



LAI SUN GARMENT



Lai Sun Garment (International) Limited

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Interim Report  
2011/2012



Cover photos:

- ① Crocodile Center - the Group's joint-venture commercial property
- ② Club House of Emerald 28 - a residential property of Lai Sun Development Company Limited, the Company's associate

## Corporate Information

### Place of Incorporation

Hong Kong

### Board of Directors

Executive Directors

Lam Kin Ming (*Chairman*)

Lam Kin Ngok, Peter (*Deputy Chairman*)

Shiu Kai Wah

Lam Kin Hong, Matthew

Tam Kin Man, Kraven

Lam Hau Yin, Lester

(*also alternate director to U Po Chu*)

Lui Siu Tsuen, Richard

Non-executive Directors

U Po Chu

Wan Yee Hwa, Edward

Independent Non-executive Directors

Leung Shu Yin, William

Lam Bing Kwan

Chow Bing Chiu

### Audit Committee

Leung Shu Yin, William (*chairman*)

Chow Bing Chiu

Lam Bing Kwan

Wan Yee Hwa, Edward

### Remuneration Committee

Lam Bing Kwan (*chairman*)

Leung Shu Yin, William

Chow Bing Chiu

Wan Yee Hwa, Edward

Lui Siu Tsuen, Richard

### Company Secretary

Kwok Siu Man

### Authorised Representatives

Lam Kin Ming

Lam Kin Ngok, Peter

### Registered Office

11th Floor

Lai Sun Commercial Centre

680 Cheung Sha Wan Road

Kowloon, Hong Kong

Tel: (852) 2741 0391

Fax: (852) 2785 2775

### Share Registrars and Transfer Office

Tricor Tengis Limited

26th Floor, Tesbury Centre

28 Queen's Road East

Wanchai, Hong Kong

### Independent Auditors

Ernst & Young

Certified Public Accountants

### Shares Information

Place of Listing

The Main Board of The Stock Exchange  
of Hong Kong Limited

Stock Code

191

Board Lot

1,000 Shares

### Website

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

### Investor Relations

Email: [ir@laisun.com](mailto:ir@laisun.com)

## 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 2012 together with the comparative figures of the last corresponding period as follows:

### Condensed Consolidated Income Statement

For the six months ended 31 January 2012

		<b>Six months ended 31 January</b>	
		<b>2012 (Unaudited) HK\$'000</b>	2011 (Unaudited) HK\$'000
	Notes		
TURNOVER	3	<b>36,115</b>	27,346
Cost of sales		<b>(5,142)</b>	(5,882)
Gross profit		<b>30,973</b>	21,464
Other revenue and gain	4	<b>781</b>	353
Selling and marketing expenses		<b>(481)</b>	(649)
Administrative expenses		<b>(14,570)</b>	(20,443)
Other operating (expenses)/income, net		<b>(4,785)</b>	1,138
Fair value gain on investment properties		<b>53,632</b>	129,704
PROFIT FROM OPERATING ACTIVITIES	5	<b>65,550</b>	131,567
Finance costs	6	<b>(8,990)</b>	(9,176)
Share of profits and losses of associates		<b>117,939</b>	164,677
Gains on Shares Swap Transactions	7	—	2,276,314
PROFIT BEFORE TAX		<b>174,499</b>	2,563,382
Tax	8	<b>(11,774)</b>	(23,062)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		<b>162,725</b>	2,540,320
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		<b>HK\$0.10</b>	HK\$1.57
Diluted		<b>N/A</b>	N/A

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2012

	Note	Six months ended 31 January	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		<b>162,725</b>	2,540,320
OTHER COMPREHENSIVE INCOME/(EXPENSES)			
Changes in fair value of an available-for-sale equity investment		—	62,121
Share of investment revaluation reserve of an associate		<b>28,603</b>	54,634
Share of exchange fluctuation reserve of associates		<b>13,243</b>	55,392
Share of asset revaluation reserve of an associate		—	3,786
Release of share of exchange fluctuation reserve upon disposal of an associate	7	—	(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	7	—	(110,547)
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD		<b>41,846</b>	(476,913)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		<b>204,571</b>	2,063,407

## Condensed Consolidated Statement of Financial Position

As at 31 January 2012

	Notes	31 January 2012 (Unaudited) HK\$'000	31 July 2011 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		141	131
Investment properties		1,354,500	1,300,200
Interests in associates	7	6,254,163	5,814,172
<b>Total non-current assets</b>		<b>7,608,804</b>	7,114,503
<b>CURRENT ASSETS</b>			
Debtors, deposits paid and other receivables	11	7,396	8,724
Equity investments at fair value through profit or loss		8,684	3,480
Cash and cash equivalents		175,359	452,305
<b>Total current assets</b>		<b>191,439</b>	464,509
<b>CURRENT LIABILITIES</b>			
Creditors, deposits received and accruals	12	20,211	30,472
Interest-bearing bank borrowing		32,000	32,000
Tax payable		2,032	—
<b>Total current liabilities</b>		<b>54,243</b>	62,472
<b>NET CURRENT ASSETS</b>		<b>137,196</b>	402,037
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>7,746,000</b>	7,516,540
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		(328,745)	(344,745)
Note payable		(195,000)	(195,000)
Accrued interest payable		(95,238)	(89,525)
Deferred tax liabilities		(143,247)	(133,505)
Long term rental deposits received		(14,808)	(14,561)
<b>Total non-current liabilities</b>		<b>(777,038)</b>	(777,336)
		<b>6,968,962</b>	6,739,204
<b>EQUITY</b>			
<b>Equity attributable to ordinary equity holders of the Company</b>			
Issued capital		16,174	16,174
Share premium account		1,908,840	1,908,840
Asset revaluation reserve		55,494	55,494
Share option reserve		231	174
Investment revaluation reserve		110,078	81,475
Exchange fluctuation reserve		50,407	37,163
Other reserve		26,378	1,249
Retained earnings		4,801,360	4,638,635
		<b>6,968,962</b>	6,739,204

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2012

	Attributable to ordinary equity holders of the Company									
	Issued capital	Share premium account	Asset revaluation reserve	Share option reserve	Investment revaluation reserve	Capital reserve	Exchange fluctuation reserve	Other reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 July 2011 and 1 August 2011 (Audited)	16,174	1,908,840	55,494	174	81,475	—	37,163	1,249	4,638,635	6,739,204
Profit for the period	—	—	—	—	—	—	—	—	162,725	162,725
Other comprehensive income for the period:										
Share of Investment revaluation reserve of an associate	—	—	—	—	28,603	—	—	—	—	28,603
Share of exchange fluctuation reserve of an associate	—	—	—	—	—	—	13,243	—	—	13,243
Total comprehensive income for the period	—	—	—	—	28,603	—	13,243	—	162,725	204,571
Share of reserve movements of an associate	—	—	—	57	—	—	1	25,129	—	25,187
<b>At 31 January 2012 (Unaudited)</b>	<b>16,174</b>	<b>1,908,840</b>	<b>55,494</b>	<b>231</b>	<b>110,078</b>	<b>—</b>	<b>50,407</b>	<b>26,378</b>	<b>4,801,360</b>	<b>6,968,962</b>
At 31 July 2010 and 1 August 2010 (Audited)	16,174	1,908,840	62,624	682	41,458	146,670	509,844	—	1,444,526	4,130,818
Profit for the period	—	—	—	—	—	—	—	—	2,540,320	2,540,320
Other comprehensive income/(expenses) for the period:										
Change in fair value of an available-for-sale equity investment	—	—	—	—	62,121	—	—	—	—	62,121
Share of investment revaluation reserve of an associate	—	—	—	—	54,634	—	—	—	—	54,634
Share of exchange fluctuation reserve of associates	—	—	—	—	—	—	55,392	—	—	55,392
Share of asset revaluation reserve of an associate	—	—	3,786	—	—	—	—	—	—	3,786
Release of share of exchange fluctuation reserve upon disposal of an associate	—	—	—	—	—	—	(542,299)	—	—	(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	—	—	—	—	(103,579)	—	(6,968)	—	—	(110,547)
Total comprehensive income/(expense) for the period	—	—	3,786	—	13,176	—	(493,875)	—	2,540,320	2,063,407
Share of reserve movements of an associate	—	—	—	105	—	—	—	—	—	105
Transfer of reserves to retained earnings upon disposal of an associate	—	—	(10,916)	(682)	—	2,511	—	—	9,087	—
Transfer of reserve to retained earnings upon an available-for-sale equity investment treated as if it were disposed of and re-acquired	—	—	—	—	—	(149,181)	—	—	149,181	—
<b>At 31 January 2011 (Unaudited)</b>	<b>16,174</b>	<b>1,908,840</b>	<b>55,494</b>	<b>105</b>	<b>54,634</b>	<b>—</b>	<b>15,969</b>	<b>—</b>	<b>4,143,114</b>	<b>6,194,330</b>

## Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2012

	<b>Six months ended 31 January</b>	
	<b>2012 (Unaudited) HK\$'000</b>	<b>2011 (Unaudited) HK\$'000</b>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>15,441</b>	3,886
<b>NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES</b>	<b>(273,230)</b>	69,406
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>	<b>(19,157)</b>	(3,961)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(276,946)</b>	69,331
Cash and cash equivalents at beginning of period	<b>452,305</b>	317,449
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>175,359</b>	386,780
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>8,686</b>	8,678
Time deposits with original maturity of less than three months when acquired	<b>166,673</b>	378,102
	<b>175,359</b>	386,780

## 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 2012 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

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

### 2. Significant Accounting Policies

The significant accounting policies and basis of presentation used in the preparation of these interim financial statements are the same as those used in the Group’s audited consolidated financial statements for the year ended 31 July 2011. The Group has adopted the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”, which also include HKASs and Interpretations) which are applicable to the Group and are effective in the current period. The adoption of these new and revised HKFRSs has had no material impact on the reported results or financial position of the Group.

#### 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:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>1</sup>
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets <sup>2</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>3</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>3</sup>
HKAS 32 (Amendments)	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities <sup>4</sup>
HKFRS 7 Amendments	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities <sup>3</sup>
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>5</sup>
HKFRS 9	Financial Instruments <sup>5</sup>
HKFRS 10	Consolidated Financial Statements <sup>3</sup>
HKFRS 11	Joint Arrangements <sup>3</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>3</sup>
HKFRS 13	Fair Value Measurement <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2012

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2015

## Notes to Condensed Consolidated Interim Financial Statements (continued)

### 2. Significant Accounting Policies (continued)

#### Impact of issued but not yet effective HKFRSs (continued)

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		Property investment		Consolidated	
	Six months ended		Six months ended		Six months ended	
	31 January		31 January		31 January	
	2012	2011	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
<b>Segment revenue:</b>						
Sales to external customers	—	—	36,115	27,346	36,115	27,346
<b>Segment results</b>	—	—	30,492	20,815	30,492	20,815
Interest income and unallocated other revenue and gain					781	353
Fair value gain on investment properties	—	—	53,632	129,704	53,632	129,704
Unallocated expenses, net					(19,355)	(19,305)
Profit from operating activities					65,550	131,567
Finance costs					(8,990)	(9,176)
Gains on Shares Swap Transactions					—	2,276,314
Share of profits and losses of associates	—	—	492	1,104	492	1,104
Share of profits and losses of associates — unallocated					117,447	163,573
Profit before tax					174,499	2,563,382
Tax					(11,774)	(23,062)
Profit for the period					162,725	2,540,320

## Notes to Condensed Consolidated Interim Financial Statements (continued)

### 3. Segment Information (continued)

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

	Property development		Property investment		Consolidated	
	31 January	31 July	31 January	31 July	31 January	31 July
	2012 (Unaudited) HK\$'000	2011 (Audited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Audited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Audited) HK\$'000
Segment assets	—	—	1,355,546	1,301,063	1,355,546	1,301,063
Interests in associates	—	—	19,912	19,134	19,912	19,134
Interests in associates — unallocated					6,234,251	5,795,038
Unallocated assets					190,534	463,777
Total assets					7,800,243	7,579,012

### 4. Other Revenue and Gain

	Six months ended 31 January	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Interest income from bank deposits	430	97
Other interest income	311	171
Others	40	85
	781	353

### 5. Profit from Operating Activities

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

	Six months ended 31 January	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Depreciation	30	133
Fair value loss/(gain) on equity investments at fair value through profit or loss*	4,725	(1,139)
Loss on disposal of equity investments at fair value through profit or loss*	60	—
Dividend income from equity investments at fair value through profit or loss	(40)	—

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

## Notes to Condensed Consolidated Interim Financial Statements (continued)

### 6. Finance Costs

	Six months ended 31 January	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Interests on:		
Bank loans wholly repayable within five years	3,006	3,175
Other borrowings and note payable wholly repayable within five years	5,713	5,715
Total interest expenses	8,719	8,890
Bank financing charges	271	286
	<b>8,990</b>	9,176

### 7. Interests in Associates

#### Undertaking to subscribe rights shares of Lai Sun Development Company Limited ("LSD")

Pursuant to a joint announcement made by the Company and LSD on 8 November 2011, LSD proposed to raise approximately HK\$531 million before expenses by way of a rights issue of 5,900,850,966 rights shares at the subscription price of HK\$0.09 per rights share on the basis of 5 right shares for every 12 existing shares of LSD (the "**Rights Issue**"). Pursuant to the underwriting agreement (the "**Underwriting Agreement**") dated 8 November 2011 entered into between the Company, LSD and the underwriter, the Company gave the irrevocable undertaking under the Underwriting Agreement to subscribe, and to procure each of its wholly-owned subsidiaries holding the shares of LSD to subscribe, in full for its pro rata entitlements under the Rights Issue of which constituted a discloseable transaction of the Company.

On completion of the Rights Issue, the Group subscribed in aggregate 2,830,362,161 rights shares in respect of the 6,792,869,192 existing shares of LSD beneficially owned by the Group at a consideration of HK\$254,733,000. The Group's equity interest in LSD remained at 47.97% (31 July 2011: 47.97%)

#### Reorganisation involving shares in the capital of Lai Fung Holdings Limited ("**Lai Fung**") and LSD in prior period

On 26 July 2010, the Company entered into a conditional shares swap agreement with eSun Holdings Limited ("**eSun**") pursuant to which (i) the Company transferred its entire shareholding interest in Lai Fung, representing approximately 40.58% of the issued share capital of Lai Fung, to eSun (the "**Lai Fung Transaction**") whereby eSun transferred its entire shareholding interest in LSD, representing approximately 36.72% of the issued share capital of LSD, to the Company (the "**LSD Transaction**" and referred as the "**Shares Swap Transactions**" together with Lai Fung Transaction); and (ii) cash consideration of approximately HK\$178.4 million was paid by eSun to the Company. All the conditions precedent under the shares swap agreement were fulfilled and completion of the Shares Swap Transactions took place on 30 September 2010 (the "**Completion**").

## Notes to Condensed Consolidated Interim Financial Statements (continued)

### 7. Interests in Associates (continued)

Reorganisation involving shares in the capital of Lai Fung Holdings Limited (“Lai Fung”) and LSD in prior period (continued)

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:

	HK\$’000
<b>Lai Fung Transaction</b>	
Gain on disposal of 40.58% interest in Lai Fung	1,271,659
<b>LSD Transaction</b>	
Release of reserves upon 11.25% interest in LSD treated as if it were disposed of and reacquired	110,547
Discount on acquisition of 47.97% interest in LSD	894,108
<b>Gains on Shares Swap Transactions</b>	<b>2,276,314</b>

Further details of the Shares Swap Transactions were set out in the joint announcement of the Company and eSun dated 26 July 2010, the circulars of the Company and eSun both dated 30 August 2010 and the annual report 2010-2011 of the Company.

### 8. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (Six months ended 31 January 2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	<b>Six months ended 31 January</b>	
	<b>2012 (Unaudited) HK\$’000</b>	2011 (Unaudited) HK\$’000
Current tax	<b>2,032</b>	—
Deferred tax	<b>9,742</b>	23,062
<b>Tax charge for the period</b>	<b>11,774</b>	23,062

## Notes to Condensed Consolidated Interim Financial Statements (continued)

### 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\$162,725,000 (Six months ended 31 January 2011: HK\$2,540,320,000) and the weighted average number of 1,617,423,423 (Six months ended 31 January 2011: 1,617,423,423) ordinary shares in issue during the period.

The diluted earnings per share amounts for the six months ended 31 January 2012 and 2011 have not been disclosed as no diluting events existed during both periods.

### 10. Related Party Transactions

#### (a) Transactions with related parties

	Notes	Six months ended 31 January	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Rental expenses and building management fee paid and payable to LSD	(i)	300	283
Interest expenses on note payable to and other borrowing granted by a former director of the Company, the late Mr. Lim Por Yen	(ii)	5,713	5,715
Interest income received and receivable from an associate of the Group	(iii)	238	—

Notes:

- (i) Rental expense and building management fee were charged, based on terms stated in the respective lease agreements.
- (ii) Interest expense was charged at the best lending rate quoted by a designated bank in Hong Kong in respect of the note payable and other borrowing.
- (iii) Interest income was charged at the best lending rate quoted by a designated bank in Hong Kong.

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

	Six months ended 31 January	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Short term employee benefits	3,267	3,199
Post-employment benefits	12	12
	<b>3,279</b>	<b>3,211</b>

## Notes to Condensed Consolidated Interim Financial Statements (continued)

### 11. 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:

	<b>31 January 2012 (Unaudited) HK\$'000</b>	31 July 2011 (Audited) HK\$'000
Debtors:		
Not yet due or less than 90 days past due	<b>809</b>	688
91 to 180 days past due	<b>94</b>	33
181 to 365 days past due	<b>62</b>	54
	<b>965</b>	775
Deposits paid and other receivables	<b>6,431</b>	7,949
	<b>7,396</b>	8,724

### 12. 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:

	<b>31 January 2012 (Unaudited) HK\$'000</b>	31 July 2011 (Audited) HK\$'000
Creditors not yet due or less than 90 days past due	<b>287</b>	8,846
Deposits received and accruals	<b>19,924</b>	21,626
	<b>20,211</b>	30,472

## Notes to Condensed Consolidated Interim Financial Statements (continued)

### 13. Capital Commitments

The Group had the following commitments in respect of investment property not provided for in the financial statements at the end of the reporting period:

	<b>31 January 2012 (Unaudited) HK\$'000</b>	31 July 2011 (Audited) HK\$'000
Capital commitments — contracted but not provided for	<b>385</b>	—

### 14. Contingent Liabilities

During the year ended 31 July 2006, the Company disposed of its entire interests in Assetop Asia Limited (“**Assetop**”), a then wholly-owned subsidiary of the Group, to Goldthorpe Limited (“**Goldthorpe**”), a wholly-owned subsidiary of Lai Fung. The principal asset held by Assetop is a property under development in Shanghai, the People’s Republic of China (the “**PRC**”). Certain subsidiaries of Assetop in the PRC were undergoing merger by absorption and completion of the merger was conditional upon approval of the relevant PRC government authorities. During the year ended 31 July 2007, the aforementioned merger of the PRC subsidiaries of Assetop was successfully completed. The Company had agreed to indemnify Lai Fung and Goldthorpe against all losses incurred by Lai Fung and Goldthorpe for the resettlement costs of approximately RMB124 million, which had been incurred and paid in prior years in connection with the relocation of the original inhabitants and the demolition of the then building structure erected on the property under development (the “**Resettlement Costs**”), not being tax deductible, up to a maximum amount of HK\$102,000,000, which was estimated based on the prevailing tax regulations. The Resettlement Costs are properly incurred for the project and are properly recorded in the books of the PRC subsidiaries of Assetop. The liability of the Company under this indemnity will terminate on 29 May 2012 (being six years after the completion of the Assetop disposal). Based on the prevailing rules and regulations, the directors of the Company consider such Resettlement Costs are tax deductible and thus no material liabilities are expected to crystallise under this indemnity.

## Interim Dividend

The Board of Directors (the “**Board**”) of the Company has resolved not to declare the payment of an interim dividend for the financial year ending 31 July 2012. No interim dividend was declared in respect of the last corresponding period.

## Management Discussion and Analysis

### Results Overview

For the six months ended 31 January 2012, the turnover and gross profit of the Company and its subsidiaries (the “**Group**”) were HK\$36.1 million (2011: HK\$27.3 million) and HK\$31.0 million (2011: HK\$21.5 million) respectively, representing an increase of approximately 32.2% and 44.2% respectively over the corresponding period last year. Net profit attributable to shareholders was approximately HK\$162.7 million (2011: HK\$2,540.3 million). Accordingly, basic earnings per share declined to HK\$0.10 (2011: HK\$1.57).

Shareholders’ equity as at 31 January 2012 amounted to HK\$6,969.0 million, up from HK\$6,739.2 million as at 31 July 2011. Net asset value per share attributable to owners of the Company correspondingly increased to HK\$4.31 from HK\$4.17 for the same period.

### Market Review and Outlook

Despite the lingering fear of global economic recession, financial market volatility and policy headwinds casting a shadow on the property market in Hong Kong, the market has demonstrated resilience and shown signs of rebound with prices stabilising in recent weeks after a short period of consolidation towards the end of 2011 and early 2012. Activities in the primary and secondary markets seem to have recovered under an environment of limited supply of new stock and low interest rates.

The operating conditions for most retail, consumption and commercial sectors in Hong Kong have performed favorably given the strong retail spending from mainland China visitors. The demand for high quality commercial properties in traditional commercial districts remained strong given the lack of new supply, which led to an increase in rental rates. Improved local consumption expenditure and strong retail spending by the visitors from mainland China provide further impetus to the retail property market.

## Management Discussion and Analysis *(continued)*

### Market Review and Outlook *(continued)*

The low interest rate environment and a tight supply of new properties in urban areas are expected to continue and lead towards a steady development of the property market in Hong Kong. Under these macro-economic circumstances, the Group and its associate companies will continue to manage their operations on a prudent basis, and will strive to position their businesses for long-term capital growth.

### Review of Operations

As a result, rental income from investment properties increased to HK\$36.1 million (2011: HK\$27.3 million), representing an increase of 32.2% during the period under review. The robust performance was primarily the result of the Group having fully let and achieving stabilised rental at the commercial portion of Crocodile Center. As at 31 January 2012, the Company had 266,222 square feet of leaseable GFA and average occupancy rate of 98.0%. Gross margin improved to 85.8% (2011: 78.5%) primarily driven by economies of scale due to the improvement of the occupancy rate of the commercial portion of Crocodile Center. Net profit attributable to shareholders showed a significant decline due to the larger property revaluation gain and gains recognised from the reorganisation involving shares in the capital of Lai Fung Holdings Limited and Lai Sun Development Company Limited ("**LSD**") in the same period last year.

Similarly, investment properties owned by LSD showed the same encouraging trend. LSD has achieved strong sales of development properties; both the residential units of Emerald 28 and The Oakhill projects are substantially sold. LSD has started the preparation work for the pre-sale of Ocean One in Yau Tong.

The Group's share of profits and losses of associates declined to HK\$117.9 million (2011: HK\$164.7 million), representing a decrease of 28.4%. The decrease was mainly attributable to the decrease in the Group's share of LSD's profit for the period, due to lower property revaluation gain.

## Management Discussion and Analysis *(continued)*

### Review of Operations *(continued)*

As detailed in Note 7 to the condensed consolidated interim financial statements, the Group subscribed for the rights shares of LSD in full for its pro rata entitlement under the rights issue of LSD in December 2011 at a consideration of HK\$254.7 million. The Group's equity interest in LSD remained at 47.97% (31 July 2011: 47.97%).

### Liquidity and Financial Resources

The Group's sources of funding comprise internal funds generated from the Group's business operations and loan facilities provided by banks and others.

As at 31 January 2012, the Group had secured banking facilities (excluding amounts repaid and cancelled pursuant to the respective terms of the facilities) of approximately HK\$389 million.

As at 31 January 2012, total borrowings amounted to HK\$556 million, comprising a secured bank loan of HK\$329 million and a note payable of HK\$195 million and a loan of HK\$32 million payable to the late Mr. Lim Por Yen ("**Mr. Lim**"). As at 31 January 2012, there was an outstanding amount of accrued interests of HK\$95 million in relation to the above-mentioned note and loan payable to the late Mr. Lim. All of the Group's borrowings were maintained as floating rate debts.

As at 31 January 2012, the maturity profile of the secured bank loan of HK\$329 million was spread over a period of less than two years with HK\$32 million repayable within one year and HK\$297 million repayable in the second year. The note payable of HK\$195 million and the loan of HK\$32 million payable to the late Mr. Lim 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 that such note and loan payables are not repayable within one year from the end of the reporting period.

As at 31 January 2012, certain investment properties with a total carrying value of approximately HK\$1,345 million and a share in a subsidiary were pledged to banks to secure banking facilities granted to the Group.

## Management Discussion and Analysis *(continued)*

### Liquidity and Financial Resources *(continued)*

As at 31 January 2012, the Group had cash and bank balances amounting to approximately HK\$175 million and unutilised banking facility of HK\$60 million, which together were considered adequate to cover the working capital requirement of the Group.

As at 31 January 2012, consolidated net assets of the Group amounted to HK\$6,969 million. The debt to equity ratio expressed as a percentage of total borrowings to consolidated net assets as at that date was approximately 8%.

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.

### Employees and Remuneration Policies

As at 31 January 2012, the Group employed a total of approximately 20 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

### Contingent Liabilities

Details of contingent liabilities of the Group as at the end of the reporting period are set out in Note 14 to the condensed consolidated interim financial statements.

## Corporate Governance and Other Information

### Corporate Governance

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**” and the “**Listing Rules**” respectively) throughout the six months ended 31 January 2012 save for the deviations from code provisions A.4.1 and E.1.2 as follows:

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

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

*Under code provision E.1.2, the chairman of the board should attend the annual general meeting.*

The Chairman was not present at the AGM held on 21 December 2011 as he did not feel well that day. However, Mr. Lui Siu Tsuen, Richard, an executive Director who was present at that AGM was elected chairman thereof pursuant to the Articles of Association to ensure an effective communication with shareholders of the Company thereat.

### Securities Transactions by Directors and Designated Employees

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees (the “**Securities Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. The Company has made specific enquiry on all Directors who have confirmed in writing their compliance with the required standard set out in the Securities Code during the six months ended 31 January 2012.

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

### Directors' Interests

The Directors and the chief executive of the Company who held office on 31 January 2012 and their respective associates (as defined in the Listing Rules) were interested or were deemed to be interested in the following interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) on that date (a) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO (the "Register"); or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Securities Code or (d) as otherwise known by the Directors:

#### (a) The Company

##### Long positions in the ordinary shares of HK\$0.01 each (the "Shares")

Name of Director	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total Interests	Approximate % of Total Interests to Total Issued Shares
Lam Kin Ngok, Peter	Beneficial Owner/ Owner of Controlled Corporation	130,544,319	Nil	484,991,750 (Note)	Nil	615,536,069	38.06%
Lam Kin Ming	Beneficial Owner	5,008,263	Nil	Nil	Nil	5,008,263	0.31%
U Po Chu	Beneficial Owner/ Owner of Controlled Corporation	4,127,625	Nil	484,991,750 (Note)	Nil	489,119,375	30.24%
Lam Hau Yin, Lester	Beneficial Owner	60,623,968	Nil	Nil	Nil	60,623,968	3.75%

Note:

Both Dr. Lam Kin Ngok, Peter and Madam U Po Chu were deemed to be interested in 484,991,750 Shares (representing approximately 29.99% of the Company's issued share capital) by virtue of their respective 50% interests in the issued share capital of Wisdom Limited which directly owned 484,991,750 Shares in the Company.

## Corporate Governance and Other Information (continued)

### Directors' Interests (continued)

#### (b) Associated Corporations

- (i) Lai Sun Development Company Limited (“LSD”) — an associate of the Company

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

Name of Director	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total Interests	Approximate % of Total Interests to Total Issued Shares
Lam Kin Ngok, Peter	Beneficial Owner/Owner of Controlled Corporations	14,307,745	Nil	9,623,231,353 (Note)	Nil	9,637,539,098	48.04%
U Po Chu	Beneficial Owner	897,316	Nil	Nil	Nil	897,316	0.004%

Note:

The Company and two of its wholly-owned subsidiaries, namely Joy Mind Limited and Zimba International Limited, beneficially owned in aggregate 9,623,231,353 shares in LSD, representing approximately 47.97% of the issued share capital of LSD. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 9,623,231,353 shares in LSD (representing approximately 47.97% of LSD's issued share capital) by virtue of, in aggregate, his approximate 38.06% personal and deemed interests in the issued share capital of the Company.

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

##### Long positions in the ordinary shares of HK\$0.50 each

Name of Director	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total Interests	Approximate % of Total Interests to Total Issued Shares
Lam Kin Ngok, Peter	Beneficial Owner/Owner of Controlled Corporations	2,794,443	Nil	471,604,186 (Note)	Nil	474,398,629	38.16%
Lam Hau Yin, Lester	Beneficial Owner	2,794,443	Nil	Nil	Nil	2,794,443	0.23%

Note:

The Company was interested in 9,623,231,353 shares in LSD, representing approximately 47.97% of the issued share capital of LSD. Transtrend Holdings Limited, a wholly-owned subsidiary of LSD, was interested in 471,604,186 shares in eSun, representing approximately 37.93% of the issued share capital of eSun. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 471,604,186 shares in eSun (representing approximately 37.93% of eSun's issued share capital) by virtue of, in aggregate, his approximately 38.06% and 48.04% personal and deemed interests in the issued share capital of the Company and LSD respectively.

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

### Directors' Interests *(continued)*

#### (b) Associated Corporations *(continued)*

(iii) Lai Fung Holdings Limited ("**Lai Fung**") — an associate of eSun

#### Long positions in the ordinary shares of HK\$0.10 each

Name of Director	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total Interests	Approximate % of Total Interests to Total Issued Shares
Lam Kin Ngok, Peter	Owner of Controlled Corporations	Nil	Nil	3,265,688,037 (Note)	Nil	3,265,688,037	40.58%

Note:

These interests in Lai Fung were the shares beneficially owned by Merit Worth Limited (1,869,206,362 shares) and Silver Glory Securities Limited (1,396,481,675 shares), the latter two companies being wholly-owned subsidiaries of eSun, representing approximately 40.58% of the issued share capital of Lai Fung. eSun is owned as to approximately 37.93% by LSD which is in turn owned as to approximately 47.97% by the Company. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 3,265,688,037 shares in Lai Fung (representing approximately 40.58% of Lai Fung's issued share capital) by virtue of, in aggregate, his approximate 38.16% personal and deemed interests in eSun.

#### Long positions in the 9.125% Senior Notes due 2014 (the "Senior Notes")

Name of Director	Capacity	Nature of Interests	Principal Amount
Lam Kin Ngok, Peter	Owner of Controlled Corporations	Corporate	US\$1,025,000 (Note)

Note:

The principal amount of US\$1,025,000 in the Senior Notes issued by Lai Fung was beneficially owned by Accuremark Limited, a wholly-owned subsidiary of eSun. Lai Fung is owned as to approximately 40.58% by eSun which is in turn owned as to approximately 37.93% by LSD which is in turn owned as to approximately 47.97% by the Company. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same principal amount of US\$1,025,000 in the Senior Notes by virtue of, in aggregate, his approximate 38.16% personal and deemed interests in eSun.

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

### Directors' Interests *(continued)*

#### (b) Associated Corporations *(continued)*

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

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

Name of Director	Capacity	Number of Ordinary Shares of HK\$0.01 Each Held	Number of Underlying Shares Held	Deemed Interest Pursuant to Section 317 of the SFO	Total Number of Issued Shares, Underlying Shares and Deemed Interest Pursuant to Section 317 of the SFO	Approximate % of Total Interests to Total Issued Shares
Lam Kin Ngok, Peter	Owner of controlled corporations	6,712,925,500 <i>(Note 1)</i>	14,132,500,000 <i>(Note 2)</i>	11,382,823,103 <i>(Note 3)</i>	32,228,248,603	245.26%

Notes:

- (1) *These shares were beneficially owned by Perfect Sky Holdings Limited (“**Perfect Sky**”), a wholly-owned subsidiary of eSun, representing approximately 51.09% of the issued share capital of MAGH. eSun is owned as to approximately 37.93% by LSD which is in turn owned as to approximately 47.97% by the Company. As the Company is approximately 8.07% owned by Dr. Lam Kin Ngok, Peter and approximately 29.99% owned by Wisdom Limited which is in turn 50% beneficially owned by Dr. Lam Kin Ngok, Peter, he was deemed to be interested in the said 6,712,925,500 shares in MAGH.*
- (2) *By virtue of his interests through the controlled corporations described in Note (1) above, Dr. Lam Kin Ngok, Peter was also deemed to be interested in the 8,632,500,000 underlying shares comprised in the first completion convertible notes issued to Perfect Sky by MAGH on 9 June 2011 (the “**First Completion Date**”) and the 5,500,000,000 underlying shares comprised in the second completion convertible notes to be issued to Perfect Sky by MAGH on the first anniversary of the First Completion Date.*
- (3) *These shares (issued and underlying) are held by the concert parties of Perfect Sky. Dr. Lam Kin Ngok, Peter was deemed to be interested in these shares by virtue of the fact that Perfect Sky was deemed to have an interest in these shares pursuant to Section 317 of the SFO.*

Save as disclosed above, as at 31 January 2012, none of the Directors and the chief executive of the Company and their respective associates were interested or were deemed to be interested in the long and short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange under the SFO, as recorded in the Register as aforesaid or as otherwise notified under the Securities Code or otherwise known by the Directors.

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

### Interests of Substantial Shareholders and Other Persons

As at 31 January 2012, so far as it is known by or otherwise notified to any Director or the chief executive of the Company, the particulars of the corporations or persons (other than a Director or the chief executive of the Company) who had 5% or more interests in the following long positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (the “**Voting Entitlements**”)(i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

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

Name	Capacity	Nature of Interests	Number of Shares	Approximate % of Shares in Issue
<b>Substantial Shareholders</b>				
Lam Kin Ngok, Peter <i>(Note 1)</i>	Beneficial Owner	Personal and corporate	615,536,069 <i>(Note 2)</i>	38.06%
U Po Chu <i>(Note 1)</i>	Beneficial Owner	Personal and corporate	489,119,375 <i>(Note 2)</i>	30.24%
Wisdoman Limited	Beneficial Owner	Corporate	484,991,750 <i>(Notes 1 &amp; 2)</i>	29.99%
Third Avenue Management LLC	Investment Manager	Corporate	172,026,000 <i>(Note 3)</i>	10.64%
<b>Other Persons</b>				
Third Avenue Management LLC, on behalf of the Third Avenue Value Fund	Beneficial Owner	Corporate	160,000,000 <i>(Note 3)</i>	9.89%
Yu Cheuk Yi	Beneficial Owner	Personal	121,693,000 <i>(Note 4)</i>	7.52%
Yu Siu Yuk	Beneficial Owner	Personal	121,693,000 <i>(Note 4)</i>	7.52%
Hsu Feng	Owner of Controlled Corporations	Corporate	80,992,000 <i>(Note 5)</i>	5.00%
Albert Tong	Owner of Controlled Corporations	Corporate	80,992,000 <i>(Note 6)</i>	5.00%
Tong Chi Kar, Charles	Owner of Controlled Corporations	Corporate	80,992,000 <i>(Note 7)</i>	5.00%
Tomson Group Limited	Owner of Controlled Corporations	Corporate	80,992,000 <i>(Note 8)</i>	5.00%

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

### Interests of Substantial Shareholders and Other Persons *(continued)*

Notes:

- (1) *Dr. Lam Kin Ngok, Peter and Madam U Po Chu, Directors, are also directors of Wisdoman Limited.*
- (2) *Both Dr. Lam Kin Ngok, Peter and Madam U Po Chu were deemed to be interested in 484,991,750 Shares of the Company owned by Wisdoman Limited by virtue of their respective 50% interests in the issued share capital of Wisdoman Limited.*
- (3) *Third Avenue Management LLC held 172,026,000 Shares of the Company, of which Third Avenue Management LLC, on behalf of the Third Avenue Value Fund, held 160,000,000 Shares of the Company.*
- (4) *Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk were both taken to be interested in the same 121,693,000 Shares of the Company, which were held jointly by them.*
- (5) *Ms. Hsu Feng was taken to be interested in 80,992,000 Shares of the Company due to her beneficial shareholding interests in Tomson Group Limited.*
- (6) *Mr. Albert Tong was taken to be interested in 80,992,000 Shares of the Company due to his beneficial shareholding interests in Tomson Group Limited.*
- (7) *Mr. Tong Chi Kar, Charles was taken to be interested in 80,992,000 Shares of the Company due to his beneficial shareholding interests in Tomson Group Limited.*
- (8) *These interests in the Company represented the Shares beneficially owned by Humphreys Estate (Strawberry Houses) Limited which is in turn wholly owned by Tomson Financial Investment Limited ("**Tomson Financial**") while Tomson Financial is wholly owned by Tomson Investment Limited which is in turn wholly owned by Tomson Group Limited.*

Save as disclosed above, the Directors are not aware of any other corporation or person (other than a Director or the chief executive of the Company) who, as at 31 January 2012, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

### Share Option Scheme

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

Since the Adoption Date, no share options have been granted under the Share Option Scheme and, therefore, no share options were exercised and cancelled and lapsed during the six months ended 31 January 2012.

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

### Purchase, Sale or Redemption of Listed Securities

During the six months ended 31 January 2012, the Company did not redeem any of its Shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

### Review of Interim Report

The audit committee of the Company currently comprises three INEDs, namely Messrs. Leung Shu Yin, William, Lam Bing Kwan and Chow Bing Chiu and a non-executive Director Mr. Wan Yee Hwa, Edward. Such committee has reviewed the interim report (containing the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2012.

### Shareholders and Staff

On behalf of the Board, I would like to extend my heartfelt gratitude to the full trust and enormous support of our shareholders, customers and partners as well as the unrelenting commitment and effort of all our staff members, which set the Company on course for long-term success.

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

Hong Kong, 29 March 2012