LAI SUN GARMENT

Lai Sun Garment (International) Limited
(Incorporated in Hong Kong with limited liability)

(Stock Code: 191)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2014

RESULTS

The board of directors (the "**Board**") of Lai Sun Garment (International) 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 2014 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement
For the six months ended 31 January 2014

	Notes	**Six months ended 31 January 2014 (Unaudited)** ***HK$'000***	Six months ended 31 January 2013 (Unaudited) *HK$'000*
TURNOVER	*3*	**1,271,768**	470,283
Cost of sales		**(666,143)**	(152,594)
Gross profit		**605,625**	317,689
Other revenue		**38,349**	22,358
Selling and marketing expenses		**(33,431)**	(11,519)
Administrative expenses		**(193,637)**	(171,848)
Other operating expenses, net		**(24,542)**	(17,775)
Employee share option benefits		**-**	(60,495)
Fair value gains on investment properties		**376,818**	1,519,509
Provision for tax indemnity	*4*	**(139,017)**	-
PROFIT FROM OPERATING ACTIVITIES	*5*	**630,165**	1,597,919
Finance costs	*6*	**(134,081)**	(48,013)
Share of profits and losses of associates		**44,521**	(6,630)
Share of profits and losses of joint ventures		**49,151**	502,978
Discount on acquisition of additional interest in an associate	*7*	**99,382**	134,930
PROFIT BEFORE TAX		**689,138**	2,181,184
Tax	*8*	**(45,877)**	(25,345)
PROFIT FOR THE PERIOD		**643,261**	2,155,839
Attributable to:			
Owners of the Company		**338,555**	1,103,758
Non-controlling interests		**304,706**	1,052,081
		643,261	2,155,839
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*9*		
Basic		**HK$0.209**	HK$0.682
Diluted		**HK$0.207**	HK$0.675

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 January 2014

	Six months ended 31 January	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**643,261**	2,155,839
OTHER COMPREHENSIVE INCOME		
Items that may be subsequently reclassified to profit or loss:		
Changes in fair value of available-for-sale financial assets	**4,150**	30,587
Exchange realignments	**11,141**	1,236
Share of other comprehensive income of an associate	**59,380**	26,541
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**74,671**	58,364
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**717,932**	2,214,203
Attributable to:		
Owners of the Company	**375,885**	1,131,767
Non-controlling interests	**342,047**	1,082,436
	717,932	2,214,203

Condensed Consolidated Statement of Financial Position
As at 31 January 2014

	Notes	31 January 2014 (Unaudited) *HK$'000*	31 July 2013 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**874,594**	838,735
Prepaid land lease payments		**23,468**	23,982
Investment properties		**13,307,586**	12,775,296
Properties under development for sale		**184,295**	879,561
Interests in associates		**3,780,226**	3,415,620
Interests in joint ventures		**5,830,074**	5,688,887
Available-for-sale financial assets		**1,202,470**	1,198,321
Pledged bank balances and time deposits		**216,307**	216,222
Deposits paid and other receivables		**17,997**	23,500
Total non-current assets		**25,437,017**	25,060,124
CURRENT ASSETS			
Completed properties for sale		**1,063,139**	817,990
Equity investments at fair value through profit or loss		**6,324**	7,489
Inventories		**10,037**	6,456
Debtors, deposits paid and other receivables	*10(a)*	**187,050**	126,214
Held-to-maturity debt investments		**8,524**	8,317
Cash and cash equivalents		**9,333,898**	3,183,396
Total current assets		**10,608,972**	4,149,862
CURRENT LIABILITIES			
Creditors, deposits received and accruals	*10(b)*	**348,173**	358,446
Temporary receipt	*11*	**5,809,135**	-
Tax payable		**103,260**	84,839
Bank borrowings		**439,477**	430,886
Total current liabilities		**6,700,045**	874,171
NET CURRENT ASSETS		**3,908,927**	3,275,691
TOTAL ASSETS LESS CURRENT LIABILITIES		**29,345,944**	28,335,815
NON-CURRENT LIABILITIES			
Bank borrowings		**(2,901,408)**	(2,983,993)
Guaranteed notes		**(2,700,840)**	(2,695,474)
Other borrowing, note payable and interest payable		**(344,659)**	(338,944)
Deferred tax		**(177,853)**	(177,989)
Provision for tax indemnity	*4*	**(980,638)**	(865,923)
Long term rental deposits received		**(91,546)**	(87,480)
Total non-current liabilities		**(7,196,944)**	(7,149,803)
		22,149,000	21,186,012
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**16,174**	16,174
Share premium account		**1,908,840**	1,908,840
Investment revaluation reserve		**161,260**	158,034
Share option reserve		**16,214**	16,214
Hedging reserve		**671**	(5,889)
Asset revaluation reserve		**55,494**	55,494
Other reserve	*11*	**904,651**	327,231
Exchange fluctuation reserve		**58,145**	30,601
Retained profits		**8,867,168**	8,528,561
		11,988,617	11,035,260
Non-controlling interests		**10,160,383**	10,150,752
		22,149,000	21,186,012

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 2014 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.

During the period from November 2013 to December 2013, the Group acquired 2% additional interest in a subsidiary, Lai Sun Development Company Limited ("**LSD**"), from the public shareholders at a cost of approximately HK$88,837,000 and the Group's interest in LSD increased from 49.97% to 51.97%. A discount on acquisition of approximately HK$309,017,000 was credited to other reserve.

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 2013.

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.

3. SEGMENT INFORMATION

The following table presents revenue and results for the Group's reportable segments:

	Six months ended 31 January (Unaudited)											
	Property development and sales		**Property investment**		**Hotel and restaurant operations**		**Others**		**Eliminations**		**Consolidated**	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**722,742**	1,220	**284,305**	256,138	**253,053**	202,814	**11,668**	10,111	**-**	-	**1,271,768**	470,283
Intersegment sales	**-**	-	**8,070**	8,350	**-**	-	**14,447**	13,026	**(22,517)**	(21,376)	**-**	-
Other revenue	**1,331**	552	**672**	709	**656**	91	**1,669**	78	**-**	-	**4,328**	1,430
Total	**724,073**	1,772	**293,047**	265,197	**253,709**	202,905	**27,784**	23,215	**(22,517)**	(21,376)	**1,276,096**	471,713
Segment results	**222,310**	(12,696)	**227,178**	209,695	**21,833**	32,165	**1,512**	(917)	**-**	-	**472,833**	228,247
Interest income and unallocated revenue											**34,021**	20,928
Fair value gains on investment properties	**-**	-	**376,818**	1,519,509	**-**	-	**-**	-	**-**	-	**376,818**	1,519,509
Unallocated expenses											**(114,490)**	(170,765)
Provision for tax indemnity											**(139,017)**	-
Profit from operating activities											**630,165**	1,597,919
Finance costs											**(134,081)**	(48,013)
Share of profits and losses of associates	**15**	(172)	**1,195**	3,646	**(1,859)**	(34)	**-**	-	**-**	-	**(649)**	3,440
Share of profits and losses of associates - unallocated											**45,170**	(10,070)
Share of profits and losses of joint ventures	**6,106**	41,623	**43,045**	461,355	**-**	-	**-**	-	**-**	-	**49,151**	502,978
Discount on acquisition of additional interest in an associate											**99,382**	134,930
Profit before tax											**689,138**	2,181,184
Tax											**(45,877)**	(25,345)
Profit for the period											**643,261**	2,155,839

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

	Property development and sales		**Property investment**		**Hotel and restaurant operations**		**Others**		**Consolidated**	
	31 January 2014 (Unaudited)	31 July 2013 (Audited)	**31 January 2014 (Unaudited)**	31 July 2013 (Audited)	**31 January 2014 (Unaudited)**	31 July 2013 (Audited)	**31 January 2014 (Unaudited)**	31 July 2013 (Audited)	**31 January 2014 (Unaudited)**	31 July 2013 (Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**1,357,393**	1,730,151	**13,349,911**	12,821,558	**1,113,923**	1,080,110	**94,683**	69,849	**15,915,910**	15,701,668
Interests in associates	**10,201**	10,174	**31,269**	29,812	**18,945**	20,029	**-**	-	**60,415**	60,015
Interests in associates - unallocated									**3,719,811**	3,355,605
Interests in joint ventures	**1,437,381**	1,426,241	**4,392,693**	4,262,646	**-**	-	**-**	-	**5,830,074**	5,688,887
Unallocated assets									**10,519,779**	4,403,811
Total assets									**36,045,989**	29,209,986
Segment liabilities	**80,355**	120,698	**152,545**	154,006	**79,893**	65,270	**7,711**	5,140	**320,504**	345,114
Temporary receipt									**5,809,135**	-
Bank borrowings									**3,340,885**	3,414,879
Guaranteed notes									**2,700,840**	2,695,474
Other borrowing, note payable and interest payable									**344,659**	338,944
Other unallocated liabilities									**1,380,966**	1,229,563
Total liabilities									**13,896,989**	8,023,974

4. PROVISION FOR TAX INDEMNITY

Pursuant to an indemnity deed (the "**Lai Fung Tax Indemnity Deed**") dated 12 November 1997 entered into between LSD and Lai Fung Holdings Limited ("**Lai Fung**"), LSD has undertaken to indemnify Lai Fung in respect of certain potential income tax and land appreciation tax ("**LAT**") of the People's Republic of China (the "**PRC**") payable or shared by Lai Fung in consequence of the disposal of any of the property interests attributable to Lai Fung through its subsidiaries and its associates as at 31 October 1997 (the "**Property Interests**"). These tax indemnities given by LSD apply in so far as such tax is applicable to the difference between (i) the value of the Property Interests in the valuation thereon by Chesterton Petty Limited (currently known as "**Knight Frank Petty Limited**"), independent chartered surveyors, as at 31 October 1997 (the "**Valuation**"); and (ii) the aggregate costs of such Property Interests incurred up to 31 October 1997, together with the amount of unpaid land costs, unpaid land premium and unpaid costs of resettlement, demolition and public utilities and other deductible costs in respect of the Property Interests. The Lai Fung Tax Indemnity Deed assumes that the Property Interests are disposed of at the values attributed to them in the Valuation, computed by reference to the rates and legislation governing PRC income tax and LAT prevailing at the time of the Valuation.

The indemnities given by LSD do not cover (i) new properties acquired by Lai Fung subsequent to the listing of the shares of Lai Fung on the Stock Exchange (the "**Listing**"); (ii) any increase in the relevant tax which arises due to an increase in tax rates or changes to the legislation prevailing at the time of the Listing; and (iii) any claim to the extent that provision for deferred tax on the revaluation surplus has been made in the calculation of the adjusted net tangible asset value of Lai Fung as set out in Lai Fung's prospectus dated 18 November 1997.

After taking into account the plans and the status of the Property Interests held by Lai Fung as at 31 January 2014 which are covered under the Lai Fung Tax Indemnity Deed and the prevailing tax rates and legislation governing PRC income tax and LAT, the Group recorded an aggregate provision for tax indemnity of approximately HK$1,004,940,000 as at 31 January 2014 (31 July 2013: HK$865,923,000), of which HK$24,302,000 (31 July 2013: Nil) is included in creditors, deposits received and accruals and HK$980,638,000 (31 July 2013: HK$865,923,000) is included in provision for tax indemnity. Therefore, an additional provision for tax indemnity of HK$139,017,000 (Six months ended 31 January 2013: Nil) is recognised in the condensed consolidated income statement for the six months ended 31 January 2014.

5. PROFIT FROM OPERATING ACTIVITIES

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

	Six months ended 31 January	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation#	**20,762**	16,949
Amortisation of prepaid land lease payments*	**514**	514
Loss on disposal of listed equity investments at fair value through profit or loss*	**-**	385
Fair value loss/(gain) on listed equity investments at fair value through profit or loss*	**1,222**	(17)
Interest income from bank deposits	**(10,402)**	(3,297)
Other interest income	**(594)**	(611)
Dividend income from listed equity investments at fair value through profit or loss	**(25)**	(22)
Dividend income from unlisted available-for-sale financial assets	**(23,000)**	(14,447)

Depreciation charge of approximately HK$19,508,000 (Six months ended 31 January 2013: HK$15,642,000) for property, plant and equipment is included in "other operating expenses, net" on the condensed consolidated income statement.

* These items are included in "other operating expenses, net" on the condensed consolidated income statement.

6. FINANCE COSTS

	Six months ended 31 January	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**38,481**	34,995
Interest on guaranteed notes wholly repayable within five years	**79,552**	4,784
Interest on other borrowing and note payable wholly repayable within five years	**5,714**	5,702
Bank financing charges	**11,561**	8,436
	135,308	53,917
Less: Amount capitalised in properties under development for sale	**(1,227)**	(5,904)
	134,081	48,013

7. DISCOUNT ON ACQUISITION OF ADDITIONAL INTEREST IN AN ASSOCIATE

During the period from November 2013 to December 2013, LSD acquired 1.33% additional interest in eSun Holdings Limited ("**eSun**") from the public shareholders at a cost of approximately HK$18,545,000 and LSD's interest in eSun was increased from 39.93% to 41.26%. A discount on acquisition of approximately HK$99,382,000 arose from this acquisition.

During the period from October 2012 to December 2012, LSD acquired 2% additional interest in eSun from the public shareholders at a cost of approximately HK$29,336,000 and LSD's interest in eSun was increased from 37.93% to 39.93%. A discount on acquisition of approximately HK$134,930,000 arose from this acquisition.

8. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (Six months ended 31 January 2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the places in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 31 January	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**37,976**	15,801
Overseas	**8,438**	7,772
	46,414	23,573
Deferred tax	**(537)**	1,772
Tax charge for the period	**45,877**	25,345

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Six months ended 31 January	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share	**338,555**	1,103,758
Effect of dilutive potential ordinary shares arising from adjustment to the share of profit of a subsidiary based on dilution of its earnings per share	**(1,668)**	(6,212)
Earnings for the purpose of diluted earnings per share	**336,887**	1,097,546
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,617,423**	1,617,423
Effect of dilutive potential ordinary shares arising from share options	**8,949**	7,545
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,626,372**	1,624,968

10. DEBTORS, DEPOSITS PAID AND OTHER RECEIVABLES/CREDITORS, DEPOSITS RECEIVED AND ACCRUALS

(a) 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. Hotel and restaurant charges are mainly settled by customers on cash basis except for those corporate clients who maintain credit accounts with the respective subsidiaries, the settlement of which is in accordance with the respective agreements.

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

	31 January 2014	31 July 2013
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade debtors:		
Not yet due or less than 30 days past due	**9,679**	6,699
31 - 60 days past due	**2,380**	1,980
61 - 90 days past due	**1,082**	400
Over 90 days past due	**1,426**	1,642
	14,567	10,721
Other receivables	**93,394**	58,844
Deposits paid and prepayments	**79,089**	56,649
	187,050	126,214

10. DEBTORS, DEPOSITS PAID AND OTHER RECEIVABLES/CREDITORS, DEPOSITS RECEIVED AND ACCRUALS *(continued)*

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

	31 January 2014 (Unaudited)	31 July 2013 (Audited)
	HK$'000	*HK$'000*
Trade creditors:		
Not yet due or less than 30 days past due	**11,329**	9,171
31 - 60 days past due	**1,325**	1,488
61 - 90 days past due	**809**	87
Over 90 days past due	**28**	237
	13,491	10,983
Other payables and accruals	**197,522**	185,643
Deposits received and other provisions	**137,160**	161,820
	348,173	358,446

11. TEMPORARY RECEIPT/OTHER RESERVE

Temporary receipt represented proceeds from over-subscription of rights issue as at 31 January 2014 which were refunded to the subscribers subsequent to the end of reporting period.

Pursuant to the prospectus dated 13 January 2014, the Company proposed a rights issue of 258,787,744 shares on the basis of four rights shares for every twenty five existing shares of the Company at a subscription price of HK$0.834 each. The rights issue was subsequently completed on 4 February 2014 (the "**Completion**"). The net proceeds from the rights issue of approximately HK$210,329,000, after deduction of rights issue expenses of approximately HK$5,500,000, were recorded as other reserve as at 31 January 2014. Following the Completion, approximately HK$2,588,000 and HK$207,741,000 would be credited to issued capital and share premium account, respectively.

INTERIM DIVIDEND

The Board of the Company has resolved not to declare the payment of an interim dividend for the financial year ending 31 July 2014. No interim dividend was declared in respect of the last corresponding period.

As at 31 January 2014, the Company did not have any reserves available for distribution in accordance with the provisions of Section 79B of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong. The Companies Ordinance in Hong Kong has changed in early March 2014 and the process for restoring the reserves for distribution has been simplified and can be achieved by way of a unilateral declaration of solvency by the Board. The Board intends to make such declaration of solvency and is studying the changes in the Companies Ordinance and preparing for such approval process.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The global economy is on a delicate recovery path with the United States leading the way through improving economic and employment conditions. However, a number of factors still shroud the horizon: the weak euro zone economy, adjustments to the macroeconomic policies of major economies, and geopolitical tensions. As a global financial centre, Hong Kong's economic performance is clearly not immune from the challenges faced by the major economies around the world.

The property sector in Hong Kong could be described as a tale of two cities: retail market well supported by low unemployment and robust visitors trend with the office leasing market stabilising with some improvements, but the residential market continues to be quiet since the introduction of control measures in late 2012 and early 2013. It is very likely that these control measures, barring any unforeseen circumstances, are here to stay until land supply has caught up; which is likely to take some years notwithstanding the government's emphasis and effort. Labour supply shortage in the construction industry drove wage inflation and continues to pose a challenge on the cost management side of the picture.

The Group performed admirably against this challenging environment: rental income increased through tenant mix adjustments, rental reversion and addition of the CCB Tower that is fully leased subsequent to the period end, rental proceeds of which was recognised as contributions from joint venture. Sale of Ocean One is substantially completed at the intended average selling price and boosted the revenue and profit of the Group compared to the same period last year.

The management believes it is paramount to prepare the Group for the challenges and opportunities ahead. The Group completed a series of corporate activities as part of the new strategy to improve funding sources, execution capabilities and overall coordination with the wider Lai Sun Group. Further to securing the Tseung Kwan O site in the same period last year, the Group participated in a number of government tenders to grow the pipeline. Major subsidiary of the Group, Lai Sun Development Company Limited ("**LSD**"), was named the most preferred proponent by Ocean Park for the Ocean Park Hotel project in October 2013. We are working with Ocean Park to complete the government approval processes and expect to be awarded the developer for the project soon. The Ocean Park Hotel, to be operated by the Marriott group, will provide a total of 495 rooms and approximately 190,210 square feet of attributable rental space to the existing rental portfolio attributable to the Group of approximately 1.0 million square feet. We are excited by the prospects of the Ocean Park Hotel project given the favourable supply and demand picture, which is underpinned by robust growth in visitor numbers and coinciding with the expansion of Ocean Park. The completion of the Observatory Road project will add an attributable rental gross floor area ("**GFA**") of approximately 42,900 square feet in the prime Tsim Sha Tsui area of Hong Kong when it is completed in the third quarter of 2015. The Tai Hang Road project, with 9 luxury units located at one of the most sought after addresses in Hong Kong with attributable GFA of approximately 15,800 square feet, was completed in January 2014 and the Group is preparing for its sale currently. Construction of the Tseung Kwan O site has commenced and is on-track for completion in 2017.

Subsequent to the period, the Group raised net proceeds of approximately HK$210.3 million through a 4-for-25 rights issue, which will be used for general working capital purposes.

The Group's strong cash position of HK$3,741.1 million of cash on hand, excluding proceeds from over-subscription of rights issue of HK$5,809.1 million which was subsequently refunded to the subscribers in February 2014, with a net debt to equity ratio of 22% as at 31 January 2014 provides the Group full confidence and the means to review opportunities more actively. However, the Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2014, the Group recorded turnover of HK$1,271.8 million (2013: HK$470.3 million) and a gross profit of HK$605.6 million (2013: HK$317.7 million), representing an increase of approximately 170% and 91%, respectively, over the same period last year. Turnover from rental income, sales of properties, hotel and restaurant and other operations during the period was HK$284.3 million (2013: HK$256.1 million), HK$722.7 million (2013: HK$1.2 million) and HK$264.8 million (2013: HK$213.0 million), respectively.

Profit before tax, excluding finance costs and property revaluations, was HK$342.1 million (2013: HK$188.8 million). Net profit attributable to owners of the Company was approximately HK$338.6 million (2013: HK$1,103.8 million), representing a decrease of approximately 69% over the same period of last year. Excluding the effect of property revaluations, net profit attributable to owners of the Company increased to approximately HK$79.3 million (2013: HK$47.2 million), primarily due to the successful sale of the majority of units at Ocean One. Basic earnings per share including and excluding the effect of property revaluations was HK$0.209 (2013: HK$0.682) and HK$0.049 (2013: HK$0.029), respectively.

	Six months ended 31 January	
	2014	2013
Profit attributable to owners of the Company	**HK$ million**	HK$ million
Reported	**338.6**	1,103.8
Adjustments in respect of revaluation gains of investment properties held by		
- subsidiaries	**(206.6)**	(804.9)
- associates and joint ventures	**(52.7)**	(251.7)
Profit attributable to owners of the Company excluding revaluation gains of investment properties	**79.3**	47.2

Equity attributable to owners of the Company as at 31 January 2014 amounted to HK$11,988.6 million, up from HK$11,035.3 million as at 31 July 2013. Net asset value per share attributable to owners of the Company increased by 9% to HK$7.412 per share as at 31 January 2014 from HK$6.823 per share as at 31 July 2013, representing a discount of 83% to the share price of HK$1.230 as at 31 January 2014.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and car-parking spaces of the Group's major properties as at 31 January 2014:

	Commercial/ Retail	**Office**	**Industrial**	**Residential**	**Hotel**	**Total (excluding car-parking spaces & ancillary facilities)**	**No. of car-parking spaces attributable to the Group**
Completed Properties Held for Rental [1]	323	453	206	-	-	982	540
Completed Hotel Properties	-	-	-	-	51	51	-
Properties Under Development[2]	68	-	-	119	-	187	90
Completed Properties Held for Sale[3]	9	-	-	36	-	45	22
Total GFA of major properties of the Group	**400**	**453**	**206**	**155**	**51**	**1,265**	**652**

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

The above table does not include GFA of properties held by Lai Fung.

PROPERTY INVESTMENT

Rental Income

During the period under review, the Group's rental operations recorded a turnover of HK$284.3 million (2013: HK$256.1 million), representing an 11% increase over the same period last year. The increase was primarily due to continued management of tenant mix and rental reversion at major investment properties. CCB Tower, the 50:50 joint venture project of LSD, is fully leased subsequent to the period end and the rental proceeds was recognised as contributions from joint venture.

The Group wholly owns five major rental properties in Hong Kong, namely Cheung Sha Wan Plaza, Causeway Bay Plaza 2, Lai Sun Commercial Centre, commercial podium of Crocodile Center and Por Yen Building.

Breakdown of rental turnover by major rental properties is as follows:

	Six months ended 31 January			
	2014 HK$ million	2013 HK$ million	% Change	Period end occupancy (%)
Cheung Sha Wan Plaza (including car-parking spaces)	**134.6**	120.9	11	98.7
Causeway Bay Plaza 2 (including car-parking spaces)	**73.0**	65.8	11	96.8
Lai Sun Commercial Centre (including car-parking spaces)	**24.1**	25.1	-4	89.2
Crocodile Center (commercial podium)	**39.3**	34.1	15	100.0
Por Yen Building	**6.9**	6.0	15	98.7
Others	**6.4**	4.2	52	N/A
Total:	**284.3**	256.1	11	
Rental proceeds from joint venture project of LSD				
CCB Tower (50% basis)	**50.5**	-	N/A	95.7

Review of major rental properties

Hong Kong Properties

Cheung Sha Wan Plaza
The asset comprises of an 8-storey and a 7-storey office tower erected on top of a retail podium which was completed in 1989. It is located on top of the Lai Chi Kok MTR station with a total GFA of approximately 689,500 square feet (excluding car-parking spaces). The arcade is positioned to serve the local communities nearby with major banks and recognised restaurants chains as the key tenants.

Causeway Bay Plaza 2
The asset comprises of a 28-storey commercial/office building with car parking facilities at basement levels which was completed in 1992. It is located at the heart of Causeway Bay with a total GFA of approximately 208,500 square feet (excluding car-parking spaces). Key tenants include a branch of HSBC, commercial offices and major restaurants.

Lai Sun Commercial Centre
The asset comprises a 13-storey commercial/carpark complex completed in 1987. It is located near the Lai Chi Kok MTR station with a total GFA of approximately 188,500 square feet (excluding car-parking spaces).

CCB Tower, 3 Connaught Road Central
LSD has a 50:50 interest with China Construction Bank Corporation ("**CCB**") in the joint redevelopment project of the former Ritz-Carlton Hotel in Central. This office tower is a landmark property in Central featuring underground access to the MTR station in Central. The property has a total GFA of approximately 229,000 square feet (excluding car-parking spaces). CCB Tower was completed in 2013 and added approximately 59,800 square feet of attributable GFA to our rental portfolio. Subsequent to the period end, CCB Tower has been fully leased with 15 floors of the office floors and 2 banking hall floors leased by CCB for its Hong Kong operations and it is expected to contribute in the coming financial year.

Crocodile Center

Crocodile Center is a 25-storey commercial/office building which was completed in 2009 and located near the Kwun Tong MTR station. The Group owns the commercial podium which has a total GFA of approximately 97,800 square feet (excluding car-parking spaces). Tenants dominated by local restaurant groups.

Por Yen Building

The Por Yen Building, being a 14-storey industrial building with total GFA of approximately 123,200 square feet excluding car-parking spaces, is located at the hub of Cheung Sha Wan Business Area and is near to the Lai Chi Kok MTR station.

Overseas Property

36 Queen Street, London EC4 1HJ, United Kingdom

In February 2011, LSD acquired an office building in the city in central London located at 36 Queen Street. Completed in 1986, it comprises of a total gross internal area of approximately 61,000 square feet of office accommodation extending over basement, ground and six upper floors. Comprehensive refurbishment and renovation work has been completed and the building is currently being leased.

PROPERTY DEVELOPMENT

For the six months ended 31 January 2014, recognised turnover from sales of properties was HK$722.7 million (2013: HK$1.2 million), representing a significant increase over the same period last year. The exceptional performance was due to the sale of residential units in Ocean One.

Review of major projects for sale

Ocean One, 6 Shung Shun Street, Yau Tong

The Group wholly owns this development project, namely “Ocean One” located at No. 6 Shung Shun Street, Yau Tong, Kowloon. This property is a residential-cum-commercial property with a total GFA of about 122,000 square feet (excluding car-parking spaces) or 124 residential units and 2 commercial units. The estimated total development cost (including land cost and lease modification premium) is about HK$730 million.

As at 31 January 2014, the Group has sold 82 units out of a total of 124 residential units of which the sale of 68 residential units were completed during the period under review. A total of HK$567.7 million was recognised during the period under review and the average selling prices based on net saleable area and GFA are approximately HK$13,600 per square foot and HK$10,200 per square foot, respectively. Subsequent to the period end and up to 28 February 2014, we have completed the sale of a further 4 residential units with total sales proceeds of HK$34.8 million.

335-339 Tai Hang Road, Hong Kong

The Group wholly owns the site located at 335-339 Tai Hang Road, Hong Kong. The Group is developing the site into a luxury residential property with a total GFA of about 30,400 square feet (excluding car-parking spaces). The total development cost (including land cost and lease modification premium) is estimated to be about HK$670 million. This project has been completed during the current period and the Group is preparing the sale of this project.

Review of major projects under development

2-12 Observatory Road
LSD completed the acquisition of a 50% interest in a project at Observatory Road, Kowloon with the buildings previously erected there known as Nos. 2-12, Observatory Road, Kowloon in November 2011. The joint venture partner is Henderson Land.

The site is being planned to be redeveloped into a multi-storey commercial building with a total GFA of approximately 165,200 square feet (excluding car-parking spaces). The total development cost is estimated to be approximately HK$2.3 billion including an estimated land value of approximately HK$1.8 billion. The new building is expected to be completed in the third quarter of 2015.

The Group reached an agreement with the Government to modify its land lease in relation to the relaxation of the development plot ratio and height restriction. Land premium of about HK$133.7 million was paid during the period.

Area 68A2, Tseung Kwan O
In November 2012, LSD successfully tendered for and secured a site located at Area 68A2, Tseung Kwan O, New Territories, through a 50% joint venture vehicle. The lot has a total area of approximately 229,000 square feet with a permitted total GFA of approximately 556,100 square feet split into approximately 458,600 square feet for residential use and approximately 97,500 square feet for commercial use. The current intention is to develop the lot primarily into a residential project for sale, comprising residential towers as well as houses. Completion is expected to be in the second half of 2017.

HOTEL AND RESTAURANT OPERATIONS

For the six months ended 31 January 2014, hotel and restaurant operations contributed HK$253.1 million to the Group's turnover (2013: HK$202.8 million), representing an increase of approximately 25% from the same period last year. Majority of the turnover from hotel and restaurant operations was derived from the Group's operation of the Caravelle Hotel in Ho Chi Minh City, Vietnam.

Caravelle Hotel is a leading international 5-star hotel in the centre of the business, shopping and entertainment district in Vietnam. It is an elegant 24-storey tower with mixture of French colonial and traditional Vietnamese style and has 335 superbly appointed rooms, suites, exclusive Signature Floors, Signature Lounge, specially equipped room for the disabled. Total GFA attributable to the Group is approximately 51,100 square feet.

The restaurant operation includes the Group's interests in 11 restaurants in Hong Kong and Mainland China, including the Michelin 3 star Italian restaurant 8 ½ Otto e Mezzo BOMBANA Hong Kong, Michelin 2 star Japanese restaurant Wagyu Takumi, 8 ½ Otto e Mezzo BOMBANA Shanghai, CIAK - In The Kitchen at Landmark (opened in the fourth quarter in 2013), Wagyu Kaiseki Den, Gin Sai, Rozan, Kowloon Tang, Island Tang, Chiu Tang and China Tang Hong Kong at Landmark (opened in the fourth quarter in 2013).

The hotel and restaurant operations have extensive experience in providing consultancy and management services to hotels in Mainland China, Hong Kong and other Asian countries. The division's key strategy going forward will continue to focus on providing management services, particularly to capture opportunities arising from the developments of Lai Fung in Shanghai, Guangzhou and Zhongshan. The hotel division will manage Lai Fung's serviced apartments in Shanghai, Guangzhou and Zhongshan under the "STARR" brand. STARR Resort Residence Zhongshan soft opened in August 2013 and comprises two 16-storey blocks with 90 fully furnished serviced apartment units located in the Palm Lifestyle complex in Zhongshan Western district at Cui Sha Road, opposite to the new Zhongshan traditional Chinese medical centre. STARR Hotel Shanghai soft opened in November 2013 and is a 17-storey hotel with 287 fully furnished and equipped hotel units with kitchenette located in the Mayflower Lifestyle complex right in the heart of the Zhabei inner ring road district, within walking distance to Lines 1, 3 and 4 of the Shanghai Metro Station with easy access to major motorways. The Guangzhou "STARR Xin Hotel", located at the junction of Da Sha Tou Road and Yan Jiang Dong Road in Yuexiu District is expected to soft-open in the fourth quarter of 2014.

INTERESTS IN ASSOCIATES (eSun)

Film production and distribution and media and entertainment divisions improved across the board. Turnover substantially improved and losses narrowed. The acquisition of Intercontinental Group Holdings Limited bolstered its cinema network and film distribution capability. Lai Fung's results were encouraging given the challenging operating environment in the property sector in Mainland China.

As a result, the contribution from eSun Holdings Limited increased from a loss to a profit of HK$45.2 million (2013: loss of HK$10.1 million).

INTERESTS IN JOINT VENTURES

During the period under review, contribution from joint ventures decreased to HK$49.2 million (2013: HK$503.0 million). This is primarily due to lower revaluation gains of CCB Tower and the Observatory Road project.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 January 2014, cash and bank balances and undrawn facilities held by the Group amounted to HK$9,550.2 million and HK$1,708.2 million, respectively. Cash and bank balances held by the Group excluding LSD as at 31 January 2014 was HK$6,080.9 million, of which HK$5,809.1 million, representing proceeds from over-subscription of rights issue, was subsequently refunded to the subscribers in February 2014.

The Group's sources of funding comprise mainly internal funds generated from the Group's business operations, loan facilities provided by banks, guaranteed notes issued to investors and rights issue.

As at 31 January 2014, the Group had bank borrowings of approximately HK$3,340.9 million, guaranteed notes of approximately HK$2,700.8 million, a note of HK$195.0 million and a loan of HK$31.7 million payable to the late Mr. Lim Por Yen ("**Mr. Lim**"), accrued interest of HK$118.0 million in relation to the above-mentioned note and loan payable to the late Mr. Lim. The net debt to equity ratio expressed as a percentage of the total outstanding net debt (being the total outstanding bank borrowings, guaranteed notes, note and loan and related accrued interest payable to the late Mr. Lim and temporary receipt from over-subscription of rights issue less the pledged and unpledged bank balances and time deposits) to consolidated net assets attributable to owners of the Company was approximately 22%. As at 31 January 2014, the maturity profile of the bank borrowings of HK$3,340.9 million was spread over a period of less than 5 years with HK$439.5 million repayable within 1 year, HK$1,601.3 million repayable in the second year and HK$1,300.1 million repayable in the third to fifth years. All the Group's borrowings carried interest on a floating rate basis except for the United States dollar guaranteed notes issued in January 2013 which has a fixed rate of 5.7% per annum.

As at 31 January 2014, certain investment properties with carrying amounts of approximately HK$13,042.3 million, certain completed properties for sale of approximately HK$708.6 million, and certain bank balances and time deposits with banks of approximately HK$216.3 million were pledged to banks to secure banking facilities granted to the Group. In addition, certain shares in subsidiaries held by the Group were also pledged to banks to secure loan facilities granted to the Group. The shares of a joint venture held by the Group were pledged to a bank to secure a loan facility granted to a joint venture of the Group. The shares of an investee company held by the Group were pledged to a bank to secure a loan facility granted to this investee company. The Group's secured bank borrowings were also secured by floating charges over certain assets held by the Group.

The Group's major assets and liabilities and transactions were denominated in Hong Kong dollars and United States dollars. Considering that Hong Kong dollars are pegged against United States dollars, the Group believes that the corresponding exposure to exchange rate risk arising from United States dollars is nominal. In addition, the Group has an investment in United Kingdom with the assets and liabilities denominated in Pounds Sterling. The investment was partly financed by bank borrowings denominated in Pounds Sterling in order to minimise the net foreign exchange exposure. The net investment amounted to approximately HK$227.2 million which only accounted for an insignificant portion of the consolidated net assets of the Group as at 31 January 2014. Other than the abovementioned, the remaining monetary assets and liabilities of the Group were denominated in Renminbi and Vietnamese Dong which were also insignificant as compared with the Group's total assets and liabilities. No hedging instruments were employed to hedge for the foreign exchange exposure. The Group manages its foreign currency risk by closely reviewing the movement of the foreign currency rate and considers hedging significant foreign currency exposure should the need arise.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 January 2014, the Company did not redeem any of its shares listed and traded on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") nor did the Company or any of its subsidiaries purchase or sell any of such shares.

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 2014 save for the deviations from code provisions A.4.1 and A.5.1.

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, 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 (the "**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 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2014, the Group employed a total of approximately 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.

INVESTOR RELATIONS

To ensure our investors have a better understanding of the Company, our management engages in a pro-active investor relations programme. Our Executive Directors and 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 global business strategy.

The Company has met with a number of research analysts and investors, attended conferences as well as non-deal roadshows as follows:

Month	Event	Organizer	Location
August 2013	Investors luncheon	Bank of China International	Hong Kong
October 2013	Post full year results non-deal roadshow	UBS	Hong Kong
October 2013	Post full year results non-deal roadshow	UOB Kay Hian	Singapore
October 2013	Post full year results non-deal roadshow	DBS	New York/Los Angeles/ Denver/San Francisco
October 2013	Post full year results non-deal roadshow	UBS	Paris/London
November 2013	Post full year results non-deal roadshow	CIMB	Kuala Lumpur
November 2013	Post full year results non-deal roadshow	UOB Kay Hian	Taipei
December 2013	Post full year results non-deal roadshow	UBS	Sydney
January 2014	The Pulse of Asia Conference	DBS	Singapore
February 2014	Investors luncheon	China Merchants Securities	Hong Kong

During the period under review, the Company also had research reports published as follows:

Firm	Analyst	Publication Date
China Everbright Research	Jeff WONG	10 October 2013

The Company is keen on promoting 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@laisun.com.

REVIEW OF INTERIM RESULTS

The audit committee of the Company ("**Audit Committee**") currently comprises three INEDs, namely Messrs. Leung Shu Yin, William, Lam Bing Kwan and Chow Bing Chiu. The Audit Committee has reviewed the unaudited interim results (including the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2014.

By Order of the Board
Lam Kin Ming
Chairman

Hong Kong, 25 March 2014

As at the date of this announcement, the Board comprises six executive directors, namely Dr. Lam Kin Ming (Chairman), Dr. Lam Kin Ngok, Peter (Deputy Chairman), Mr. Chew Fook Aun (Deputy Chairman), Madam U Po Chu, Mr. Lam Hau Yin, Lester (also alternate to Madam U Po Chu) and Mr. Lam Kin Hong, Matthew; and three independent non-executive directors, namely Messrs. Chow Bing Chiu, Lam Bing Kwan and Leung Shu Yin, William.