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 2013

RESULTS

The board of directors (the "**Board**") of Lai Fung Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 31 January 2013 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement

For the six months ended 31 January 2013

	Notes	For the six months ended 31 January 2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
TURNOVER	3	**812,169**	831,332
Cost of sales		**(392,046)**	(377,185)
Gross profit		**420,123**	454,147
Other income and gains		**78,976**	57,055
Selling and marketing expenses		**(39,281)**	(39,921)
Administrative expenses		**(159,721)**	(120,918)
Other operating expenses, net		**(59,894)**	(61,122)
Fair value gains on investment properties		**324,560**	480,759
PROFIT FROM OPERATING ACTIVITIES	4	**564,763**	770,000
Finance costs	5	**(75,041)**	(45,123)
Share of profit/(losses) of joint ventures		**97,135**	(7,889)
PROFIT BEFORE TAX		**586,857**	716,988
Tax	6	**(224,706)**	(270,110)
PROFIT FOR THE PERIOD		**362,151**	446,878
ATTRIBUTABLE TO:			
Owners of the Company		**331,274**	399,129
Non-controlling interests		**30,877**	47,749
		362,151	446,878

Condensed Consolidated Income Statement (continued)
For the six months ended 31 January 2013

		For the six months ended 31 January	
		2013	2012
		(Unaudited)	(Unaudited)
	Note	**HK$'000**	HK$'000
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	7		
			(Adjusted)
Basic		**HK$0.021**	HK$0.048
Diluted		**HK$0.021**	N/A

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 January 2013

	For the six months ended 31 January	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
PROFIT FOR THE PERIOD	**362,151**	446,878
OTHER COMPREHENSIVE INCOME/(EXPENSES), NET OF TAX		
Reversal of impairment/(impairment) of investment properties under construction	**5,308**	(2,469)
Exchange differences arising on translation to presentation currency	**96,680**	161,568
Share of other comprehensive income of joint ventures	**3,291**	37,269
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**105,279**	196,368
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**467,430**	643,246
ATTRIBUTABLE TO:		
Owners of the Company	**431,035**	586,731
Non-controlling interests	**36,395**	56,515
	467,430	643,246

Condensed Consolidated Statement of Financial Position
As at 31 January 2013

	Notes	**31 January 2013 (Unaudited) HK$'000**	31 July 2012 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,137,798**	841,164
Prepaid land lease payments		**5,553**	5,600
Investment properties		**10,795,401**	10,289,369
Properties under development		**996,357**	925,588
Investments in joint ventures		**421,024**	319,861
Goodwill		**2,875**	3,400
Total non-current assets		**13,359,008**	12,384,982
CURRENT ASSETS			
Properties under development		**290,083**	500,587
Completed properties for sale		**1,565,160**	1,785,003
Debtors, deposits and prepayments	8	**139,698**	135,120
Prepaid tax		**51,414**	49,513
Pledged and restricted time deposits and bank balances		**936,538**	943,135
Cash and cash equivalents		**1,706,672**	1,695,551
Total current assets		**4,689,565**	5,108,909
CURRENT LIABILITIES			
Creditors and accruals	9	**669,236**	687,195
Deposits received and deferred income		**393,848**	355,974
Interest-bearing bank loans, secured		**1,429,321**	1,559,357
Tax payable		**383,945**	343,117
Total current liabilities		**2,876,350**	2,945,643
NET CURRENT ASSETS		**1,813,215**	2,163,266
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,172,223**	14,548,248

Condensed Consolidated Statement of Financial Position (continued)
As at 31 January 2013

	31 January 2013 (Unaudited) HK$'000	31 July 2012 (Audited) HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**15,172,223**	14,548,248
NON-CURRENT LIABILITIES		
Long-term deposits received	**67,998**	68,045
Interest-bearing bank loans, secured	**415,393**	358,342
Advances from a former substantial shareholder	**57,702**	57,200
Fixed rate senior notes	**1,431,060**	1,427,253
Deferred tax liabilities	**1,681,203**	1,566,958
Total non-current liabilities	**3,653,356**	3,477,798
	11,518,867	11,070,450
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**1,609,591**	1,609,591
Share premium account	**4,065,862**	4,065,862
Asset revaluation reserve	**41,703**	36,448
Share option reserve	**29,734**	3,678
Exchange fluctuation reserve	**1,808,661**	1,714,155
Capital reserve	**25,974**	25,974
Retained earnings	**3,268,608**	2,937,334
Proposed dividend	**-**	45,069
	10,850,133	10,438,111
Non-controlling interests	**668,734**	632,339
	11,518,867	11,070,450

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2013 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.

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

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 2012. 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, that have been issued but are not yet effective, in these interim financial statements:

HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]
Amendments to HKFRS 1	Government Loans[1]
Annual Improvements Project	Annual Improvements to HKFRSs 2009-2011 Cycle[1]
HKFRS 7 Amendments	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (2011)	Employee Benefits[1]
HKAS 32 Amendments	Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9 Amendments and HKFRS 7 Amendments	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10, HKFRS 12, and HKAS 27 (2011) Amendments	Investment Entities[2]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2014
[3] Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact upon initial application of the above new and revised HKFRSs. The Group is not yet in a position to state whether they would have a significant impact on the Group's results or financial position.

3. OPERATING SEGMENT INFORMATION

	For the six months ended 31 January (Unaudited)					
	Property development		Property investment		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue/results:						
Segment revenue						
Sales to external customers	**549,673**	604,328	**262,496**	227,004	**812,169**	831,332
Other revenue	**1,135**	201	**54,574**	47,016	**55,709**	47,217
Total	**550,808**	604,529	**317,070**	274,020	**867,878**	878,549
Segment results	**126,695**	228,194	**473,237**	554,449	**599,932**	782,643
Unallocated gains					**23,267**	10,427
Unallocated expenses, net					**(58,436)**	(23,070)
Profit from operating activities					**564,763**	770,000
Finance costs					**(75,041)**	(45,123)
Share of profit/(losses) of joint ventures	**97,135**	(7,889)	**-**	-	**97,135**	(7,889)
Profit before tax					**586,857**	716,988
Tax					**(224,706)**	(270,110)
Profit for the period					**362,151**	446,878
Other segment information:						
Fair value gains on investment properties	-	-	**324,560**	480,759	**324,560**	480,759
Reversal of impairment/ (impairment) of properties under development/investment properties under construction*	**(42,024)**	(4,401)	**7,076**	(3,291)	**(34,948)**	(7,692)
Loss on disposal of items of property, plant and equipment	**-**	(17)	**(21)**	(54,487)	**(21)**	(54,504)

** Impairment of HK$42,024,000 (six months ended 31 January 2012: HK$4,401,000) and reversal of impairment of HK$7,076,000 (six months ended 31 January 2012: impairment of HK$3,291,000) were recognised in profit or loss and in other comprehensive income, respectively.*

	Property development		Property investment		Consolidated	
	31 January 2013 (Unaudited)	31 July 2012 (Audited)	**31 January 2013 (Unaudited)**	31 July 2012 (Audited)	**31 January 2013 (Unaudited)**	31 July 2012 (Audited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets:						
Segment assets	**2,911,744**	3,266,645	**11,901,163**	11,099,847	**14,812,907**	14,366,492
Investments in joint ventures	**421,024**	319,861	**-**	-	**421,024**	319,861
Unallocated assets					**2,814,642**	2,807,538
Total assets					**18,048,573**	17,493,891

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	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Cost of completed properties sold	**333,090**	326,781
Impairment of properties under development*	**42,024**	4,401
Depreciation#	**30,956**	29,664
Foreign exchange differences, net*	**(4,515)**	(7,863)
Loss on disposal of items of property, plant and equipment#	**21**	54,504
Amortisation of prepaid land lease payments	**96**	96

The depreciation charge of HK$22,306,000 (six months ended 31 January 2012: HK$9,092,000) for service apartments and related leasehold improvements and the loss on disposal of items of property, plant and equipment of HK$21,000 (six months ended 31 January 2012: HK$54,504,000) are included in "Other operating expenses, net" on the face of the condensed consolidated income statement.

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

5. FINANCE COSTS

	For the six months ended 31 January	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on:		
Bank loans wholly repayable within five years	**46,851**	36,383
Fixed rate senior notes, net	**65,755**	65,866
Amortisation of fixed rate senior notes	**3,806**	3,461
Bank financing charges	**3,233**	826
	119,645	106,536
Less: Capitalised in properties under development	**(36,498)**	(46,083)
Capitalised in investment properties	**(8,106)**	(15,330)
	(44,604)	(61,413)
Total finance costs	**75,041**	45,123

6. TAX

No provision for Hong Kong profits tax had been made as the Group had no estimated assessable profits arising in Hong Kong during the period (six months ended 31 January 2012: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	For the six months ended 31 January	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current - Mainland China		
Corporate income tax	**47,025**	35,147
Land appreciation tax	**79,032**	93,806
Deferred	**98,649**	141,157
Total tax charge for the period	**224,706**	270,110

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts was based on the profit for the period attributable to owners of the Company of HK$331,274,000 (six months ended 31 January 2012: HK$399,129,000), and the weighted average number of ordinary shares of 16,095,912,956 (six months ended 31 January 2012: adjusted as 8,357,493,266) in issue during the period, as adjusted to reflect the bonus element inherent in the open offer during the year ended 31 July 2012.

The calculation of diluted earnings per share amounts was based on the profit for the period attributable to owners of the Company as used in the basic earnings per share calculation. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 31 January
	2013
	(Unaudited)
	HK$'000
Earnings	
Profit attributable to owners of the Company used in the basic earnings per share calculation	**331,274**
	Number of shares
Shares	
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**16,095,912,956**
Effect of dilution – weighted average number of ordinary shares:	
Share options	**21,230,419**
	16,117,143,375

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (CONTINUED)

No adjustment had been made to the basic earnings per share amount presented for the period ended 31 January 2012 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

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. Service 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.

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

	31 January 2013 (Unaudited) HK$'000	31 July 2012 (Audited) HK$'000
Trade receivables, net:		
Within one month	**66,594**	62,651
One to three months	**1,712**	3,214
	68,306	65,865
Other receivables, deposits and prepayments	**71,392**	69,255
Total	**139,698**	135,120

9. CREDITORS AND ACCRUALS

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

	31 January 2013 (Unaudited) HK$'000	31 July 2012 (Audited) HK$'000
Trade payables:		
Within one month	**14,445**	40,101
One to three months	**519**	3,676
Over three months	-	895
	14,964	44,672
Accruals and other payables	**654,272**	642,523
Total	**669,236**	687,195

INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2013 (six months ended 31 January 2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Interim Results

For the six months ended 31 January 2013, the Group recorded a turnover of HK$812.2 million (2012: HK$831.3 million) and a gross profit of HK$420.1 million (2012: HK$454.1 million), representing a decrease of approximately 2% and 7%, respectively over the same period last year. Turnover from rental income and sales during the period was HK$262.5 million (2012: HK$227.0 million) and HK$549.7 million (2012: HK$604.3 million), respectively. Net profit attributable to owners of the Company was approximately HK$331.3 million (2012: HK$399.1 million), representing a decrease of approximately 17% over the same period last year.

Basic earnings per share was HK$0.021 (2012: HK$0.048). Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK$107.6 million (2012: HK$75.5 million), representing an increase of approximately 43% over the same period last year. Basic earnings per share excluding the revaluation effect correspondingly decreased to HK$0.007 (2012: HK$0.009).

Equity attributable to owners of the Company as at 31 January 2013 amounted to HK$10,850.1 million, up from HK$10,438.1 million as at 31 July 2012. Net asset value per share attributable to owners of the Company increased to HK$0.674 per share as at 31 January 2013 from HK$0.648 per share as at 31 July 2012.

Despite the challenging operating environment during the period under review, the business delivered an encouraging set of results underpinned by a sound foundation of rental income from the rental portfolio.

As at 31 January 2013, the Group maintained a property portfolio (excluding car-parking spaces and ancillary facilities) comprising of completed rental properties with attributable gross floor area ("**GFA**") of approximately 2.485 million square feet, properties under development of approximately 9.479 million square feet, and properties held for sale of approximately 1.147 million square feet. The Group will continue to build on this sound asset base with a view to delivering long-term value to its shareholders.

Property Portfolio Composition

Approximate attributable GFA (in ’000 square feet) and car-parking spaces as at 31 January 2013:

	Commercial /Retail	Office	Service Apartment	Residential	Total (excluding carpark & ancillary facilities)	No. of carparking spaces attributable to the Group
Investment Properties[1]	1,455	548	482	-	**2,485**	537
Properties Under Development[2]	1,190	1,319	871	6,099	**9,479**	6,877
Properties Held for Sale[3]	176	-	153	818	**1,147**	1,186
Total GFA	**2,821**	**1,867**	**1,506**	**6,917**	**13,111**	**8,600**

1. *Completed and rental generating properties*
2. *All properties under construction*
3. *Completed properties for sale/lease*

Property Investment

Rental Income

For the six months ended 31 January 2013, the Group’s rental operations recorded a turnover of HK$262.5 million (2012: HK$227.0 million), representing a 16% increase over the same period last year. Breakdown of rental turnover by major investment properties is as follows:

	Six months ended 31 January			
	2013 HK$ million	2012 HK$ million	% Change	Period end occupancy (%)
Shanghai Hong Kong Plaza	182.9	168.2	9	Retail: 99.9 Office: 95.0 Service Apartments: 80.9
Shanghai Regents Park (commercial podium and car-parking spaces)	6.1	5.2	17	99.7
Shanghai Northgate Plaza I	4.9	2.8	75	89.9
Shanghai May Flower Plaza (commercial podium and car-parking spaces)	13.8	0	N/A	89.2
Guangzhou May Flower Plaza	46.8	43.0	9	Retail: 99.8 Office: 100.0
Guangzhou West Point (commercial podium and car-parking spaces)	8.0	7.8	3	97.0
Total:	**262.5**	**227.0**	**16**	

Rental income performed steadily as a whole with almost full occupancy in the major properties. The increase is primarily attributable to rental reversion and change in tenant mix across the portfolio, as well as contribution from the retail podium of the Shanghai May Flower Plaza since the end of the financial year 2012.

A portion of the Palm Spring Rainbow Mall has been reclassified as rental properties as the floor space was leased out. Further reclassification and rental income recognition will take place in due course as the property becomes fully leased.

Review of major rental properties

Shanghai Hong Kong Plaza

Shanghai Hong Kong Plaza is a twin-tower property located on both the North and South sides of the street at a prime location on Huaihaizhong Road in Huangpu District, Shanghai. The twin-towers are connected by a footbridge. The property's total GFA is approximately 1.18 million square feet excluding 350 car-parking spaces. The property comprises an office tower, shopping arcades and a service apartment tower. The property is directly above the Huangpi South Road Metro Station and is within walking distance of Xintiandi, a well-known landmark in Shanghai. The shopping arcades are now one of the most visible high-end retail venues for global luxury brands in the area. Anchor tenants include The Apple Store, Cartier, Coach, GAP, Tiffany, MCM, Shiatzy Chen, Y3 and internationally renowned luxury brands and high-end restaurants. The service apartments are managed by the Ascott Group and the Group has successfully leveraged the Ascott Group's extensive experience and expertise in operating service apartments to position the service apartments as a high-end product.

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 retains a 95% interest in the retail podium which has approximately 320,314 square feet of GFA including the basement commercial area. The asset is positioned as a community retail facility with Lotte Mart as the anchor tenant.

Shanghai Northgate Plaza

Shanghai Northgate Plaza I comprises office units, a retail podium (now closed) and car-parking spaces. Located on Tian Mu Road West in the Zhabei District of Shanghai near the Shanghai Railway Terminal, this property has a total GFA of approximately 322,581 square feet excluding car-parking spaces and ancillary area. Shanghai Northgate Plaza II is a vacant site adjacent to Plaza I. The site area of Plaza II is approximately 44,293 square feet and its buildable GFA is approximately 375,007 square feet. The Group plans to redevelop Shanghai Northgate Plaza I and II together under a comprehensive redevelopment plan. The redeveloped project will include an office tower, a shopping arcade and underground car-parking spaces. The Group is currently discussing the redevelopment proposal with professional consultants and local authorities.

Guangzhou May Flower Plaza

Guangzhou May Flower Plaza is a prime property situated at Zhongshanwu Road, Yuexiu District directly above the Gongyuanqian Metro Station in Guangzhou, the interchange station of Guangzhou Subway Lines No. 1 and 2. This 13-storey complex has a total GFA of approximately 436,855 square feet excluding 136 car-parking areas. The building comprises of retail spaces, restaurants, office units and car-parking spaces. The property is fully leased to tenants comprising well-known corporations, consumer brands and restaurants.

Guangzhou West Point

Guangzhou West Point is located on Zhongshan Qi Road and is within walking distance from the Ximenkou Subway Station. This is a mixed use property where the Group has effectively sold all the residential and office units and retained a commercial podium with GFA of approximately 182,344 square feet excluding 141 car-parking spaces. Tenants of the retail podium include renowned restaurants and local retail brands.

Property Development

Recognised Sales

For the six months ended 31 January 2013, the Group's property development operations recorded a turnover of HK$549.7 million (2012: HK$604.3 million) from sale of properties, representing a 9% decrease in value and 197,303 square feet increase in GFA over the same period last year. The decrease in recognised sales was due to recognition of sales of Shanghai May Flower Plaza being lower compared to the same period last year and recognition of sales of Palm Spring Phase I which has a lower average selling price, which led to an overall reduction in average selling price. Total recognised sales was primarily driven by the sales performance of Shanghai May Flower Plaza and Zhongshan Palm Spring of which approximately 94,883 and 233,035 square feet of residential GFA were sold respectively.

Sales of Dolce Vita Phase I performed well and achieved an average selling price of HK$1,779 per square feet. This is recognised as a component of "Share of profit of joint ventures" in the condensed consolidated income statement.

For the six months ended 31 January 2013, average selling price recognised as a whole (excluding Dolce Vita) decreased by HK$2,513 to approximately HK$1,664 per square feet (2012: HK$4,177 per square feet).

Breakdown of turnover for the six months ended at 31 January 2013 from property sales is as follows:

Recognised basis	**Approximate Gross Floor Area**	**Average Selling Price#**	**Turnover***
	Square feet	**HK$/square feet**	**HK$ million**
Shanghai May Flower Plaza			
Residential Units	94,883	3,889	348.1
Office Apartment Units	572	2,573	1.4
Zhongshan Palm Spring			
Residential Units - High-rise	230,490	585	127.1
Residential Units - Townhouses	2,545	2,017	4.8
Shanghai Regents Park Phase II			
Residential Units	7,697	4,820	35.0
Guangzhou West Point			
Residential Units	4,854	2,587	11.8
Office Units	9,229	2,464	21.5
Total	**350,270**	**1,664**	**549.7**
Recognised sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units** (47.5% basis)	226,939	1,779	380.7

Before business tax

* *After business tax*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand and China Holdings Pte. Ltd. ("**CapitaLand**") in which each of the Group and CapitaLand has an effective 47.5% interest. For the six months ended 31 January 2013, the recognised sales (after business tax) attributable to the full project is HK$801.4 million and approximately 477,766 square feet of GFA were recognised.*

Contracted Sales

As at 31 January 2013, the Group's property development operations has contracted but not yet recognised sales of HK$1,060.8 million from sale of properties.

Breakdown of contracted but not yet recognised sales as at 31 January 2013 is as follows:

Contracted basis	Approximate Gross Floor Area	Average Selling Price#	Turnover#
	Square feet	HK$/square feet	HK$ million
Shanghai May Flower Plaza			
Residential Units	85,264	3,926	334.8
Office Apartment Units	36,778	2,937	108.0
Shanghai Regents Park Phase II			
Residential Units	3,648	4,951	18.1
Guangzhou West Point			
Residential Units	1,213	2,679	3.2
Zhongshan Palm Spring			
Residential Units - High-rise	78,089	579	45.2
Residential Units - Townhouses	34,255	1,366	46.8
Sub-total	239,247	2,324	556.1
Contracted sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units** (47.5% basis)	271,260	1,861	504.7
Total	**510,507**	**2,078**	**1,060.8**

\# *Before business tax*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand in which each of the Group and CapitaLand has an effective 47.5% interest. As at 31 January 2013, the contracted but not yet recognised sales attributable to the full project is HK$1,062.5 million and approximately 571,074 square feet of GFA were sold.*

Review of major projects completed for sale and under development

Shanghai May Flower Plaza

Shanghai May Flower Plaza is a completed 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 and situated near the Zhongshan Road North Metro Station. The residential portion of Shanghai May Flower Plaza is branded "The Mid-town" which comprises 628 residential units and approximately 627,511 square feet of GFA. During the period under review, 94,883 square feet was recognised at an average selling price of HK$3,889 per square feet, which contributed HK$348.1 million to the turnover. As at 31 January 2013, contracted but not yet recognised sales amounted to HK$334.8 million or 85,264 square feet at an average selling price of HK$3,926 per square feet. As at 31 January 2013, completed residential units held for sale in this development amounted to 321,685 square feet with a carrying amount of approximately HK$571.0 million.

The for sale portion of the office apartments comprised of 96 units with a total GFA of approximately 57,486 square feet. During the period under review, sales of 572 square feet was recognised at an average selling price of HK$2,573 per square feet, which contributed HK$1.4 million to the turnover. As at 31 January 2013, contracted but not yet recognised sales amounted to HK$108.0 million or 36,778 square feet at an average selling price of HK$2,937 per square feet. As at 31 January 2013, completed office apartment units held for sale in this development amounted to 56,914 square feet with a carrying amount of approximately HK$120.4 million.

Zhongshan Palm Spring

The project is located in Caihong Planning Area, West District of Zhongshan. The overall development has a total planned GFA of approximately 8.813 million square feet. The project will comprise of high-rise residential towers, townhouses, service apartments and commercial blocks totaling 6.379 million square feet.

Phase Ia of the project, which was completed during the six months ended 31 January 2013, comprises of high-rise residential towers and townhouses. During the period under review, 230,490 square feet of high-rise residential units and 2,545 square feet of townhouses were recognised at average selling prices of HK$585 and HK$2,017 per square feet, respectively, which contributed a total of HK$131.9 million to the sales turnover. As at 31 January 2013, contracted but not yet recognised sales amounted to HK$45.2 million and HK$46.8 million at average selling prices of HK$579 and HK$1,366 per square feet for high-rise units and townhouses, respectively. As at 31 January 2013, completed units held for sale in this development amounted to 471,015 square feet with a carrying amount of approximately HK$414.5 million.

Set out below is the current expectation on the development of the remaining phases:

Phase	Description	Approximate GFA* (square feet)	Expected completion
Ib	High-rise residential units	957,590	3Q 2016
II	Townhouses	173,988	3Q 2016
III	High-rise residential units including commercial units and service apartments	1,608,128	1Q 2018
IV	High-rise residential units including commercial units	2,596,180	4Q 2018

** excluding carparks and ancillary facilities*

The Group is closely monitoring the market conditions and will adapt the pace of development accordingly.

Guangzhou Eastern Place Phase V

Guangzhou Eastern Place is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. The current Phase V development will have a total GFA attributable to the Group of approximately 914,578 square feet, comprising two residential blocks (GFA 320,291 square feet approximately), an office block and ancillary retail spaces (GFA 594,287 square feet approximately). Construction work for the residential blocks is expected to be completed in 2013 and pre-sale of the residential units is expected to start in the third calendar quarter of 2013. The office block and ancillary retail spaces will be kept as rental properties and they are expected to complete in 2014.

Guangzhou Dolce Vita

The Guangzhou Dolce Vita is a joint venture project with CapitaLand China Holdings Pte. Ltd ("**CapitaLand**") in which each of the Group and CapitaLand has a 47.5% interest. This development in Jinshazhou, Hengsha, Baiyun District, Guangzhou will have a total project GFA of approximately 4.857 million square feet. The project will comprise of approximately 2,796 low-rise and high-rise residential units and shopping amenities totaling 3.793 million square feet excluding ancillary facilities and car-parking spaces. It is conveniently located near the business centre of Jinshazhou as well as several shopping and entertainment areas, and is easily accessible via Guangzhou Subway Line 6 and other transport modes. Praised as the model metropolis for Guangzhou and Foshan, Jinshazhou is located in northwest Guangzhou.

The project is divided into five phases of development. Phase I comprises 8 high-rise residential blocks and are almost all sold. Phase Ia (4 high-rise residential blocks) was completed in second half of 2012 and Phase Ib is expected to complete before the end of 2013. During the period under review, 226,939 square feet attributable to the Group was recognised and generated an attributable turnover of HK$380.7 million. As at 31 January 2013, attributable contracted but not yet recognised sales amounted to HK$504.7 million or 271,260 square feet at an average selling price of HK$1,861 per square feet. As at 31 January 2013, attributable completed units held for sale for Phase Ia and units under construction for Phase Ib amounted to 36,264 square feet and 263,052 square feet, respectively.

Set out below is the current expectation on the development of the remaining phases:

Phase	**Description**	**Approximate GFA* (square feet)**	**Expected completion**
Ib	High-rise residential units	553,794	4Q 2013
II	Townhouses including a small amount of commercial units	288,779	2H 2014
III	High-rise residential units including a small amount of commercial units	424,134	2H 2014
IV	Townhouses and low-rise residential units	305,644	2H 2015
V	High-rise residential units	1,666,353	2H 2017

** excluding carparks and ancillary facilities*

Pre-sale of Phase III of this project commenced shortly after the six months ended 31 January 2013 and achieved strong momentum.

Guangzhou King's Park

This is a high-end residential development located on Donghua Dong Road in Yuexiu District. The permitted GFA is approximately 95,800 square feet excluding 58 car-parking spaces and ancillary facilities. Construction work is substantially completed and sales will commence in the second half of financial year ending 31 July 2013.

Guangzhou Haizhu Plaza

Guangzhou Haizhu Plaza is located on Chang Di Main Road in Yuexiu District, Guangzhou along the Pearl River. The Group owns the entire project. The proposed development has a total project GFA of approximately 1.381 million square feet originally and is intended to be developed into an office and commercial complex. The Group has completed substantially most of the resettlement work of the original occupants. However, due to recent changes in government planning of the site, the Group is now in the process of negotiating the buildable area for the site with the city government.

Guangzhou Paramount Centre

This is a service apartment development located at the junction of Da Sha Tou Road and Yan Jiang Dong Road in Yuexiu District. The permitted GFA is approximately 80,321 square feet excluding 46 car-parking spaces and ancillary facilities. This project will be added to the rental property portfolio of the Group upon completion. The Group is in discussion with Lai Sun Development Company Limited to manage the operations of the service apartments. Construction work is expected to complete before the end of the next financial year.

Guangzhou Guan Lu Road Project

The site is located on Guan Lu Road in Yuexiu District. The permitted residential and retail GFA is approximately 142,580 square feet excluding 95 car-parking spaces and ancillary facilities. The project is intended to be developed into a residential block with car-parking spaces and ancillary facilities. Construction work is expected to commence once resettlement is completed.

Market Outlook

The completion of leadership changes in the United States and China removed some uncertainties and put focus back on global economic growth. Major global economies are still in early phase of recovery with sustained monetary easing by the key central banks around the world.

China's economic growth has slowed inevitably with weakening external demand and falling fixed asset investment growth. The Central government maintained its prudent macro policies and various tightening measures on the economy generally. One of the key focuses was to deliver sustainable growth and rein back a property bubble. Activities in the property market, particularly in the residential property market, have clearly slowed down with the continuing enforcement of the tight credit policy and restrictions on home purchases since they were introduced.

The Home Purchase Restrictions are expected to stay in the medium term. While the details are due to be published around the time of the publication of these interim results, the emphasis is clear: stabilise prices, suppress speculation, increase land supply for mass market residential units, accelerate provision of social housing and strengthen regulatory monitoring on presales/sales.

Strategy and Prospects

The fiscal and monetary stimuli from the major governments and central banks around the world provided the basic conditions for upholding economic stability. However, the global economy is still in a delicate state and much work is still needed to ensure it stays on track for long-term recovery. As such the international financial and economic conditions are expected to remain challenging in the near future without meaningful structural reform. The Group expects the PRC Government to monitor and manage the property sector actively with a view of addressing underlying demand and curbing speculation. The Group strongly believe in the long-term prospects of the property market in China, underpinned by sustainable long-term economic growth, continuous urbanisation, strong underlying demand and a high savings ratio.

The Group will continue its strategy of prudent expansion. The Group will continue its stated intention to retain any sizeable commercial and retail elements to grow its rental property portfolio thus increasing the recurrent income rental base while residential projects will be built primarily for sale. The Group will continue to improve the recurring income base through upgrading existing rental properties and adding new commercial properties from development projects, such as the upcoming Eastern Place Phase V office and retail tower providing approximately 594,287 square feet of rental GFA attributable to the Group. Phase 1 of the Palm Spring project in Zhongshan will add approximately another 187,656 square feet of rental GFA when it is fully leased. The three service apartments with a total attributable GFA of approximately 315,521 square feet in Shanghai, Guangzhou and Zhongshan are progressing as planned. This will provide a solid foundation to mitigate the revenue volatility from residential development projects which are more susceptible to government policies. The Group will continue to strengthen its businesses in China focusing on core cities such as Shanghai, Guangzhou and Zhongshan while leveraging those operational hubs to explore opportunities in the nearby cities and areas. With some of the projects due for completion in the current and following years, the Group is actively reviewing opportunities to replenish its land bank should the right opportunities arise. The key for the Group is to remain nimble and retain sufficient financial flexibility to adapt its growth plans according to market conditions in different areas with a view to delivering long-term value to shareholders.

Growth from a Stable Financial Foundation

For the six months ended 31 January 2013, the amount of undrawn facilities amounted to HK$146.2 million with HK$2,643.2 million of cash on hand resulting in a net debt to equity ratio of 6%. As announced in December 2012, the Group has self-arranged a syndicated loan and raised approximately HK$3,550 million, of which HK$750 million is a term loan, approximately HK$1,050 million is for refinancing and the balance comprises revolving facilities, for expansion and general working capital. The Group will be signing and closing this self arranged syndicated loan on or around the time these interim results are published.

The Group is well positioned for future growth through securing new projects with the available resources and will continue to optimise the funding structure of the Group through better utilisation of its growing portfolio of rental properties. In addition, the approval of the Deed of Conditional Waiver in December 2012 opens up the possibility for the Group to tap other Lai Sun group companies' resources and expertise without relinquishing control and will also enable the group to participate in larger projects.

The management will continue its prudent approach in executing its expansion strategy.

Capital Structure, Liquidity and Debt Maturity Profile

As at 31 January 2013, the Group had total borrowings amounting to HK$3,333.5 million (as at 31 July 2012: HK$3,402.2 million), representing a decrease of HK$68.7 million from 2012. The consolidated net assets attributable to the owners of the Company amounted to HK$10,850.1 million (as at 31 July 2012: HK$10,438.1 million). The gearing ratio, being net debt (total borrowings less cash and bank balances) to total equity was 6% (as at 31 July 2012: 7%). The maturity profile of the Group's borrowings of HK$3,333.5 million is well spread with HK$1,429.3 million repayable within 1 year, HK$1,728.3 million repayable in the second year and HK$175.9 million repayable in the third to fifth years.

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

Apart from the fixed rate senior notes which were denominated in United States Dollars ("**USD**"), the Group's other borrowings of HK$1,902.4 million were 71% denominated in Renminbi ("**RMB**"), 28% in USD and 1% in Hong Kong dollars ("**HKD**"). The Group's cash and bank balances of HK$2,643.2 million were 67% denominated in RMB, 31% in HKD and 2% in USD.

The Group's presentation currency is denominated in HKD. The Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HKD. The Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against USD and RMB, respectively. Considering that HKD is pegged against USD, the Group believes that the corresponding exposure to USD exchange rate fluctuation is nominal. However, the Group has a net exchange exposure to RMB as the Group's assets are principally located in China and the revenues are predominantly in RMB.

Certain assets of the Group have been pledged to secure borrowings of the Group, including investment properties with a total carrying amount of approximately HK$8,351.1 million, completed properties for sale with a total carrying amount of approximately HK$625.8 million, properties under development with a total carrying amount of approximately HK$983.6 million, service apartments and related properties with a total carrying amount of approximately HK$1,025.8 million, a property with carrying amount of approximately HK$40.1 million and bank balances of approximately HK$147.5 million.

Taking into account the amount of cash being held as at the end of the reporting period, the available banking facilities, expected refinancing of certain bank loans and the recurring cashflows from the Group's operating activities, the Group believes that it would have sufficient liquidity to finance its existing property development and investment projects.

Contingent Liabilities

There has been no material change in contingent liabilities of the Group since 31 July 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 January 2013, the Company did not redeem any of its shares listed and traded on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or its 9.125% Senior Notes due 2014, which are listed and traded on Singapore Exchange Securities Trading Limited. In addition, the Company or any of its subsidiaries did not purchase or sell any of such shares or Senior Notes during the same period.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange throughout the six months ended 31 January 2013 save for the deviations from code provisions A.4.1, A.5.1 and A.6.7 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 ("**NEDs**", 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 of the Company ("**Shareholders**") and the retiring Directors are eligible for re-election. In addition, any person appointed by the Board as an additional Director (including a NED) will hold office only until the next annual general meeting of the Company (the "**AGM**") and will then be eligible for re-election. Further, in line with the relevant code provision of the CG Code, each of the Directors appointed to fill a casual vacancy would/will be subject to election by the Shareholders at the first general meeting after his/her appointment. 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 A.5.1, a nomination committee comprising a majority of the independent non-executive directors should be established and chaired by the chairman of the board or an independent non-executive director.

The Company has not established a nomination committee whose functions are assumed by the full Board. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the Executive Directors. As the above selection and nomination policies and procedures have already been in place and the other duties of the nomination committee as set out in the CG Code have long been performed by the full Board effectively, the Board does not consider it necessary to establish a nomination committee at the current stage.

Under code provision A.6.7, independent non-executive directors and other non-executive director should attend general meetings and develop a balanced understanding of the views of the shareholders.

Due to other pre-arranged business commitments which must be attended to by him, Mr. Leow Juan Thong, Jason, an NED, was not present at the AGM as well as the extraordinary general meeting of the Company held on 18 December 2012.

DIRECTORS, EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2013, the Group employed a total of around 1,300 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.

The Group is delighted to welcome Mr. Mak Wing Sum, Alvin and Mr. Shek Lai Him, Abraham who joined the Board as Independent Non-executive Directors with effect from 1 November 2012 and 19 December 2012, respectively. The Group would also like to thank Dr. Lam Kin Ngok, Peter, Mr. Lui Siu Tsuen, Richard and Mr. Cheung Sum, Sam, who left the Board during the period under review for their valuable contributions to the Company during their tenure.

INVESTOR RELATIONS

To ensure our investors have a better understanding of the Company, our management has begun engaging in a pro-active investor relations programme. Our Executive Directors led by the Chairman of the Company and the Investor Relations Department communicate with research analysts and institutional investors on an on-going basis and meet with research analysts and the press after our results announcements, attend major investors' conferences and participate in international non-deal roadshows to communicate the Company's financial performance and business strategy.

For the six months ended 31 January 2013, the Company has met with a number of research analysts and investors, as well as attended conferences and non-deal roadshows as follows:

Month	Event	Organizer	Location
September 2012	UBS Hong Kong/China Property Conference 2012	UBS	Hong Kong
September 2012	JP Morgan Hong Kong Property Corporate Access Days	JP Morgan	Hong Kong
October 2012	Post full year results non-deal roadshow	UBS	Hong Kong
November 2012	Post full year results non-deal roadshow	DBS	Singapore
November 2012	Post full year results non-deal roadshow / HSBC Asia Corporate Day	HSBC	London
November 2012	Post full year results non-deal roadshow	JP Morgan	New York/ Philadelphia /San Francisco
December 2012	Investors luncheon	Daiwa Securities	Hong Kong
January 2013	Investors luncheon	Bank of China International	Hong Kong
January 2013	Non-deal roadshow	UOB Kay Hian	Taipei

The Company is keen on promoting good investor relations and enhancing communication with the Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Investor Relations Department by phone on (852) 2853 6116 during normal business hours, by fax at (852) 2853 6651 or by e-mail at ir@laifung.com.

REVIEW OF INTERIM RESULTS

The audit committee of the Company (the "**Audit Committee**") currently comprises two of the INEDs, namely Mr. Law Kin Ho and Mr. Lam Bing Kwan, and a NED, Mr. Leow Juan Thong, Jason (alternate Director: Mr. Lucas Ignatius Loh Jen Yuh). The unaudited interim results (including the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2013 have been reviewed by the Audit Committee and by the Company's independent 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 Hong Kong Institute of Certified Public Accountants.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 28 March 2013

As at the date of this announcement, the Board comprises seven Executive Directors, namely Mr. Chew Fook Aun (Chairman), Dr. Lam Kin Ming (Deputy Chairman), Mr. Lam Kin Hong, Matthew (Executive Deputy Chairman), Mr. Lam Hau Yin, Lester (Chief Executive Officer), Madam U Po Chu, Mr. Lau Shu Yan, Julius and Mr. Cheng Shin How; two Non-executive Directors, namely Mr. Leow Juan Thong, Jason and Mr. Lucas Ignatius Loh Jen Yuh (also alternate to Mr. Leow Juan Thong, Jason); and five Independent Non-executive Directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin and Shek Lai Him, Abraham.