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 2011

RESULTS

The Board of Directors (the "Board") 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 2011 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement
For the six months ended 31 January 2011

		Six months ended 31 January	
		2011	2010
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
TURNOVER	*3*	**27,346**	10,008
Cost of sales		**(5,882)**	(4,455)
Gross profit		**21,464**	5,553
Other revenue and gain	*4*	**353**	4,291
Selling and marketing expenses		**(649)**	-
Administrative expenses		**(20,443)**	(11,094)
Other operating income, net		**1,138**	-
Fair value gain on investment properties		**129,704**	245,590
PROFIT FROM OPERATING ACTIVITIES	*5*	**131,567**	244,340
Finance costs	*6*	**(9,176)**	(7,041)
Gains on shares swap transactions	*7*	**2,276,314**	-
Share of profits and losses of associates		**164,677**	183,208
PROFIT BEFORE TAX		**2,563,382**	420,507
Tax	*8*	**(23,062)**	(40,522)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		**2,540,320**	379,985
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic		**HK$ 1.57**	HK$ 0.23
Diluted		**N/A**	N/A

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 January 2011

	Six months ended 31 January	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	**2,540,320**	379,985
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Changes in fair value of an available-for-sale equity investment	**62,121**	(17,412)
Share of investment revaluation reserve of an associate	**54,634**	**-**
Share of exchange fluctuation reserve of associates	**55,392**	14,411
Share of asset revaluation reserve of an associate	**3,786**	-
Release of share of exchange fluctuation reserve upon disposal of an associate	**(542,299)**	-
Release of investment revaluation reserve and exchange fluctuation reserve to income statement upon an available-for-sale equity investment treated as if it were disposed of and re-acquired	**(110,547)**	-
OTHER COMPREHENSIVE EXPENSES FOR THE PERIOD	**(476,913)**	(3,001)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	**2,063,407**	376,984

Condensed Consolidated Statement of Financial Position

As at 31 January 2011

	Notes	31 January 2011 (Unaudited) HK$'000	31 July 2010 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**211**	316
Investment properties		**1,177,400**	1,046,600
Interests in associates	*7*	**5,376,813**	3,347,221
Available-for-sale equity investment		**-**	243,709
Total non-current assets		**6,554,424**	4,637,846
CURRENT ASSETS			
Debtors, deposits paid and other receivables	*10*	**85,522**	6,262
Tax recoverable		**139**	682
Equity investments at fair value through profit or loss		**9,135**	-
Cash and cash equivalents		**386,780**	317,449
Total current assets		**481,576**	324,393
CURRENT LIABILITIES			
Creditors, deposits received and accruals	*11*	**47,306**	66,537
Interest-bearing bank borrowing		**32,000**	16,000
Total current liabilities		**79,306**	82,537
NET CURRENT ASSETS		**402,270**	241,856
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,956,694**	4,879,702
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**(360,745)**	(376,745)
Note payable		**(195,000)**	(195,000)
Accrued interest payable		**(83,903)**	(78,188)
Deferred tax liabilities		**(109,103)**	(86,041)
Long term rental deposits received		**(13,613)**	(12,910)
Total non-current liabilities		**(762,364)**	(748,884)
		6,194,330	4,130,818
EQUITY			
Equity attributable to ordinary 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**	62,624
Share option reserve		**105**	682
Investment revaluation reserve		**54,634**	41,458
Capital reserve		**-**	146,670
Exchange fluctuation reserve		**15,969**	509,844
Retained earnings		**4,143,114**	1,444,526
		6,194,330	4,130,818

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 2011 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 Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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 2010.

The condensed consolidated interim financial statements have not been audited by the Company's auditors but have been reviewed by the Company's auditors in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. The report issued by the Company's auditors on review of interim financial information to the Board is included in the interim report to be sent to the shareholders. In addition, the condensed consolidated interim financial statements have been reviewed by the Company's audit committee.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs", which also include HKASs and Interpretations)

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:

Improvements to HKFRSs 2010[1]	
HKAS 24 (Revised)	Related Party Disclosures[1]
HKAS 12 (Amendments)	Deferred Tax : Recovery of Underlying Assets[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[3]
HKFRS 9	Financial Instruments[4]

[1] Effective for annual periods beginning on or after 1 January 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2011
[4] Effective for annual periods beginning on or after 1 January 2013

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

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

3. SEGMENT INFORMATION

The following tables present revenue and profit for the Group's reportable segments:

	Property development Six months ended 31 January		**Property investment Six months ended 31 January**		**Consolidated Six months ended 31 January**	
	2011 (Unaudited) ***HK$'000***	2010 (Unaudited) *HK$'000*	**2011 (Unaudited)** ***HK$'000***	2010 (Unaudited) *HK$'000*	**2011 (Unaudited)** ***HK$'000***	2010 (Unaudited) *HK$'000*
Segment revenue:						
Sales to external customers	-	-	**27,346**	10,008	**27,346**	10,008
Segment results	-	-	**20,815**	5,553	**20,815**	5,553
Interest income and unallocated other revenue and gain					**353**	4,291
Fair value gain on investment properties	-	-	**129,704**	245,590	**129,704**	245,590
Unallocated expenses, net					**(19,305)**	(11,094)
Profit from operating activities					**131,567**	244,340
Finance costs					**(9,176)**	(7,041)
Gains on shares swap transactions					**2,276,314**	-
Share of profits and losses of associates	-	-	**1,104**	-	**1,104**	-
Share of profits and losses of associates – unallocated					**163,573**	183,208
Profit before tax					**2,563,382**	420,507
Tax					**(23,062)**	(40,522)
Profit for the period					**2,540,320**	379,985

3. SEGMENT INFORMATION *(continued)*

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

	Property development		Property investment		Consolidated	
	31 January 2011	31 July 2010	**31 January 2011**	31 July 2010	**31 January 2011**	31 July 2010
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**-**	-	**1,179,430**	1,047,439	**1,179,430**	1,047,439
Interests in associates	**-**	-	**18,224**	17,068	**18,224**	17,068
Interests in associates - unallocated					**5,358,589**	3,330,153
Unallocated assets					**479,757**	567,579
Total assets					**7,036,000**	4,962,239

4. OTHER REVENUE AND GAIN

	Six months ended 31 January	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income from bank deposits	**97**	4
Other interest income	**171**	4,287
Others	**85**	-
	353	4,291

5. PROFIT FROM OPERATING ACTIVITIES

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

	Six months ended 31 January	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**133**	263
Fair value gain on equity investments at fair value through profit or loss*	**(1,139)**	-

* This item is included in "other operating income, net" on the face of the condensed consolidated income statement.

6. FINANCE COSTS

	Six months ended 31 January	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interests on:		
Bank loans wholly repayable within five years	**3,175**	1,442
Other borrowings and note payable wholly repayable within five years	**5,715**	5,715
Total interest expenses	**8,890**	7,157
Bank financing charges	**286**	481
	9,176	7,638
Less: Amount capitalised in properties under development	**-**	(597)
	9,176	7,041

7. INTERESTS IN ASSOCIATES / GAINS ON SHARES SWAP TRANSACTIONS

On 26 July 2010, the Company entered into a conditional shares swap agreement with eSun Holdings Limited ("eSun") pursuant to which:

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

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

For the purposes of both Lai Fung Transaction and LSD Transaction, eSun was treated as an associate of a director of the Company and thereby a connected person of the Company under the Listing Rules. The Lai Fung Transaction constituted a very substantial disposal and connected transaction for the Company and the LSD Transaction constituted a very substantial acquisition and connected transaction for the Company under the Listing Rules. Further details of the Shares Swap Transactions were set out in the joint announcement of the Company and eSun dated 26 July 2010 and the circulars of the Company and eSun both dated 30 August 2010. Resolutions for approving the shares swap agreement were duly passed at an extraordinary general meeting of the Company and a special general meeting of eSun on 20 September 2010. All the conditions precedent under the shares swap agreement were fulfilled and completion of the Shares Swap Transactions ("Completion") took place on 30 September 2010.

Upon Completion, Lai Fung ceased to be an associate of the Group. As at 30 September 2010 and prior to the Completion, the Group held an 11.25% equity interest in LSD which was accounted for as an available-for-sale investment. Upon Completion, LSD became a 47.97%-owned associate of the Group. Gains on Shares Swap Transactions were recognised in the Group's consolidated income statement for the six months ended 31 January 2011 as below:

	Notes	*HK$'000*
Lai Fung Transaction		
Gain on disposal of 40.58% interest in Lai Fung	*(i)*	1,271,659
LSD Transaction		
Release of reserves upon 11.25% interest in LSD treated as if it were disposed of and reacquired	*(ii)*	110,547
Discount on acquisition of 47.97% interest in LSD	*(iii)*	894,108
Gains on Shares Swap Transactions		2,276,314

7. INTERESTS IN ASSOCIATES / GAINS ON SHARES SWAP TRANSACTIONS *(continued)*

Notes:

(i) Taking into account the consideration received by the Group of approximately HK$4,114 million (being 40.58% of the fair value of Lai Fung's identifiable net assets as at 30 September 2010) for the disposal of its 40.58% equity interest in Lai Fung and the Group's share of net assets of Lai Fung as at 30 September 2010 of approximately HK$3,384 million, the gain on disposal (including release of exchange fluctuation reserve of Lai Fung shared by the Group up to the date of disposal of approximately HK$542 million) recognised by the Group in its consolidated income statement was approximately HK$1,272 million.

(ii) As at 30 September 2010, the carrying amount of the 11.25% equity interest in LSD held by the Group was approximately HK$306 million (based on the closing price of LSD's shares as at 30 September 2010) and the corresponding cumulative fair value gains recognised in the investment revaluation reserve and exchange fluctuation reserve retained by the Group were approximately HK$104 million and HK$7 million, respectively.

In accordance with the prevailing Hong Kong Financial Reporting Standards, such 11.25% equity interest in LSD is treated as if it were disposed of and reacquired at its carrying value as at the date of the Completion based on the market price of the LSD shares. Therefore, the carrying value of such 11.25% equity interest in LSD would become part of the acquisition cost of the 47.97% equity interest in LSD in stages as an associate. The abovementioned reserves in a sum of HK$111 million were recycled and released to the consolidated income statement of the Group as a gain.

(iii) Taking into account the fair value of the consideration given by the Group for its acquisition of approximately HK$3,936 million (being 40.58% of the fair value of Lai Fung's identifiable net assets as at 30 September 2010 less cash consideration of approximately HK$178.4 million) and the carrying value of the Group's 11.25% equity interest in LSD of approximately HK$306 million as at 30 September 2010 as mentioned above, the total cost of acquisition of the LSD shares in stages, as an associate, was approximately HK$4,242 million. The excess of the Group's 47.97% share of the fair value of LSD's identifiable net assets as at 30 September 2010 of approximately HK$5,136 million over the total cost of acquisition of approximately HK$4,242 million was treated as a discount on acquisition of approximately HK$894 million and was recognised as a gain in the consolidated income statement of the Group.

8. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (Six months ended 31 January 2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	Six months ended 31 January	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax	-	-
Deferred tax	**23,062**	40,522
Tax charge for the period	**23,062**	40,522

9. 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$2,540,320,000 (Six months ended 31 January 2010: HK$379,985,000) and the weighted average number of 1,617,423,423 (Six months ended 31 January 2010: 1,617,423,423) ordinary shares in issue during the period.

The diluted earnings per share amounts for the six months ended 31 January 2011 and 2010 have not been disclosed as no diluting events existed during both periods.

10. 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 the end of the reporting period is as follows:

	31 January 2011 (Unaudited) ***HK$'000***	31 July 2010 (Audited) *HK$'000*
Debtors:		
Not yet due or less than 90 days past due	**1,563**	636
91 to 180 days past due	**289**	83
181 to 365 days past due	**46**	22
	1,898	741
Deposits paid and other receivables (Note)	**83,624**	5,521
	85,522	6,262

Note: Included in deposits paid and other receivables was a cash consideration of HK$78,353,000 to be received from eSun in relation to the Shares Swap Transactions between the Company and eSun (Note 7).

11. CREDITORS, DEPOSITS RECEIVED AND ACCRUALS

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

	31 January 2011 (Unaudited)	31 July 2010 (Audited)
	HK$'000	*HK$'000*
Creditors not yet due or less than 90 days past due	**22,465**	32,579
Deposits received and accruals	**24,841**	33,958
	47,306	66,537

INTERIM DIVIDEND

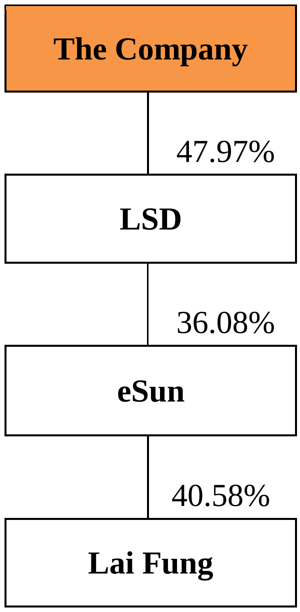
The Board of the Company has resolved not to declare the payment of an interim dividend for the financial year ending 31 July 2011. No interim dividend was declared in respect of the last corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP REORGANISATION

On 30 September 2010, the Company and eSun Holdings Limited ("eSun") completed a group reorganisation ("Group Reorganisation"). Pursuant to the Group Reorganisation, the Company transferred its entire interest in Lai Fung Holdings Limited ("Lai Fung") (approximately 40.58% of the issued share capital of Lai Fung) to eSun; whereby eSun transferred its entire interest in Lai Sun Development Company Limited ("LSD") (approximately 36.72% of the issued share capital of LSD) to the Company. In order to account for the difference between the agreed value of the Lai Fung shares and the LSD shares being swapped, eSun further agreed to pay to the Company an additional cash of approximately HK$178.4 million, out of which HK$100 million was paid upon completion of the Group Reorganisation and the remaining approximately HK$78.4 million will be paid, without interest, six months after the completion of the Group Reorganisation.

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



As a result of the Group Reorganisation, the cross-holding structure between LSD and eSun that existed since 2004 was dismantled. Further, LSD became an associated company of the Company and the Company's interest in Lai Fung will be held indirectly through eSun.

The Group Reorganisation simplified the ownership structure of the group involving the Company, LSD, eSun and Lai Fung, and eliminated the circular effect of the accounting treatment of the cross-holdings between LSD and eSun. More importantly, the directors of the Company believe that the simplified shareholding structure provides greater clarity to shareholders and the market with regard to the core business of each of the companies.

OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2011, the Group recorded a turnover of HK$27,346,000 (2010: HK$10,008,000) and a gross profit of HK$21,464,000 (2010: HK$5,553,000), representing an increase of approximately 173.2% and 286.5% 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 and the Crocodile Center retail portion which was opened at the end of 2009. The substantial increase in turnover and gross profit was mainly due to rental income contributed from the Crocodile Center retail portion.

During the period under review, the Group booked a fair value gain on investment properties of HK$129,704,000 (2010: HK$245,590,000). The Group recorded a profit from operating activities of HK$131,567,000 for the six months ended 31 January 2011 (2010: HK$244,340,000).

For the six months ended 31 January 2011, the Group recorded a share of profits of associates of HK$164,677,000 (2010: HK$183,208,000). Prior to the Group Reorganisation, the Group held a 40.58% shareholding interest in Lai Fung and a 11.25% shareholding interest in LSD. Following the Group Reorganisation, the Group holds a 47.97% shareholding interest in LSD while the Group's shareholding interest in Lai Fung was held through eSun, in which LSD has an 36.08% shareholding interest. As a result of the Group Reorganisation, Lai Fung ceased to be an associate of the Company, whereby LSD became an associate of the Company. Accordingly, the share of profits of associates during the period under review was mainly attributable to (i) Lai Fung during the period from 1 August 2010 to 30 September 2010 (being the date of the completion of the Group Reorganisation), and (ii) LSD during the period from 1 October 2010 to 31 January 2011. Lai Fung contributed approximately HK$11,300,000 to the Group's share of profits of associates from 1 August 2010 to 30 September 2010 whereas LSD contributed approximately HK$152,300,000 to the Group's share of profits of associates from 1 October 2010 to 31 January 2011.

During the period, finance costs were HK$9,176,000 (2010: HK$7,041,000). Further, as a result of the completion of the Group Reorganisation, the Group booked a one-off gain of HK$2,276,314,000. Due to reasons stated above, the Group recorded a consolidated profit attributable to ordinary equity holders of the Company for the period under review of HK$2,540,320,000 (2010: HK$379,985,000).

Shareholders' equity as at 31 January 2011 amounted to HK$6,194,330,000, up by 50% from HK$4,130,818,000 as at 31 July 2010. Net asset value per share as at 31 January 2011 was HK$3.83, as compared to HK$2.55 as at 31 July 2010.

BUSINESS REVIEW

Retail Portion of Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon

This joint office and commercial development project with Crocodile Garments Limited was completed in September 2009. Following the completion, the Group has retained the retail portion of this development with a gross floor area of approximately 100,000 square feet. Most of the premises are now leased to mainly restaurant operators as well as renowned retail brands. Most tenants opened for business by the end of 2009. As of 31 January 2011, the retail portion was 93% leased.

Lai Fung

Prior to the Group Reorganisation, the Group held a 40.58% shareholding interest in Lai Fung. Following the Group Reorganisation, the Group's shareholding interest in Lai Fung was held through eSun, in which LSD had an 36.08% shareholding interest. As a result, Lai Fung ceased to be an associate of the Company. From 1 August 2010 to 30 September 2010 (the date of completion of the Reorganisation) Lai Fung contributed approximately HK$11,300,000 to the Group's share of profits of associates.

LSD

Prior to the Group Reorganisation, the Group held a 11.25% shareholding interest in LSD. Following the Group Reorganisation, the Group's shareholding interest in LSD increased to 47.97%. As a result of the Group Reorganisation, LSD became an associate of the Company. From 1 October 2010 (the date immediately following the date of completion of the Group Reorganisation) to 31 January 2011, LSD contributed approximately HK$152,300,000 to the Group's share of profits of associates. During such period, LSD's results were mainly contributed by (i) stable rental income from its investment properties portfolio; (ii) recognition of revenue and profits from sale of residential units at Emerald 28; and (iii) fair value gain on investment properties.

PROSPECTS

The Group Reorganisation marked a new phase of development for the Group. Through the vertical shareholding structure, the Group (other than holdings of investment properties) now becomes an investment holding flagship, directly or indirectly owning key interests in LSD, eSun and Lai Fung. The new structure enables the Group to gain strategic exposure to the properties portfolio of LSD and Lai Fung as well as the media and entertainment businesses of eSun.

Retail Portion of Crocodile Center

The Group is on schedule with its plan to fully lease out the retail portion of Crocodile Center in this financial year. Benefited from the favourable retail environments in Hong Kong, this property will contribute further growth to the Group's rental income.

LSD

Development Properties

The continued economic growth, low interest rate, ample liquidity and tight market supply have extended the bullish sentiment in Hong Kong's residential properties in Hong Kong since early 2010. As pre-cautionary measures against the rising risks of inflation and property bubble, the Hong Kong SAR Government and the Hong Kong Monetary Authority in November 2010 introduced a serious of tightening measures, including special stamp duty and lower loan-to-value ratio for mortgage loans to ease property speculation. Between November 2010 and early 2011, the market experienced a short term market consolidation, evidenced by a sharp drop in transaction volume. Starting from early 2011, the market gradually stablised as transaction volume recovered and prices of residential properties edged up modestly. Such recovery reinforces the confidence of the market and re-opened the windows for primary sales of residential projects. Low interest rate environment and tight supply in urban areas are expected to sustain the steady development of residential market in Hong Kong.

LSD currently holds a number of residential projects under development in Hong Kong and managed to capture the strong sentiment in the Hong Kong residential property market by achieving satisfactory sales performance for its The Oakhill and Emerald 28 projects in 2010. In 2011, LSD intends to sell the remaining units at The Oakhill and Emerald 28 and starts the preparation work for pre-sale of the development project in Yau Tong, Kowloon, in order to capture the existing bullish sentiment towards Hong Kong's residential property market.

Investment Properties

Rentals for office and commercial properties in prime locations in Hong Kong have sustained its rising momentum since the middle of 2009. Favourable operating conditions for most commercial sectors in Hong Kong fosters demand in office space which in turn fuels the uptick of rental rates. Improved local consumption expenditure and strong retail spending by the Mainland visitors provide further impetus to the retail market. Strong retail performance in Hong Kong has boosted rental demand for retail premises. In 2011, LSD will target to maintain high occupancy rates and rental cashflows from its investment properties.

New Investments

With a healthy balance sheet and good cash inflow from the timely sale of its units of The Oakhill and Emerald 28, LSD is now actively evaluating investment opportunities in Hong Kong and overseas.

In February 2011, LSD announced the acquisition of an office building with a floor area of 41,680 sq. ft. at 36 Queen Street, London, the United Kingdom at a consideration of GBP 16,880,000 (equivalent to approximately HK$213,532,000). This acquisition represents an opportunity for LSD to hold a prime investment property located in the core of the financial district of central London with both good rental yield and steady flow of rental income.

Liquidity and Financial Resources

The Group has diverse sources of financing comprising internal funds generated from the Group's business operations and loan facilities provided by banks and others.

As at 31 January 2011, total borrowings amounted to HK$588 million, comprising a secured bank loan of HK$361 million, a note payable of HK$195 million and a loan of HK$32 million payable to the late Mr. Lim Por Yen. As at 31 January 2011, there was an outstanding amount of accrued interests of HK$84 million in relation to the above-mentioned note and loan payable to the late Mr. Lim Por Yen. All of the Group's borrowings were maintained as floating rate debts.

As at 31 January 2011, the maturity profile of the secured bank loan of HK$361 million was spread over a period of 3 years with HK$32 million repayable within 1 year, HK$32 million repayable in the second year and HK$297 million repayable in the third year. 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 end of the reporting period.

As at 31 January 2011, certain investment properties with carrying value of approximately HK$1,170 million and a share in a subsidiary were pledged to banks to secure banking facilities granted to the Group.

As at 31 January 2011, the Group had cash and bank balances amounting to approximately HK$387 million and unutilised banking facility of HK$60 million, which was considered adequate to cover the working capital requirement of the Group.

As at 31 January 2011, consolidated net assets of the Group amounted to HK$6,194 million. The debt to equity ratio as expressed in a percentage of total borrowings to consolidated net assets as at that date was approximately 9%.

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 2011, the Company did not redeem any of its listed shares nor did the Company or any of its subsidiaries purchase or sell any of the Company's listed shares.

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 six months ended 31 January 2011 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 (including the independent non-executive directors) of the Company is 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 and retiring directors are eligible for re-election. In addition, any person appointed by the Board to fill a casual vacancy or as an additional director (including non-executive director) will hold office only until the next annual general meeting and will then be eligible for re-election. As such, the Board considers that such requirements are sufficient to meet the underlying objective of the relevant code provision and, therefore, does not intend to take any remedial steps in this regard.

REVIEW OF INTERIM RESULTS

The audit committee of the Company currently comprises three independent non-executive directors of the Company, namely Messrs. Leung Shu Yin, William, Lam Bing Kwan and Chow Bing Chiu and one non-executive director of the Company, namely Mr. Wan Yee Hwa, Edward. It has reviewed the unaudited interim results (including the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2011. In addition, the Company's independent auditors, Ernst & Young, have reviewed the same in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

By Order of the Board
Lam Kin Ming
Chairman

Hong Kong, 30 March 2011

As at the date of this announcement, the executive directors of the Company are Dr. 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 Mr. Lui Siu Tsuen, Richard; the non-executive directors are Madam U Po Chu, Mr. Chiu Wai, Miss Leung Churk Yin, Jeanny and Mr. Wan Yee Hwa, Edward; and the independent non-executive directors are Messrs. Leung Shu Yin, William, Lam Bing Kwan and Chow Bing Chiu.