	500,284
Retained earnings		**836,171**	827,951
		3,445,966	3,455,942

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 2009 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 2008. The Group has adopted the new and revised Hong Kong Financial Reporting Standards ("HKFRS", 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 accounting policies 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, which are applicable to the Group, that have been issued but are not yet effective, in these interim financial statements:

HKFRSs (Amendments)	*Improvements to HKFRS*[1]
HKAS 1 (Revised)	*Presentation of Financial Statement*[2]
HKAS 23 (Revised)	*Borrowing Costs*[2]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[3]
HKFRS 1 & HKAS 27 (Amendments)	*Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*[2]
HKFRS 3 (Revised)	*Business Combinations*[3]
HKFRS 7 (Amendments)	*Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*[2]
HKFRS 8	*Operating Segments*[2]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*[2]

1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, which is effective for annual periods beginning on or after 1 July 2009

2 Effective for annual periods beginning on or after 1 January 2009

3 Effective for annual periods beginning on or after 1 July 2009

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 the adoption of HKAS 1 (Revised), HKFRS 7 (Amendments) and HKFRS 8 may result in new or amended disclosures in the financial statements. In respect of other amendments, new standards and new interpretations, the Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

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 and operations are located in Hong Kong.

The following tables present revenue and results for the Group's business segments:

	Property development		**Property investment**		**Consolidated**	
	Six months ended 31 January		**Six months ended 31 January**		**Six months ended 31 January**	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue:						
Sales to external customers	**–**	–	**7,442**	6,913	**7,442**	6,913
Segment results	**(52)**	(22)	**(6,018)**	27,303	**(6,070)**	27,281
Interest income and unallocated other revenue and gain					**4,432**	13,918
Unallocated expenses					**(12,120)**	(16,272)
Profit / (loss) from operating activities					**(13,758)**	24,927
Other segment information:						
Fair value gain / (loss) on investment properties	**–**	–	**(12,402)**	21,415	**(12,402)**	21,415

4. OTHER REVENUE AND GAIN

	Six months ended 31 January	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income from bank deposits	**35**	165
Other interest income	**4,397**	13,680
Others	**-**	73
	4,432	13,918

5. PROFIT / (LOSS) FROM OPERATING ACTIVITIES

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

	Six months ended 31 January	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation	**517**	918
Provision for doubtful debts *	**201**	-
Impairment for loan and interest receivables *	**-**	3,199

* These items are included in “other operating expenses” on the face of the condensed consolidated income statement.

6. FINANCE COSTS

	Six months ended 31 January	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interests on:		
Bank loans wholly repayable within five years	**1,414**	874
Other borrowings and note payable wholly repayable within five years	**5,858**	8,265
Total interest expenses	**7,272**	9,139
Bank financing charges	**391**	455
	7,663	9,594
Less: Amount capitalised in properties under development	**(1,731)**	(1,253)
	5,932	8,341

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 January 2008: 17.5%) on the estimated assessable profits arising in Hong Kong during the period.

	Six months ended 31 January	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax	**307**	-
Deferred tax	**(2,046)**	3,748
Tax charge / (credit) for the period	**(1,739)**	3,748

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

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company of HK$7,827,000 (six months ended 31 January 2008: HK$33,057,000) and the weighted average number of 1,617,423,423 (six months ended 31 January 2008: 1,617,423,423) ordinary shares in issue during the period.

The diluted earnings per share amounts for the six months ended 31 January 2009 and 2008 have not been disclosed as no diluting events existed during both periods.

9. DEBTORS, DEPOSITS PAID AND OTHER RECEIVABLES

The Group's major businesses are property development and property investment. The major income derived 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.

An ageing analysis of the debtors, based on payment due date, as at balance sheet date is as follows:

	31 January 2009	31 July 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Debtors:		
Less than 90 days past due	**655**	239
91 to 180 days past due	**2**	1
181 to 365 days past due	**3**	16
	660	256
Deposits paid and other receivables	**5,787**	5,220
	6,447	5,476

10. CREDITORS, DEPOSITS RECEIVED AND ACCRUALS

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

	31 January 2009	31 July 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Creditors aged within 90 days	**34,184**	21,118
Deposits received and accruals	**29,102**	23,699
	63,286	44,817

INTERIM DIVIDEND

As at 31 January 2009, the Company did not have any reserves available for distribution in accordance with provisions of Section 79B of the Companies Ordinance. The directors do not recommend the payment of an interim dividend for the financial year ending 31 July 2009. 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 2009, the Group recorded a turnover of HK$7,442,000 (2008: HK$6,913,000) and a gross profit of HK$6,585,000 (2008: HK$5,888,000), representing an increase of approximately 7.7% and 11.8% respectively from the previous corresponding period. The Group derived its turnover and gross profit mainly from rental and related income from industrial properties held for investment.

During the period under review, the Group booked a fair value loss on investment properties of HK$12,402,000 compared to a relevant gain of HK$21,415,000 in the previous corresponding period. Mainly as a result of such decrease in fair value of investment properties, the Group incurred a loss from operating activities of HK$13,758,000, compared to a profit from operating activities of HK$24,927,000 from the previous corresponding period.

Share of profits from associates was HK$25,778,000 (2008: HK$20,219,000), up by 27.5% from the previous corresponding period. The change in such share of profits from associates was due to the increase in share of profits from Lai Fung Holdings Limited ("Lai Fung") to HK$57,103,000 (2008: HK$34,605,000), which was partially offset by a provision of HK$30,534,000 (2008: HK$12,575,000) for impairment in value of properties under development held by Lai Fung made in the Group's condensed consolidated income statement at the Group level.

For the six months ended 31 January 2009, the Group recorded a consolidated profit attributable to equity holders of HK$7,827,000 (2008: HK$33,057,000), representing a decrease of approximately 76.3% from the previous corresponding period. Shareholders' equity as at 31 January 2009 amounted to HK$3,445,966,000, down slightly from HK$3,455,942,000 as at 31 July 2008. Net asset value per share as at 31 January 2009 was HK$2.13, as compared to HK$2.14 as at 31 July 2008.

Lai Fung

As at 31 January 2009, the Group held an effective 40.58% interest in Lai Fung.

For the six months ended 31 January 2009, Lai Fung recorded a turnover of HK$148,092,000 (2008: HK$128,685,000), up approximately 15.1% from the previous corresponding period. Out of the total turnover for the six months ended 31 January 2009, Lai Fung recorded gross rental income of HK$120,147,000 (2008: HK$121,377,000), down slightly by 1.0% from the previous corresponding period. The slight decrease in rental income of Lai Fung was due to the closure of certain retail spaces at Shanghai Hong Kong Plaza which was under renovation and a decrease in occupancy rate of serviced apartments at Shanghai Hong Kong Plaza, but compensated by improved rental income from Guangzhou May Flower Plaza and Shanghai Northgate Plaza I.

During the period under review, Lai Fung recognised revenue generated from sales of property units amounting to HK$27,945,000 (2008: HK$7,308,000), up 282.4% due to the revenue recognised from sales of property units at Shanghai Regents Park, Phase II.

During the period under review, Lai Fung recorded a profit from operating activities of HK$203,389,000 (2008: HK$272,066,000) and a consolidated profit attributable to equity holders of HK$140,716,000 (2008: HK$85,276,000), representing a decrease of approximately 25.2% and an increase of approximately 65.0%, respectively from the previous corresponding period. Lai Fung's decrease in profit from operating activities was mainly attributable to a fair value loss on investment properties of HK$64,278,000 against a gain of HK$229,773,000 for the previous corresponding period. This was partly offset by a gain of HK$256,311,000 arising from the termination of cross currency swaps in October 2008.

Finance costs reduced to HK$66,539,000 (2008: HK$94,991,000) for the period under review after HK$34,765,000 (2008: HK$10,162,000) had been capitalised in properties under development during the period under review.

Provision for tax was significantly reduced to a credit of HK$2,719,000 (2008: charge of HK$82,527,000). This was mainly attributable to write-back of deferred tax provision on Lai Fung's investment properties as a result of reduction in the fair value of these properties during the period under review.

As a result of the abovementioned factors, the profit attributable to equity holders of Lai Fung increased by 65% to HK$140,716,000 (2008: HK$85,276,000).

Lai Sun Development Company Limited ("LSD")

As at 31 January 2009, the Group held an effective 11.18% interest in LSD.

For the six months ended 31 January 2009, LSD recorded a turnover of HK$326,726,000 (2008: HK$506,562,000) and a gross profit of HK$231,263,000 (2008: HK$316,014,000), representing a decrease of approximately 35.5% and 26.8% respectively from the previous corresponding period. The decrease in turnover and gross profit was largely due to the lack of contribution during the six months ended 31 January 2009 from the hotel operations of the former The Ritz-Carlton Hong Kong which ceased operations since 1 February 2008.

For the six months ended 31 January 2009, LSD booked a fair value loss on investment properties of HK$356,448,000 (2008: a gain of HK$472,568,000) as a result of the current adverse economic conditions. During this period, LSD did not record any gain on disposal whereas in the previous corresponding period, LSD recorded a gain on disposal of HK$404,409,000 for the disposal of a partial interest in Diamond String Limited, which owns the former The Ritz-Carlton Hong Kong property. During this period, LSD also recorded a reversal of provision for tax indemnity of approximately HK$72,668,000. Such provision was made in the financial year of 2008 in respect of certain tax indemnity granted by LSD to Lai Fung in November 1997 at the time of effecting the separate listing of Lai Fung on The Stock Exchange of Hong Kong Limited. Mainly as a result of the above exceptional items, LSD incurred a loss from operating activities of HK$216,592,000 during the six months ended 31 January 2009, versus a profit from operating activities of HK$1,028,838,000 in the previous corresponding period.

LSD currently holds a 36.08% interest in eSun Holdings Limited ("eSun"), an associated company of LSD, which in turn holds a 36.72% in LSD. During the period, LSD had a share of losses from associates of HK$95,624,000, compared to share of profits from associates of HK$63,051,000 in the previous corresponding period. Such share of losses from associates mainly reflected the operational losses at eSun after taking into account the cross-holdings between LSD and eSun. Also, the cross-holdings between LSD and eSun results in a further loss to LSD due to its further share of eSun's loss arising from eSun's share of the results of LSD.

For the six months ended 31 January 2009, LSD recorded a consolidated net loss attributable to equity holders of HK$328,235,000, compared to a consolidated net profit of HK$882,771,000 in the previous corresponding period.

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

Construction of this joint office and commercial development project with Crocodile Garments Limited continued with good progress. This project is now scheduled for completion by September 2009. Upon completion, the Group will retain the retail portion of this redeveloped property with a gross floor area of approximately 100,000 square feet.

Prospects

In fourth quarter of 2008, the global financial crisis materialised, resulting in a meltdown of global financial markets. Crashes in financial markets and perceived global economic recession have created enormous uncertainties and risks to economies in the world. Hong Kong and the Mainland have inevitably experienced sharp economic slowdown. Under the current circumstances, the Group and its associated companies will maintain a prudent approach to manage their businesses.

Lai Fung

Lai Fung will continue its prudent approach in acquisition strategy and in managing its business in China.

Lai Fung will focus on the sale of remaining finished units at Regents Park Phase II in Shanghai and pre-sale of West Point serviced apartments in Guangzhou in the next few months. With the recent rebound in volume of transactions in Shanghai and Guangzhou, Lai Fung will closely monitor the market sentiment and adjust its marketing strategy accordingly.

Lai Fung will suffer a decline in rental income in Shanghai Hong Kong Plaza for this financial year and next financial year during the renovation period. Following completion of the renovation, it is expected that the rental income will be improved from its current level. Initial discussions have already been commenced with potential tenants for leasing the retail podium of Shanghai Hong Kong Plaza and Guangzhou West Point.

LSD

With some of the world's major economies now in recession, office and retail rental rates in Hong Kong have been under pressure due to the lower demand of office space and lower retail consumption. Although LSD recorded steady rental income in the first half of this financial year, downward pressure in rental income will be reflected in the second half of this financial year. In the coming year, LSD will take a defensive approach as regards in its rental policies, with the objective of maintaining the occupancy rates and rental cashflows from its investment properties.

In anticipation of a possible sharp downturn in the local economy and negative market sentiment, generally, prices of residential properties in Hong Kong have fallen since September 2008. As two of its development properties, the Wood Road, Wanchai residential project and the Tai Po Road residential project, are both in early development phase, LSD's development and realisation plan are not severely affected by the market at the moment. Given the shortage in supply in core city areas in Hong Kong, LSD is still cautiously optimistic on the Hong Kong residential properties in the longer term. LSD will monitor the local property market closely and will adopt a prudent approach towards acquiring new development projects in future.

79 Hoi Yuen Road, Kwun Tong, Hong Kong

This redevelopment project is expected to be completed by September 2009 and the Group will retain the retail portion of this redeveloped property with a gross floor area of about 100,000 square feet. Upon its completion, the project will augment the Group's recurring rental income base. The Group will start pre-leasing the retail spaces of this project this year.

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 others.

As at 31 January 2009, total borrowings, comprising a secured bank loan of HK$144 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 a total of HK$371 million. As at the same date, consolidated net assets of the Group amounted to HK$3,446 million. The debt to equity ratio as expressed in a percentage of total borrowings to consolidated net assets as at that date was approximately 11%. All of 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 2009, certain investment properties with carrying value of approximately HK$185 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$359 million and 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 2009, the Group had cash and bank balances amounting to approximately HK$27 million and unutilised banking facility of HK$277 million (including HK$217 million unutilised construction loan 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 abovementioned construction loan facility will be matured in December 2009. The related property redevelopment project is expected to be completed by September 2009. Such construction loan facility is expected to be refinanced by a new property term loan facility. The management of the Group has started the preliminary discussion with bank for the refinancing arrangement and the feedback from the bank is positive.

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 2009, 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 to 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 2009 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, 9 April 2009

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 Miss Leung Churk Yin, Jeanny; the non-executive directors are Madam U Po Chu and Mr. Chiu Wai; and the independent non-executive directors are Mr. Wan Yee Hwa, Edward, Mr. Leung Shu Yin, William and Mr. Chow Bing Chiu.