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LAI FUNG HOLDINGS

Lai Fung Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 1125)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2009

RESULTS

The Board of Directors of Lai Fung Holdings 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

	Notes	For the six months ended 31 January 2009 (Unaudited) HK$'000	2008 (Unaudited) HK$'000
TURNOVER	2	**148,092**	128,685
Cost of sales		**(38,604)**	(27,995)
Gross profit		**109,488**	100,690
Other income and gains		**54,103**	64,662
Selling expenses		**(11,113)**	(5,570)
Administrative expenses		**(77,197)**	(66,110)
Other operating expense, net		**(63,925)**	(51,379)
Fair value gain/(loss) on investment properties		**(64,278)**	229,773
Gain on termination of cross currency swaps	3	**256,311**	-
PROFIT FROM OPERATING ACTIVITIES	4	**203,389**	272,066
Finance costs	5	**(66,539)**	(94,991)
Share of profits of associates		**179**	1,607
Write-back of provision for amounts due from associates		**-**	14,132
PROFIT BEFORE TAX		**137,029**	192,814
Tax	6	**2,719**	(82,527)
PROFIT FOR THE PERIOD		**139,748**	110,287
ATTRIBUTABLE TO:			
Equity holders of the Company		**140,716**	85,276
Minority interests		**(968)**	25,011
		139,748	110,287
EARNINGS PER SHARE	7		
Basic		**1.75 cents**	1.06 cents
Diluted		**N/A**	N/A

Condensed Consolidated Balance Sheet

As at 31 January 2009

	Notes	**31 January 2009 (Unaudited) HK$'000**	31 July 2008 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**669,814**	675,325
Properties under development		**3,316,956**	3,265,072
Investment properties		**5,060,800**	5,136,200
Prepaid land lease payments		**5,807**	5,928
Goodwill		**4,561**	4,561
Interests in associates		**325,954**	328,149
Total non-current assets		**9,383,892**	9,415,235
CURRENT ASSETS			
Properties under development		**286,320**	163,265
Completed properties for sale		**493,997**	507,385
Debtors, deposits and prepayments	8	**89,097**	221,756
Tax recoverable		**9,225**	-
Pledged and restricted time deposits and bank balances		**327,514**	381,075
Cash and cash equivalents		**1,456,629**	1,670,969
Total current assets		**2,662,782**	2,944,450
CURRENT LIABILITIES			
Creditors and accruals	9	**444,837**	540,122
Deposits received and deferred income		**181,971**	45,779
Rental deposits received		**22,009**	30,500
Interest-bearing bank loans, secured		**395,118**	509,417
Tax payable		**418,407**	454,275
Total current liabilities		**1,462,342**	1,580,093
NET CURRENT ASSETS		**1,200,440**	1,364,357
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,584,332**	10,779,592

Condensed Consolidated Balance Sheet (continued)

As at 31 January 2009

	31 January 2009 (Unaudited) HK$'000	31 July 2008 (Audited) HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**10,584,332**	10,779,592
NON-CURRENT LIABILITIES		
Long term rental deposits received	**19,700**	22,059
Interest-bearing bank loans, secured	**625,065**	624,430
Promissory note	**167,000**	167,000
Advances from a substantial shareholder	**52,994**	53,284
Fixed rate senior notes	**1,500,197**	1,518,319
Derivative financial instruments	**-**	185,462
Deferred tax liabilities	**876,918**	892,360
Total non-current liabilities	**3,241,874**	3,462,914
	7,342,458	7,316,678
EQUITY		
Equity attributable to equity holders of the Company:		
Issued capital	**804,796**	804,796
Share premium account	**3,876,668**	3,876,668
Asset revaluation reserve	**36,834**	68,959
Share option reserve	**3,473**	3,549
Hedge reserve	**-**	5,719
Exchange fluctuation reserve	**1,049,387**	1,091,720
Capital reserve	**(457)**	(457)
Retained earnings	**1,167,760**	1,026,076
Proposed final dividends	**-**	32,192
	6,938,461	6,909,222
Minority interests	**403,997**	407,456
	7,342,458	7,316,678

Notes to Condensed Consolidated Financial Statements

As at 31 January 2009

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 under the historical cost convention except for investment properties which have been measured at fair value, and 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 and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. 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 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. TURNOVER, SEGMENT REVENUE AND RESULTS

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 over 90% of the Group's revenue is derived from customers based in Mainland China.

2. **TURNOVER, SEGMENT REVENUE AND RESULTS (continued)**

The following table presents revenue and profit for the Group's business segments for the six months ended 31 January 2009 and 2008:

	For the six months ended 31 January (Unaudited)					
	Property development		Property investment		Consolidated	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Segment revenue:						
Sales to external customers	**27,945**	7,308	**120,147**	121,377	**148,092**	128,685
Other revenue	**695**	-	**33,576**	28,021	**34,271**	28,021
Total	**28,640**	7,308	**153,723**	149,398	**182,363**	156,706
Segment results	**(57,293)**	(6,727)	**(8,357)**	325,399	**(65,650)**	318,672
Unallocated gains					**285,720**	36,641
Unallocated expenses, net					**(16,681)**	(83,247)
Profit from operating activities					**203,389**	272,066
Finance costs					**(66,539)**	(94,991)
Share of profits of associates	**179**	-	-	1,607	**179**	1,607
Write-back of provision for amounts due from associates	-	-	-	14,132	-	14,132
Profit before tax					**137,029**	192,814
Tax					**2,719**	(82,527)
Profit for the period					**139,748**	110,287
Other segment information:						
Fair value gain/(loss) on investment properties	-	-	**(64,278)**	229,773	**(64,278)**	229,773
Impairment of properties under development	**(62,668)**	-	-	-	**(62,668)**	-

3. **GAIN ON TERMINATION OF CROSS CURRENCY SWAPS ("CCS")**

On 28 October 2008, the Company terminated the CCS and received approximately HK$65,130,000 as proceeds from the termination (the "Termination"). Together with the reversal of fair value loss on the cash flow hedges arising from the CCS of HK$185,462,000, which was previously recognised as derivative financial instruments in the consolidated balance sheet, and the balance of related hedge reserve of HK$5,719,000, total gains of HK$256,311,000 are recognised in the condensed consolidated income statement for the six months ended 31 January 2009.

After the Termination, the Group does not have any derivative financial instruments or hedging instruments outstanding. Further details of the Termination have been disclosed in the Company's announcement dated 28 October 2008.

4. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended 31 January	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Cost of completed properties sold	**9,894**	5,832
Impairment of properties under development ##	**62,668**	**-**
Gain on repurchase of fixed rate senior notes ##	**(9,577)**	**-**
Depreciation #	**12,855**	12,024
Foreign exchange differences, net ##	**2,200**	59,010
Equity-settled share option expense	**892**	1,515
Amortisation of prepaid land lease payments	**89**	82
Excess over the cost of a business combination ##	-	(29,671)
Loss on disposal of interest in a subsidiary ##	-	14,268

\# *Depreciation charge of HK$7,648,000 (six months ended 31 January 2008: HK$7,467,000) for serviced apartments is included in "Other operating expense, net" on the face of the condensed consolidated income statement.*

\## *These expenses/(incomes) are included in "Other operating expense, net" on the face of the condensed consolidated income statement. For the six months ended 31 January 2008, foreign exchange differences included an exchange loss of HK$82,598,000 arising from the cash flow hedges.*

5. FINANCE COSTS

	For the six months ended 31 January	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on:		
Bank loans wholly repayable within five years	**27,037**	37,579
Bank loans repayable beyond five years	**283**	555
Promissory note	**4,315**	6,087
Fixed rate senior notes, net *	**66,618**	54,744
Amortisation of fixed rate senior notes	**2,816**	2,203
Bank charges	**235**	3,985
	101,304	105,153
Less: Interest capitalised in properties under development	**(34,765)**	(10,162)
Total finance costs	**66,539**	94,991

* *Net of interest saving of HK$4,248,000 (six months ended 31 January 2008: HK$16,431,000) arising from the cash flow hedges.*

6. TAX

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising in Hong Kong during the period (six months ended 31 January 2008: Nil). Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 31 January	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current - Mainland China		
Corporate income tax	**2,686**	15,276
Land appreciation tax	**7,019**	1,896
Deferred	**(12,424)**	65,355
Total tax charge/(credit) for the period	**(2,719)**	82,527

7. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the period attributable to equity holders of the Company of HK$140,716,000 (six months ended 31 January 2008: HK$85,276,000), and the weighted average number of 8,047,956,478 (six months ended 31 January 2008: 8,047,956,478) ordinary shares in issue during the period.

All share options of the Company had an anti-dilutive effect on the basic earnings per share amounts for the periods ended 31 January 2009 and 2008. Therefore, the diluted earnings per share amounts for both periods had not been disclosed.

8. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group maintains various credit policies for different business operations in accordance with business practices and market conditions in which the respective subsidiaries operate. Sales proceeds receivable from the sale of properties are settled in accordance with the terms of the respective contracts. Rent and related charges in respect of the leasing of properties are receivable from tenants, and are normally payable in advance with rental deposits received in accordance with the terms of the tenancy agreements. Serviced apartments charges are mainly settled by customers on cash basis except for those corporate clients who maintain credit accounts with the Group, the settlement of which is in accordance with the respective agreements. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

8. DEBTORS, DEPOSITS AND PREPAYMENTS (continued)

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

	31 January 2009 (Unaudited) HK$'000	31 July 2008 (Audited) HK$'000
Trade receivables, net:		
Within one month	**42,175**	163,312
One to two months	**456**	388
Two to three months	**626**	420
	43,257	164,120
Other receivables, deposits and prepayments	**45,840**	57,636
Total	**89,097**	221,756

9. CREDITORS AND ACCRUALS

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

	31 January 2009 (Unaudited) HK$'000	31 July 2008 (Audited) HK$'000
Trade payables:		
Within one month	**6,123**	25,400
One to three months	-	655
	6,123	26,055
Accruals and other payables	**438,714**	514,067
Total	**444,837**	540,122

INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2009 (six months ended 31 January 2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of interim results

For the six months ended 31 January 2009, the Group recorded a turnover of HK$148,092,000 (2008: HK$128,685,000) and a gross profit of HK$109,488,000 (2008: HK$100,690,000), representing an increase of approximately 15% and 9% respectively from the previous corresponding period. Profit from operating activities was HK$203,389,000 (2008: HK$272,066,000) and profit attributable to equity holders of the Company was HK$140,716,000 (2008: HK$85,276,000), representing a decrease of approximately 25% and an increase of approximately 65% respectively from the previous corresponding period.

The decrease in profit from operating activities was mainly attributable to a fair value loss on investment properties of the Group of HK$64,278,000 during the period under review against a gain of HK$229,773,000 for the previous corresponding period. This was partially offset by a gain arising from the termination of cross currency swaps of HK$256,311,000 in October 2008. Finance costs reduced to HK$66,539,000 (2008: HK$94,991,000) for the period under review after an amount of 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 from a charge of HK$82,527,000 for the six months ended 31 January 2008 to a credit of HK$2,719,000 for the period under review. This was mainly attributable to write-back of deferred tax provision on the Group's investment properties as a result of reduction in the fair value of these properties during the period under review.

Profit attributable to equity holders of the Company increased by 65% to HK$140,716,000. Basic earnings per share was HK1.75 cents for the six months ended 31 January 2009 compared to HK1.06 cents for the previous corresponding period.

Shareholders' equity as at 31 January 2009 amounted to HK$6,938,461,000, up from HK$6,909,222,000 as at 31 July 2008. Net asset value per share attributable to equity holders of the Company was HK$0.86 as at 31 January 2009, which was the same as at 31 July 2008.

Business Review

Investment properties

Property rental results

During the six months ended 31 January 2009, the Group recorded a turnover of HK$120,147,000 from rental income. Breakdown of turnover from rental income was as follows:

	For the six months ended 31 January		
	2009	2008	Change
	HK$	HK$	%
Shanghai			
Hong Kong Plaza	76,491,000	90,986,000	-15.9
Regents Park (commercial podium)	3,294,000	2,626,000	+25.4
Northgate Plaza I	10,263,000	-	n/a
Guangzhou			
May Flower Plaza	30,099,000	27,765,000	+8.4
Total	120,147,000	121,377,000	-1.0

Development properties

Property sales results

	For the six months ended 31 January		
	2009	2008	Change
	HK$	HK$	%
Shanghai			
Regents Park, Phase II	27,945,000	-	n/a
Guangzhou			
Eastern Place	-	7,308,000	n/a
Total	27,945,000	7,308,000	+282.4

During the period under review, rental income from Hong Kong Plaza recorded a decrease of 15.9% to HK$76,491,000, which was mainly due to the renovation of the shopping arcades under the serviced apartment tower and a decrease in occupancy rate of the serviced apartments. It is expected that the rental income from Hong Kong Plaza will be further affected when the renovation work on the shopping arcades under the office tower and the renovation work on the serviced apartments commence later this year. The Group's share of rental income for Northgate Plaza I for the previous corresponding period had been recorded under "Share of profits of associates" before the Group acquired the remaining interests in January 2008. Rental income from May Flower Plaza recorded an increase of 8.4% to HK$30,099,000 for the period under review.

Review of Major Property Projects

Shanghai

Shanghai Hong Kong Plaza

Hong Kong Plaza is a twin-tower prime property located on Huaihaizhong Road, Luwan District, Shanghai comprising office, shopping arcades and serviced apartments. The property is directly above Huangpi Road South Metro Station and is within walking distance of Xintiandi. Rental income for the six months ended 31 January 2009 amounted to HK$76,491,000, representing a decrease of approximately 15.9% compared with the same period last year.

The decrease in rental was mainly attributable to the commencement of renovation work on the shopping arcades under the serviced apartment tower in July 2008, which is expected to be completed in the second half of this year. The renovation of the shopping arcades under the office tower also commenced in March this year and is expected to be completed early next year. The Group will also renovate the whole serviced apartment tower to upgrade the quality of the rooms and the services. In addition, the common areas of the office tower and the lift lobbies for both office tower and serviced apartment tower will be renovated. It is estimated that the full renovation work of Hong Kong Plaza will be completed in 2010. The rental income of Hong Kong Plaza is expected to be improved from its current level upon completion of the renovation. In the meantime, rental income for 2009 and 2010 will be adversely affected.

Shanghai Regents Park

Regents Park is a major residential project located in the Zhongshan Park Commercial Area at the prestigious Changning District, Shanghai with a total saleable gross floor area ("GFA") of approximately 154,000 square metres ("sq.m.") (GFA attributable to the Group of approximately 146,000 sq.m.).

Phase II of the project comprises 6 residential towers with 455 units (GFA attributable to the Group of approximately 59,000 sq.m.). 3 residential towers were launched for pre-sale in April 2008 and a total of 142 units were sold at an average price of RMB33,000 per sq.m. ("psm") as at 31 July 2008. Since then, the property market in Shanghai has become quiet and only a few units were sold in the period under review. Since February 2009, the Group has relaunched 80 units to the market at an average price of RMB28,000 psm and 39 units have been sold for a total consideration of approximately HK$178,495,000, which will be recorded in the second half of this financial year. The Group will closely monitor the market conditions and adjust our marketing strategy for the other 3 residential towers with 227 units, which will be launched to the market soon.

Shanghai May Flower Plaza

Shanghai May Flower Plaza is a mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Zhabei District in Shanghai. This project is situated near the Zhongshan Road North Metro Station. The Group has an effective 95% interest in the project.

The project has a total GFA of approximately 114,500 sq.m. (GFA attributable to the Group of approximately 109,000 sq.m.), comprising residential and office apartments, and commercial spaces. In addition, there will be approximately 33,000 sq.m. for carparks and ancillary facilities. Construction work commenced in October 2007 and is scheduled to start pre-sale in 2010.

Shanghai Northgate Plaza

Northgate Plaza I is a block of office units with retail podium located on Tian Mu Road West in the Zhabei District of Shanghai near the Shanghai Railway Terminal. The Group has a 96.6% interest in this property. The property has a total GFA of approximately 36,500 sq.m. including carparks.

The Group plans to develop Northgate Plaza II on the vacant site located adjacent to Phase I. The Group has 99.0% interest in Phase II.

The Phase II development will have a total GFA of approximately 28,800 sq.m. comprising serviced apartments with retail podium. In addition, there will be some areas for car parks. Construction work has commenced and is scheduled to be completed in 2011.

Guangzhou and Zhongshan

Guangzhou May Flower Plaza

Guangzhou May Flower Plaza is a prime property situated on Zhongshanwu Road, Yuexiu District directly above the Gongyuanqian Metro Station in Guangzhou, interchange station of Guangzhou Subway Lines No. 1 and 2. The Group has an effective 77.5% interest in this property.

This 13-storey complex has a total GFA of approximately 51,000 sq.m. (GFA attributable to the Group of approximately 39,000 sq.m.) comprising retail spaces, restaurants and fast food outlets, cinema and office units. The property is leased to various tenants that are well known corporations, consumer brands and restaurants. Rental income from May Flower Plaza was HK$30,099,000 for the six months ended 31 January 2009, representing an increase of approximately 8.4% from the previous corresponding period.

Guangzhou Eastern Place

Eastern Place is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou.

The Phase V development will have a total GFA attributable to the Group of approximately 101,000 sq.m. comprising residential blocks, serviced apartments, offices and retail space. Construction work has commenced and is scheduled to be completed in 2011.

Guangzhou West Point

West Point is located on Zhongshan Qi Road and is within walking distance from the Ximenkou Subway Station. The project has a total GFA of approximately 64,000 sq.m., comprising 243 residential units, serviced apartments and commercial spaces. In addition, there will be approximately 10,000 sq.m. for carparks and ancillary facilities. Pre-sale of residential units was started in July 2008 and up to March 2009, approximately 77% of the units were sold at an average price of RMB13,000 psm, with a total consideration of approximately HK$272,594,000. Occupation permit is expected to be obtained in the second half of this financial year. Once the occupation permit is obtained, the sales revenue will be recognised in the consolidated income statement. The Group also plans to launch the serviced apartments for pre-sale in the next few months. Initial discussion has been taking place with potential tenants for leasing the retail space.

Guangzhou Jinshazhou Project

Jinshazhou project is a 50:50 joint venture with CapitaLand China Holdings Pte. Ltd. This proposed development in Hengsha, Baiyuan District, Guangzhou has a total GFA of approximately 369,000 sq.m. (GFA attributable to the Group of approximately 184,500 sq.m.), comprising low-rise and high-rise residential units with ancillary facilities including carparks and shopping amenities.

The project is currently at the planning stage. According to the current development schedule, the project will be completed in phases from 2010 to 2012.

Guangzhou Haizhu Plaza

Haizhu Plaza is located on Chang Di Main Road in Yuexiu District, Guangzhou along the Pearl River. The Group owns the entire interest in this project.

The proposed development has a GFA of approximately 103,000 sq.m., and is intended to be developed into a grade-A office tower, a serviced apartment tower, retail podium, carparks and ancillary facilities.

The project is currently in the process of resettlement of original occupants and the development is expected to be completed in 2012.

Guangzhou Donghua Dong Road Project

The site is located on Donghua Dong Road in Yuexiu District. The permitted GFA is approximately 10,000 sq.m. The project is currently at the planning stage and is intended to be developed into a residential tower, carparks and ancillary facilities. The project is expected to be completed in 2011.

Guangzhou Da Sha Tou Road / Yuan Jiang Dong Road Project

The site is located at the junction of Da Sha Tou Road and Yuan Jiang Dong Road in Yuexiu District. The permitted GFA is approximately 8,000 sq.m. The project is currently at the planning stage and is intended to be developed into a serviced apartment tower, carparks and ancillary facilities. The project is expected to be completed in 2011.

Guangzhou Guan Lu Road Project

The site is located on Guan Lu Road in Yuexiu District. The permitted GFA is approximately 14,000 sq.m. The project is currently at the planning stage and is intended to be developed into a residential tower, carparks and ancillary facilities. The project is expected to be completed in 2011.

Zhongshan Palm Springs

The project is located in Caihong Planning Area, West District of Zhongshan. The original plan for Phase I of the project is to build 27 blocks of residential towers with a total GFA of approximately 138,000 sq.m. However, the property market in Zhongshan has been seriously affected by the financial turmoil and the slowdown of economy. Having taken into account the prevailing market conditions and the expected supply from other developers in this area, the Group is currently revising its plan to reduce the risk in this project.

Capital Structure, Liquidity and Debt Maturity Profile

As at 31 January 2009, the Group had total borrowings in the amount of HK$2,740 million (as at 31 July 2008: HK$2,872 million), representing a decrease of HK$132 million. The consolidated net assets attributable to the equity holders of the Company amounted to HK$6,938 million (as at 31 July 2008: HK$6,909 million). The total debt to equity ratio was 39% (as at 31 July 2008: 42%) and the total debt to total capitalisation (long-term debt + equity) ratio was 30% (as at 31 July 2008: 31%).

Approximately 55% and 43% of the Group's borrowings were on a fixed rate basis and floating rate basis respectively, with the remaining 2% of the Group's borrowings were interest free.

Apart from the senior notes, the Group's other borrowings of HK$1,240 million were 36% denominated in Renminbi, 15% in Hong Kong dollars and 49% in United States dollars.

In October 2008, the Group terminated the cross currency swap agreements and recorded a gain of HK$256,311,000. After the termination of the cross currency swap agreements, the Group does not have any derivative financial instruments or hedging instruments outstanding.

Certain assets of the Group have been pledged to secure financing, including investment properties with carrying value of approximately HK$4,262 million, serviced apartments with carrying value of approximately HK$548 million, properties under development with carrying value of approximately HK$677 million, a property with carrying value of approximately HK$43 million, completed properties held for sale with carrying value of approximately HK$488 million and bank balances of approximately HK$109 million.

Taking into account cash held as at the balance sheet date, available banking facilities and the recurring cashflows from the Group's operating activities, the Group believes it has sufficient liquidity to finance its existing property development and investment projects.

Prospects

The Group will continue its prudent approach in acquisition strategy and in managing our business in China.

The Group will focus on the sale of Regents Park Phase II in Shanghai and pre-sale of West Point in Guangzhou in the next few months. With the recent rebound in volume of transactions in Shanghai and Guangzhou, the Group will closely monitor the market sentiment and adjust our marketing strategy accordingly.

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

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 shares.

During the same period, the Company repurchased US$2,753,000 in nominal value of the 9.125% senior notes due 2014 which are listed on Singapore Exchange Securities Trading Limited for an aggregate consideration (with accrued interest) of US$1,497,478.78 (equivalent to HK$11,680,334.49) through private arrangement.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the accounting period covered by the interim report save for the deviations from code provisions A.4.1 and E.1.2 as follows:

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.

Code Provision E.1.2

Due to other commitments which must be attended to by the Chairman, the Chairman was not present at the Annual General Meeting of the Company held on 23 December 2008.

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 currently comprises two of the independent non-executive directors of the Company, namely, Messrs. Law Kin Ho and Lam Bing Kwan and a non-executive director of the Company, Mr. Lim Ming Yan.

By Order of the Board
Lam Kin Ngok, Peter
Chairman

Hong Kong, 9 April 2009

As at the date of this announcement, the executive directors of the Company are Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Ming, Mr. Lam Kin Hong, Matthew, Mr. Lam Hau Yin, Lester, Madam U Po Chu, Mr. Lau Shu Yan, Julius, Mr. Tam Kin Man, Kraven, Miss Leung Churk Yin, Jeanny, Mr. Cheung Sum, Sam and Mr. Cheng Shin How; the non-executive director is Mr. Lim Ming Yan (alternate director: Mr. Leow Juan Thong, Jason); and the independent non-executive directors are Mr. Lam Bing Kwan, Mr. Ku Moon Lun and Mr. Law Kin Ho.