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 2015

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 2015 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement
For the six months ended 31 January 2015

	Notes	For the six months ended 31 January **2015** (Unaudited) HK$'000	2014 (Unaudited) HK$'000
TURNOVER	3	**538,055**	590,180
Cost of sales		**(217,424)**	(256,922)
Gross profit		**320,631**	333,258
Other income and gains		**76,468**	100,202
Selling and marketing expenses		**(24,280)**	(23,811)
Administrative expenses		**(142,702)**	(159,219)
Other operating expenses, net		**(72,888)**	(31,362)
Fair value losses on cross currency swaps		**(112,721)**	—
Fair value gains on investment properties		**236,688**	598,714
PROFIT FROM OPERATING ACTIVITIES	4	**281,196**	817,782
Finance costs	5	**(100,807)**	(191,050)
Share of profits of joint ventures		**148,651**	75,607
PROFIT BEFORE TAX		**329,040**	702,339
Tax	6	**(144,181)**	(194,326)
PROFIT FOR THE PERIOD		**184,859**	508,013
ATTRIBUTABLE TO:			
Owners of the Company		**184,256**	501,697
Non-controlling interests		**603**	6,316
		184,859	508,013

Condensed Consolidated Income Statement (continued)
For the six months ended 31 January 2015

	Note	**For the six months ended 31 January**	
		2015	2014
		(Unaudited)	(Unaudited)
		HK$'000	HK$'000
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	7		
Basic		**HK$0.011**	HK$0.031
Diluted		**HK$0.011**	HK$0.031

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 January 2015

	For the six months ended 31 January	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
PROFIT FOR THE PERIOD	**184,859**	508,013
OTHER COMPREHENSIVE INCOME/(EXPENSES) TO BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX		
Reversal of impairment/(impairment) of investment properties under construction	**(267)**	6,599
Exchange differences arising on translation to presentation currency	**70,996**	171,791
Release of exchange fluctuation reserve upon disposal of a subsidiary	—	(1,439)
Share of other comprehensive income of joint ventures	**3,168**	6,324
Net gain on cash flow hedges	—	63,979
	73,897	247,254
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**258,756**	755,267
ATTRIBUTABLE TO:		
Owners of the Company	**257,717**	745,117
Non-controlling interests	**1,039**	10,150
	258,756	755,267

Condensed Consolidated Statement of Financial Position
As at 31 January 2015

	Notes	**31 January 2015 (Unaudited) HK$'000**	31 July 2014 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,196,127**	1,499,769
Prepaid land lease payments		**5,283**	5,354
Investment properties		**14,110,106**	13,479,025
Properties under development		**875,818**	662,386
Investments in joint ventures		**743,259**	590,758
Deposit for acquisition of land use right		**728,811**	89,765
Goodwill		—	426
Total non-current assets		**17,659,404**	16,327,483
CURRENT ASSETS			
Properties under development		**665,316**	572,906
Completed properties for sale		**1,019,060**	1,157,773
Debtors, deposits and prepayments	8	**197,287**	174,641
Prepaid tax		**43,372**	43,250
Pledged and restricted time deposits and bank balances		**939,136**	490,690
Cash and cash equivalents		**1,032,792**	2,072,368
		3,896,963	4,511,628
Asset classified as held for sale	9	**269,053**	—
Total current assets		**4,166,016**	4,511,628
CURRENT LIABILITIES			
Creditors and accruals	10	**641,714**	580,273
Deposits received and deferred income		**363,678**	218,974
Interest-bearing bank loans, secured		**944,381**	708,382
Loan from a joint venture		**167,993**	—
Tax payable		**183,123**	166,660
Total current liabilities		**2,300,889**	1,674,289
NET CURRENT ASSETS		**1,865,127**	2,837,339
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,524,531**	19,164,822

Condensed Consolidated Statement of Financial Position (continued)
As at 31 January 2015

	Note	**31 January 2015 (Unaudited) HK$'000**	31 July 2014 (Audited) HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,524,531**	19,164,822
NON-CURRENT LIABILITIES			
Long-term deposits received		**88,439**	92,564
Interest-bearing bank loans, secured		**1,588,941**	1,604,858
Advances from a former substantial shareholder		**58,992**	58,688
Loans from a fellow subsidiary		**162,901**	152,760
Fixed rate senior notes	11	**2,247,948**	2,232,738
Derivative financial instruments		**137,883**	25,162
Deferred tax liabilities		**2,294,334**	2,203,747
Total non-current liabilities		**6,579,438**	6,370,517
		12,945,093	12,794,305
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,612,968**	1,610,190
Reserves		**11,252,023**	11,053,244
		12,864,991	12,663,434
Non-controlling interests		**80,102**	130,871
		12,945,093	12,794,305

Notes to Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2015 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 the "**Stock Exchange**") 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 Company's audit committee.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements for the period under review are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 July 2014. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2014.

In addition, the Group has adopted a number of new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**", which also include HKASs and Interpretations) which are applicable to the Group for the first time for the current period's unaudited condensed consolidated interim financial statements. The adoption of these new and revised HKFRSs has had no material impact on the reported results or financial position of the Group.

3. OPERATING SEGMENT INFORMATION

	For the six months ended 31 January (Unaudited)					
	Property development		Property investment		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue/results:						
Segment revenue						
Sales to external customers	**231,018**	307,006	**307,037**	283,174	**538,055**	590,180
Other revenue	**1,467**	99	**57,788**	62,925	**59,255**	63,024
Total	**232,485**	307,105	**364,825**	346,099	**597,310**	653,204
Segment results	**62,137**	89,618	**397,701**	739,291	**459,838**	828,909
Interest income from bank deposits					**13,133**	15,507
Unallocated gains					**4,080**	21,671
Fair value losses on cross currency swaps					**(112,721)**	—
Impairment of asset classified as held for sale					**(33,474)**	—
Unallocated expenses, net					**(49,660)**	(48,305)
Profit from operating activities					**281,196**	817,782
Finance costs					**(100,807)**	(191,050)
Share of profits of joint ventures	**148,651**	75,607	**—**	—	**148,651**	75,607
Profit before tax					**329,040**	702,339
Tax					**(144,181)**	(194,326)
Profit for the period					**184,859**	508,013
Other segment information:						
Fair value gains on investment properties	**—**	—	**236,688**	598,714	**236,688**	598,714
Reversal of impairment/ (impairment) of investment properties under construction*	**—**	—	**(356)**	8,799	**(356)**	8,799
Loss on disposal of items of property, plant and equipment	**72**	—	**—**	143	**72**	143

** Impairment of investment properties under construction of HK$356,000 (six months ended 31 January 2014: Reversal of impairment of HK$8,799,000) was recognised in other comprehensive income during the period.*

	Property development		Property investment		Consolidated	
	31 January 2015 (Unaudited)	31 July 2014 (Audited)	**31 January 2015 (Unaudited)**	31 July 2014 (Audited)	**31 January 2015 (Unaudited)**	31 July 2014 (Audited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets/liabilities:						
Segment assets	**3,377,225**	2,464,699	**15,304,054**	14,966,049	**18,681,279**	17,430,748
Investments in joint ventures	**743,259**	590,758	**—**	—	**743,259**	590,758
Unallocated assets					**2,131,829**	2,817,605
Asset classified as held for sale					**269,053**	—
Total assets					**21,825,420**	20,839,111
Segment liabilities	**609,305**	445,957	**342,472**	309,129	**951,777**	755,086
Unallocated liabilities					**7,928,550**	7,289,720
Total liabilities					**8,880,327**	8,044,806

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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Cost of completed properties sold	**136,329**	184,182
Outgoings in respect of rental income	**81,095**	72,740
Depreciation#	**37,420**	35,776
Foreign exchange differences, net##	**6,861**	(8,844)
Gain on disposal of a subsidiary##	—	(6,672)
Loss on disposal of items of property, plant and equipment##	**72**	143
Amortisation of prepaid land lease payments	**98**	98
Impairment of asset classified as held for sale##	**33,474**	—

\# *The depreciation charge of HK$31,528,000 (six months ended 31 January 2014: HK$30,460,000) for serviced apartments and related leasehold improvements is 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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on:		
Bank loans wholly repayable within five years	**59,943**	67,273
Bank loans repayable beyond five years	**6,610**	—
2007 Notes (as defined and disclosed in note 11)	—	65,755
2013 Notes (as defined and disclosed in note 11)	**71,324**	71,844
Loan from a joint venture	**3,035**	—
Amortisation of:		
Bank loans	**7,385**	7,358
2007 Notes	—	4,186
2013 Notes	**3,496**	3,255
Bank financing charges and direct costs	**12,366**	13,381
	164,159	233,052
Less: Capitalised in properties under development	**(22,839)**	(22,490)
Capitalised in investment properties under construction	**(36,568)**	(9,502)
Capitalised in construction in progress	**(3,945)**	(10,010)
	(63,352)	(42,002)
Total finance costs	**100,807**	191,050

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 2014: 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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current - Mainland China		
Corporate income tax	**38,105**	26,424
Land appreciation tax	**26,558**	27,978
Deferred	**79,518**	164,226
Tax indemnity	—	(24,302)
Total tax charge for the period	**144,181**	194,326

In connection with the listing of the Company on the Stock Exchange (currently on the Main Board), a tax indemnity deed was signed on 12 November 1997, pursuant to which Lai Sun Development Company Limited ("**LSD**") has undertaken to indemnify the Group in respect of certain potential Mainland China income tax and land appreciation tax payable or shared by the Group in consequence of the disposal of any of the property interests attributable to the Group through its subsidiaries and its joint ventures as at 31 October 1997. During the six months ended 31 January 2014, an amount of HK$24,302,000 was receivable by the Company under the aforesaid indemnities.

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the period attributable to owners of the Company of HK$184,256,000 (six months ended 31 January 2014: HK$501,697,000), and the weighted average number of ordinary shares of 16,102,201,162 (six months ended 31 January 2014: 16,096,400,970) in issue during the period.

The calculation of diluted earnings per share amounts is 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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	**184,256**	501,697
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**16,102,201,162**	16,096,400,970
Effect of dilution – weighted average number of ordinary shares:		
Share options	**16,115,270**	25,598,790
	16,118,316,432	16,121,999,760

8. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group maintains various credit policies for different business operations in accordance with business practices and market conditions in which the respective subsidiaries operate. Sales proceeds receivable from the sale of properties are settled in accordance with the terms of the respective contracts. Rent and related charges in respect of the leasing of properties are receivable from tenants, and are normally payable in advance with rental deposits received in accordance with the terms of the tenancy agreements. Serviced apartments charges are mainly settled by customers on a 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. Trade receivables of the Group were interest-free.

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 2015 (Unaudited) HK$'000	31 July 2014 (Audited) HK$'000
Trade receivables, net:		
Within one month	**81,114**	61,319
One to three months	**1,293**	2,303
Over three months	**1,572**	1,726
	83,979	65,348
Other receivables, deposits and prepayments	**113,308**	109,293
Total	**197,287**	174,641

9. ASSET CLASSIFIED AS HELD FOR SALE

On 23 November 1993, Grand Wealth Limited ("**Grand Wealth**"), an indirect wholly-owned subsidiary of the Company, and Guangzhou Light Industry Real Estate Development Company ("**Guangzhou Light Industry**") entered into a joint venture agreement (as supplemented, the "**JVA**") to form a co-operative joint venture company, Guangzhou Grand Wealth Properties Limited ("**Guangzhou Grand Wealth**") in relation to a property development project in Guangzhou, the PRC known as Guangzhou Eastern Place.

In accordance with the original terms of the JVA, upon completion of Guangzhou Eastern Place Phase V, certain residential and office units of Guangzhou Eastern Place Phase V will be allocated and transferred to Guangzhou Light Industry.

On 15 January 2015, Grand Wealth and Guangzhou Light Industry entered into a new supplemental agreement (the "**Supplemental Agreement**") to, among other things, amend the above arrangement whereby Grand Wealth and Guangzhou Light Industry conditionally agreed that in lieu of allocating certain office units of Guangzhou Eastern Place Phase V (the "**Original Property**") to Guangzhou Light Industry as contemplated under the JVA, Grand Wealth would procure the transfer of Guangzhou Paramount Centre, a serviced apartment under development of the Group in Guangzhou, the PRC (the "**Substituted Property**") to Guangzhou Light Industry.

The completion of the conditional swap of the Original Property and the Substituted Property between Grand Wealth and Guangzhou Light Industry on the terms and conditions of the Supplemental Agreement (the "**Transaction**") is subject to, among others, the following conditions having been fulfilled:

(1) the transfer of the Substituted Property to Guangzhou Light Industry having completed before the registration of completion of the construction work of office units of Guangzhou Eastern Place Phase V, failing that Guangzhou Light Industry is entitled to require the Original Property to be allocated and transferred to it; and

(2) the shareholders of eSun Holdings Limited ("**eSun**"), the ultimate holding company of the Company, having approved the Transaction.

Further details of which are set out in a joint announcement of the Company and eSun dated 15 January 2015, and in a circular of eSun dated 16 February 2015.

The Supplemental Agreement and the Transaction were approved by eSun's shareholders at a special general meeting held on 5 March 2015.

As at 31 January 2015, the Substituted Property was reclassified as asset classified as held for sale and its non-recurring fair value measurement is as follow:

	31 January 2015 (Unaudited) HK$'000	31 July 2014 (Audited) HK$'000
Asset classified as held for sale – property, plant and equipment	**269,053**	—

In accordance with HKFRS 5, asset classified as held for sale with a carrying amount of HK$302,527,000 was written down to its fair value of HK$317,292,000 less costs to sell of HK$48,239,000, resulting in an impairment loss of HK$33,474,000 which was included in "Other operating expenses, net" on the face of the condensed consolidated income statement for the period.

10. 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 2015 (Unaudited) HK$'000	31 July 2014 (Audited) HK$'000
Trade payables:		
Within one month	**150,668**	102,207
One to three months	**2,409**	3,872
Over three months	**4,523**	79
	157,600	106,158
Accruals and other payables	**484,114**	474,115
Total	**641,714**	580,273

11. FIXED RATE SENIOR NOTES

US$200,000,000 9.125% Senior Notes due 2014

On 4 April 2007, the Company issued US$200,000,000 of 9.125% fixed rate senior notes (the "**2007 Notes**"), which matured on 4 April 2014 for bullet repayment. The 2007 Notes bore interest from 4 April 2007 and were payable semi-annually in arrears on 4 April and 4 October of each year, commencing on 4 October 2007. The 2007 Notes were listed on the Singapore Exchange Securities Trading Limited. The 2007 Notes have been fully redeemed on the maturity date.

RMB1,800,000,000 6.875% Senior Notes due 2018

On 25 April 2013, the Company issued RMB1,800,000,000 of 6.875% fixed rate senior notes (the "**2013 Notes**"), which will mature on 25 April 2018 for bullet repayment. The 2013 Notes bear interest from 25 April 2013 and are payable semi-annually in arrears on 25 April and 25 October of each year, commencing on 25 October 2013. The 2013 Notes are listed on the Stock Exchange.

INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2015 (six months ended 31 January 2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The global economies remain on a delicate recovery path, despite continuous support from central banks around the world. Major economies such as the United States, the Euro Zone and Japan continue to struggle against a backdrop of geopolitical uncertainties around the world such as those in the Middle East and between Russia and Ukraine.

The Chinese economy delivered 7.4% GDP growth for 2014 despite the challenging economic environments globally. The Chinese Government has since revised the 2015 GDP growth target to around 7.0%. It further emphasised the need to focus on quality and sustainability in economic development with a view to upgrade China's economy to a medium-high-level of development while maintaining China's economic growth at a medium-high speed. It was indicated at China's recent annual parliamentary session that this would be achieved through implementing a combination of proactive fiscal policy and prudent monetary policy to balance steady growth and ongoing economic restructuring. This has been seen through the cuts in the benchmark interest rates and reduction in reserve requirement ratio for banks as well as some relaxation in the Home Purchase Restrictions in certain cities in mainland China during the period under review. The property sector is an important economic pillar and continues to be shaped significantly by government policies. The Chinese Government's approach to the economy is certainly good news to the sector in the long run and supportive fiscal policy would be beneficial to investors and developers alike.

The Group's regional focus coupled with the rental-led strategy that the Group adopted since 2012 is validated against this challenging operating environment. The rental portfolio of approximately 2.8 million square feet, primarily in Shanghai and Guangzhou, delivered steady increases in rental income at close to full occupancies for the key assets despite a general slowdown in retail sales.

The control measures implemented by the Chinese Government slowed sales across the sector and affected different participants to different degrees. The Group is affected without exception but to a lesser extent as it is blessed with a quality rental portfolio. Nevertheless, the Group experienced a steady increase in average selling prices in some of its projects for sale, which indicated the strength and depth of the underlying demand. The management believes it is important to prepare the Group for the challenges and opportunities ahead.

The Group was successful in the auction for Phase I of the Creative Culture City project in Hengqin ("**Phase I CCC**") in September 2013 which it will co-develop with its ultimate holding company, eSun Holdings Limited ("**eSun**"), with 80% held by the Group and 20% held by eSun. Phase I CCC has total gross floor area ("**GFA**") of approximately 2.8 million square feet and a minimum investment requirement of approximately RMB3.0 billion (equivalent to approximately HK$3.8 billion), of which approximately RMB523.3 million (equivalent to approximately HK$661.0 million) is land cost as per the land grant contract entered into between the Group and The Land and Resources Bureau of Zhuhai on 27 September 2013. The master layout plan for Phase I CCC has been approved in January 2015 and construction work is expected to commence in the second half of the year.

The expected GFA breakdown by usage is set out below:

Usage	**GFA (square feet)**
Cultural themed hotel	597,300
Cultural workshop	452,300
Cultural commercial area	540,700
Performance halls	387,500
Office	559,900
Cultural studios	244,700
Ancillary facilities and others	20,000
Total:	**2,802,400**

The proposed transaction with 廣州市輕工房地產開發公司 (Guangzhou Light Industry Real Estate Development Company) ("**Guangzhou Light Industry**") as announced on 15 January 2015 was approved by the shareholders of eSun on 5 March 2015 and it is expected to complete before the end of 2015. This would enable the Group to consolidate its ownership of the office units in Guangzhou Eastern Place Phase V completely and provide additional flexibility and strategic value to the Group. The acquisition of the remaining 5% interest in Shanghai May Flower Plaza completed in January 2015 demonstrated the Group's commitment in consolidating interests in quality rental assets.

Asset enhancement aimed at improving foot traffic at the higher levels of the retail podium of the Shanghai Hong Kong Plaza has been completed. New tenants have commenced operations during the period under review which is expected to improve the overall rental contribution from this property.

The Group has a number of projects in various stages of development in Shanghai, Guangzhou and Zhongshan. The rental portfolio is expected to increase from approximately 2.8 million square feet to approximately 7.1 million square feet through developing the existing projects in the next few years. The remaining residential units in Guangzhou Dolce Vita Phases I and III, Guangzhou King's Park and Guangzhou Eastern Place V are expected to contribute to the profit and loss account in the current and coming financial years. The Group will continue its prudent and flexible approach in growing its landbank.

As at 31 January 2015, the Group has a landbank of 10.2 million square feet. The Group's strong cash position of HK$1,971.9 million of cash on hand with a net debt to equity ratio of 25% as at 31 January 2015 provides the Group full confidence and the means to review opportunities more actively.

OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2015, the Group recorded a turnover of HK$538.1 million (2014: HK$590.2 million) and a gross profit of HK$320.6 million (2014: HK$333.3 million), representing a decrease of approximately 8.8% and 3.8%, respectively over the same period last year. Turnover from rental income and sales of properties during the period were HK$307.1 million (2014: HK$283.2 million) and HK$231.0 million (2014: HK$307.0 million), representing an increase of 8.4% and a decrease of 24.8%, respectively.

Net profit attributable to owners of the Company was approximately HK$184.3 million (2014: HK$501.7 million), representing a decrease of approximately 63.3% over the same period last year. Basic earnings per share was HK$0.011 (2014: HK$0.031). The decrease is primarily due to (i) a significantly lower revaluation gain arising in the revaluation of the Group's investment properties for the six months ended 31 January 2015 as compared to the same period last year; and (ii) the fair value loss, mainly as a result of worse than expected outlook on Renminbi depreciation, arising on the cross currency swap which was entered into in relation to the Company's RMB1.8 billion senior notes issued in 2013. The effect of the fair value loss on the consolidated income statement of the Company will either be reversed or offset by the exchange gain arising from the RMB1.8 billion senior notes upon the expiry of the cross currency swap contracts.

Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK$6.8 million (2014: HK$54.2 million), representing a decrease of approximately 87.5% over the same period of last year. Basic earnings per share excluding the effect of property revaluations decreased to HK$0.0004 (2014: HK$0.003). Net profit attributable to owners of the Company excluding revaluation gains of investment properties and fair value losses on cross currency swaps was approximately HK$119.5 million.

	Six months ended 31 January	
Profit attributable to owners of the Company (HK$ million)	2015	2014
Reported	184.3	501.7
Adjustments in respect of investment properties		
Revaluation of properties	236.7	598.7
Deferred tax on investment properties	(59.2)	(149.7)
Non-controlling interests' share of revaluation movements less deferred tax	(0.0)	(1.5)
Net profit after tax excluding revaluation gains of investment properties	6.8	54.2
Net profit after tax excluding revaluation gains of investment properties and fair value losses on cross currency swaps	119.5	54.2

Net assets attributable to owners of the Company as at 31 January 2015 amounted to HK$12,865.0 million, up from HK$12,663.4 million as at 31 July 2014. Net asset value per share attributable to owners of the Company increased to HK$0.798 per share as at 31 January 2015 from HK$0.786 per share as at 31 July 2014.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and number of car-parking spaces as at 31 January 2015:

	Commercial/ Retail	**Office**	**Serviced Apartments**	**Residential**	**Total (excluding car-parking spaces & ancillary facilities)**	**No. of car-parking spaces**
Completed Properties Held for Rental[1]	1,649	569	-	-	2,218	587
Completed Hotel Properties and Serviced Apartments	-	-	597	-	597	-
Properties Under Development[2]	1,454	1,968	840	5,978	10,240	4,317
Completed Properties Held for Sale	123[3]	-	13	491	627	1,071
Total GFA of major properties of the Group	**3,226**	**2,537**	**1,450**	**6,469**	**13,682**	**5,975**

1. *Completed and rental generating properties*
2. *All properties under construction*
3. *Completed properties for sale, including 119,165 square feet of shopping arcade space which is expected to be reclassified as completed properties held for rental purpose as it is being leased out over time.*

PROPERTY INVESTMENT

Rental Income

For the six months ended 31 January 2015, the Group's rental operations recorded a turnover of HK$307.1 million (2014: HK$283.2 million), representing a 8.4% increase over the same period last year. Breakdown of rental turnover by major rental properties is as follows:

	Six months ended 31 January			
	2015 HK$ million	2014 HK$ million	% Change	Period end occupancy (%)
Shanghai				
Shanghai Hong Kong Plaza	202.7	192.2	5.5	Retail: 99.2% Office: 96.3% Serviced Apartments: 86.2%
Shanghai May Flower Plaza	28.2	17.4	62.1	Retail: 85.8% Hotel: 47.4%
Shanghai Regents Park	6.8	7.0	-2.9	100.0%
Shanghai Northgate Plaza I	5.2	5.4	-3.7	87.6%
Guangzhou				
Guangzhou May Flower Plaza	52.4	52.5	-0.2	98.2%
Guangzhou West Point	8.5	8.3	2.4	98.3%
Zhongshan				
Zhongshan Palm Spring	3.3	0.4	725.0	Retail: 57.0%* Serviced Apartments: 51.7%
Total:	**307.1**	**283.2**	**8.4**	

**excluding self-use area*

Rental income performed steadily as a whole with high occupancy in all the major properties. The increase is primarily attributable to rental reversion and change in tenant mix across the portfolio. Asset enhancement aimed at improving foot traffic at the higher levels of the retail podium of the Shanghai Hong Kong Plaza has been completed. New tenants have commenced operations during the period under review which is expected to improve overall rental contribution. The serviced apartments in the Zhongshan Palm Spring, STARR Resort Residence Zhongshan and the hotel in Shanghai May Flower Plaza, STARR Hotel Shanghai, commenced operations in August 2013 and November 2013, respectively and operated against a background of challenging conditions.

A portion of the Zhongshan Palm Spring Rainbow Mall, amounting to approximately 36.5% of total GFA 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 serviced apartment tower with total GFA of approximately 360,700 square feet, 468,400 square feet and 354,200 square feet, respectively. 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, MCM, Shiatzy Chen, Tiffany, Y3 and internationally renowned luxury brands and a wide array of dining options. Asset enhancement aimed at improving foot traffic at the higher levels of the retail podium of the Shanghai Hong Kong Plaza has been completed and new tenants has moved in by the end of 2014.

The serviced apartments are managed by the Ascott Group and the Group has successfully leveraged the Ascott Group's extensive experience and expertise in operating serviced apartments to position the serviced apartments as a high-end product.

The Group acquired the 5% minority interest in this property in August 2013 and now owns 100% of this property.

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 acquired the 5% minority interest in this property in January 2015 and now owns 100% in the retail podium which has approximately 320,300 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 pending redevelopment) 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 322,600 square feet excluding car-parking spaces and ancillary area. The Group acquired the 2% minority interest in this property in July 2014 and now owns 99% of this property.

Shanghai Northgate Plaza II is a vacant site adjacent to Plaza I. The site area of Plaza II is approximately 44,300 square feet and its buildable GFA is approximately 259,900 square feet excluding car-parking spaces and ancillary facilities. 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 436,900 square feet excluding 136 car-parking spaces.

The building comprises of retail spaces, restaurants, office units and car-parking spaces. The property is almost fully leased to tenants comprising well-known corporations, consumer brands and restaurants.

The Group acquired the 22.5% minority interest in this property in September 2013 and now owns 100% of this property.

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 sold all the residential and office units and retained a commercial podium with GFA of approximately 172,000 square feet. Tenants of the retail podium include renowned restaurants and local retail brands.

Zhongshan Palm Spring Mall
Zhongshan Palm Spring Mall is the commercial element of the wholly owned residential project, Zhongshan Palm Spring. Zhongshan Palm Spring is located in Caihong Planning Area, West District

of Zhongshan. It has a total GFA of approximately 181,100 square feet and excluding self-use area, the occupancy rate as at period end was approximately 57.0%.

Hotel and Serviced Apartments

Ascott Huaihai Road Shanghai
Ascott Huaihai Road in Shanghai Hong Kong Plaza is managed by the Ascott Group and it is one of a premier collection of the Ascott Limited's serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence with total GFA of approximately 357,000 square feet and approximately 354,200 square feet GFA attributable to the Group has 308 contemporary apartments of various sizes: studios (640-750 sq.ft.), one-bedroom apartments (915-1,180 sq.ft.), two-bedroom apartments (1,720 sq.ft.), three-bedroom apartments (2,370 sq.ft.) and two luxurious penthouses on the highest two floors (4,520 sq.ft.). An average occupancy rate of 86.2% was achieved during the period under review and the average room tariff was approximately HK$1,347.8.

STARR Hotel Shanghai
STARR Hotel Shanghai soft opened in November 2013 and is a 17-storey hotel 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. There are 287 fully furnished and equipped hotel units with stylish separate living room, bedroom, fully-equipped kitchenette and luxurious bathroom amenities for short or extended stays to meet the needs of the business travelers from around the world and the total GFA is approximately 172,700 square feet. The GFA attributable to the Group is approximately 143,800 square feet. An average occupancy rate of 47.4% was achieved during the period under review since its soft opening in November 2013 and the average room tariff was approximately HK$510.7.

STARR Resort Residence Zhongshan
STARR Resort Residence Zhongshan comprises two 16-storey blocks located in the Palm Lifestyle complex in Zhongshan Western District at Cui Sha Road. It is 30 minutes away from Zhongshan ferry pier and an ideal place for weekend breaks with a wide range of family oriented facilities such as an outdoor Swimming Pool, Gym, Yoga Room, Reading Room, Wine Club, Card Game / Mahjong Room, Tennis Court, etc. There are 90 fully furnished serviced apartment units with kitchenette, unit type one- and two-bedroom suite and the total GFA is approximately 98,600 square feet. The resort also has a F&B outlet of 80 seats, suitable for private party and BBQ, etc. An average occupancy rate of 51.7% was achieved during the period under review and the average room tariff was approximately HK$368.0.

PROPERTY DEVELOPMENT

Recognised Sales
For the six months ended 31 January 2015, the Group's property development operations recorded a turnover of HK$231.0 million (2014: HK$307.0 million) from sale of properties, representing a 24.8% decrease in sales revenue over the same period last year. The decline is primarily due to slower sales and slower than expected completion of sales.

Total recognised sales was primarily driven by the sales performance of Guangzhou King's Park and Shanghai May Flower Plaza of which approximately 17,826 and 18,646 square feet of GFA were sold, respectively, achieving sales revenue of HK$91.5 million and HK$88.5 million, respectively.

For the six months ended 31 January 2015, average selling price recognised as a whole (excluding Guangzhou Dolce Vita) increased to approximately HK$3,520.6 per square foot (2014: HK$3,099.7 per square foot). The increase is due to a higher proportion of units at Shanghai May Flower Plaza and Guangzhou King's Park being sold and recognised during the period under review at higher average selling prices.

Breakdown of turnover for the six months ended 31 January 2015 from property sales is as follows:

Recognised basis	**Approximate GFA**	**Average Selling Price#**	**Turnover***
	Square feet	**HK$/square foot**	**HK$ million**
Shanghai May Flower Plaza			
Residential Units	17,455	5,158.0	84.9
Office Apartment Units	1,191	3,216.1	3.6
Guangzhou King's Park			
Residential Units	17,826	5,443.4	91.5
Zhongshan Palm Spring			
Residential High-Rise Units	1,055	919.0	0.9
Residential House Units	29,045	1,463.5	40.1
Subtotal	**66,572**	**3,520.6**	**221.0**
Guangzhou West Point			
Car-parking Spaces			10.0
Total			**231.0**
Recognised sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units**(47.5% basis)	182,252	2,238.2	384.7
Retail Units**(47.5% basis)	12,015	7,348.1	83.3
Subtotal	**194,267**	**2,554.3**	**468.0**
Car-parking Spaces**(47.5% basis)			56.4
Total			**524.4**

\# *Before business tax*

* *After business tax*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand China Holdings Pte. Ltd. ("**CapitaLand China**") in which each of the Group and CapitaLand China has an effective 47.5% interest. For the six months ended 31 January 2015, the recognised sales (after business tax) attributable to the full project is HK$985.2 million (excluding car-parking spaces) and approximately 408,984 square feet (excluding car-parking spaces) of GFA were recognised. The recognised sales from car-parking spaces attributable to the full project is HK$118.7 million.*

Contracted Sales

As at 31 January 2015, the Group's property development operations, excluding Guangzhou Dolce Vita, has contracted but not yet recognised sales of HK$418.2 million from sale of properties (31 July 2014: HK$229.6 million) with an average selling price of HK$3,683.5 per square foot. The total contracted but not yet recognised sales of the Group as at 31 January 2015 including Guangzhou Dolce Vita amounted to HK$971.2 million.

Sales momentum for the remaining units at Shanghai May Flower Plaza, Guangzhou King's Park and Zhongshan Palm Spring was encouraging and achieved a blended average selling price of HK$5,111.5 per square foot, HK$5,076.4 per square foot and HK$1,421.1 per square foot respectively. Sales of the remainder of residential units and retail units of Guangzhou Dolce Vita were strong and average selling price increased to HK$2,651.9 per square foot (2014: HK$2,566.0 per square foot).

Breakdown of contracted but not yet recognised sales as at 31 January 2015 is as follows:

Contracted basis	**Approximate GFA**	**Average Selling Price#**	**Turnover#**
	Square feet	**HK$/square foot**	**HK$ million**
Shanghai May Flower Plaza			
Residential Units	31,713	5,111.5	162.1
Guangzhou King's Park			
Residential Units	7,072	5,076.4	35.9
Guangzhou Eastern Place			
Residential Units	23,940	6,182.1	148.0
Zhongshan Palm Spring			
Residential High-rise Units	2,030	936.0	1.9
Residential House Units	48,777	1,441.3	70.3
Sub-total	**113,532**	**3,683.5**	**418.2**
Contracted sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units** (47.5% basis)	207,838	2,628.0	546.2
Retail Units**(47.5% basis)	695	9,784.2	6.8
Sub-total	**208,533**	**2,651.9**	**553.0**
Car-parking Spaces**(47.5% basis)			1.1
Sub-total			**554.1**
Total (excluding car-parking spaces)	**322,065**	**3,015.5**	**971.2**

\# *Before business tax*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of the Group and CapitaLand China has an effective 47.5% interest. As at 31 January 2015, the contracted but not yet recognised sales attributable to the full project is HK$1,164.2 million (excluding car-parking spaces) and approximately 439,016 square feet of GFA (excluding car-parking spaces) were sold. The contracted but not yet recognised sales from car-parking spaces attributable to the full project is HK$2.3 million.*

Review of major properties 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 627,500 square feet of GFA. During the period under review, 17,455 square feet was recognised at an average selling price of HK$5,158.0 per square foot, which contributed HK$84.9 million to the turnover. As at 31 January 2015, contracted but not yet recognised sales amounted to HK$162.1 million or 31,713 square feet at an average selling price of HK$5,111.5 per square foot. As at 31 January 2015, completed residential units held for sale in this development amounted to approximately 45,700 square feet with a carrying amount of approximately HK$82.9 million.

The for sale portion of the office apartments comprised of 96 units with a total GFA of approximately 57,500 square feet. During the period under review, sales of 1,191 square feet was recognised at an average selling price of HK$3,216.1 per square foot, which contributed HK$3.6 million to the turnover. As at 31 January 2015, completed office apartment units held for sale in this development amounted to approximately 13,100 square feet with a carrying amount of approximately HK$31.4 million.

Shanghai Wuli Bridge Project
In July 2014, the Group succeeded in the auction for the land use rights of a piece of land located by Huangpu River in Huangpu district in Shanghai with a site area of approximately 74,100 square feet. The proposed development has attributable GFA of approximately 72,600 square feet and is intended to be developed into a high end luxury residential project.

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 964,700 square feet, comprising two residential blocks (GFA 319,400 square feet approximately), an office block and ancillary retail spaces (GFA 645,300 square feet approximately). Construction work is expected to complete in the fourth quarter of 2015.

The proposed transaction with Guangzhou Light Industry as announced on 15 January 2015 was approved by the shareholders of eSun on 5 March 2015 and it is expected to complete before the end of 2015. This would enable the Group to consolidate its ownership of the office units in Guangzhou Eastern Place Phase V completely and provide additional flexibility and strategic value to the Group.

Guangzhou Dolce Vita
The Guangzhou Dolce Vita is a joint venture project with CapitaLand China Holdings Pte. Ltd ("**CapitaLand China**") in which each of the Group and CapitaLand China has a 47.5% interest. This development in Jinshazhou, Hengsha, Baiyun District, Guangzhou will have a total project GFA of approximately 5.754 million square feet. The project will comprise of approximately 2,785 low-rise and high-rise residential units and shopping amenities totaling 3.804 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 comprising 8 high-rise residential blocks has been sold out. During the period under review, 194,267 square feet attributable to the Group was recognised and generated attributable sale proceeds of HK$468.0 million. As at 31 January 2015, attributable contracted but not yet recognised sales amounted to HK$553.0 million or 208,532 square feet at an average selling price of HK$2,651.9 per square foot. As at 31 January 2015, attributable GFA of completed units held for sale amounted to 141,700 square feet with a carrying amount of approximately HK$183.6 million (excluding car-parking spaces). The remaining GFA under development was approximately 1,991,300 square feet.

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

Phase	**Description**	**Approximate GFA* (square feet)**	**Expected completion**
II	Commercial units	19,400	Q4 2016**
IV	Townhouses and low-rise residential units	305,800	Q2 2015
V	High-rise residential units	1,666,100	Q1 2016

* *Excluding car-parking spaces and ancillary facilities*
** *The commercial units are currently used by the Group as sales centre for the project and expected to be refurbished for sale by end of 2016.*

Guangzhou King's Park
This is a high-end residential development located on Donghua Dong Road in Yuexiu District. The attributable GFA is approximately 98,300 square feet excluding 57 car-parking spaces and ancillary facilities. Project was launched for sale in January 2014.

During the period under review, sales of 17,826 square feet was recognised at an average selling price of HK$5,443.4 per square foot, which contributed HK$91.5 million to the turnover. As at 31 January

2015, attributable GFA of completed units held for sale amounted to 66,100 square feet with a carrying amount of approximately HK$294.2 million.

Guangzhou Paramount Centre
This property locates at the junction of Da Sha Tou Road and Yan Jiang Dong Road in Yuexiu District. The attributable GFA is approximately 83,000 square feet excluding 46 car-parking spaces and ancillary facilities. This project is subject to the asset swap transaction that was announced by the Group on 15 January 2015 and the transaction was approved by the shareholders of eSun on 5 March 2015 and it is expected to complete before the end of 2015.

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 600,900 square feet and is intended to be developed for rental purposes.

Guangzhou Guan Lu Road Project
The site is located on Guan Lu Road in Yuexiu District. The expected residential and retail GFA is approximately 96,400 square feet excluding 62 car-parking spaces and ancillary facilities. The Group has submitted an application to return the site to the Guangzhou government and is now discussing with the authorities on this issue.

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 8.029 million square feet. The project will comprise of high-rise residential towers, townhouses, serviced apartments and commercial blocks totaling 6.120 million square feet.

Phase Ia of the project, which was completed during the first half of the financial year ended 31 July 2013, comprises of high-rise residential towers and house units. During the period under review, 1,055 square feet of high-rise residential units and 29,045 square feet of house units were recognised at average selling prices of HK$919.0 and HK$1,463.5 per square foot, respectively, which contributed a total of HK$41.0 million to the sales turnover. As at 31 January 2015, contracted but not yet recognised sales for high-rise and townhouses amounted to HK$1.9 million and HK$70.3 million, at average selling prices of HK$936.0 and HK$1,441.3 per square foot, respectively. As at 31 January 2015, completed units held for sale in this development amounted to 359,000 square feet with a carrying amount of approximately HK$372.7 million. The remaining GFA under development was approximately 5,064,600 square feet.

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	983,100	Q4 2016
II	Townhouses	205,500	Q1 2018
III	High-rise residential units including commercial units	1,414,600	Q4 2020
IV	High-rise residential units including commercial units	2,461,300	Q2 2024

**Excluding car-parking spaces and ancillary facilities*

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

Hengqin Creative Culture City Phase I
On 25 September 2013, the Group announced it had successfully won Phase I of the Creative Culture City project in Hengqin ("**Phase I CCC**") which is 80% owned by the Group and 20% owned by eSun . Phase I has a total gross floor area of 2.8 million square feet. The minimum investment

requirement for Phase I CCC is approximately RMB3.0 billion (equivalent to approximately HK$3.8 billion), of which approximately RMB523.3 million (equivalent to approximately HK$661.0 million) is land cost as per the land grant contract entered into between the Group and The Land and Resources Bureau of Zhuhai on 27 September 2013. The master layout plan for Phase I CCC has been approved in January 2015 and construction work is expected to commence in the second half of the year. The expected GFA breakdown by usage is set out below:

Usage	**GFA (square feet)**
Cultural themed hotel	597,300
Cultural workshop	452,300
Cultural commercial area	540,700
Performance halls	387,500
Office	559,900
Cultural studios	244,700
Ancillary facilities and others	20,000
Total:	**2,802,400**

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 January 2015, cash and bank balance held by the Group amounted to HK$1,971.9 million and undrawn facilities of the Group was HK$1,908.0 million.

As at 31 January 2015, the Group had total borrowings amounting to HK$5,171.1 million (as at 31 July 2014: HK$4,757.4 million), representing an increase of HK$413.7 million from 31 July 2014. The consolidated net assets attributable to the owners of the Company amounted to HK$12,865.0 million (as at 31 July 2014: HK$12,663.4 million). The gearing ratio, being net debt (total borrowings less cash and bank balances) to net assets attributable to the owners of the Company was approximately 25% (as at 31 July 2014: 17%). The maturity profile of the Group's borrowings of HK$5,171.1 million is well spread with HK$1,112.4 million repayable within 1 year, HK$1,663.1 million repayable in the second year, HK$2,336.3 million repayable in the third to fifth years and HK$59.3 million repayable beyond the fifth year.

Approximately 47% and 49% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 4% of the Group's borrowings were interest free.

Apart from the fixed rate senior notes, the Group's other borrowings of HK$2,923.2 million were 49% denominated in Renminbi ("**RMB**"), 34% in Hong Kong dollars ("**HKD**") and 17% in United States Dollars ("**USD**").

The Group's fixed rate senior notes of HK$2,247.9 million were denominated in RMB. On 25 April 2013, issue date of the RMB denominated senior notes ("**2013 Notes**"), the Group entered into cross currency swap agreements with financial institutions for the purpose of hedging the foreign currency risk arising from such notes. Accordingly, the 2013 Notes have been effectively converted into USD denominated loans.

The Group's cash and bank balances of HK$1,971.9 million were 77% denominated in RMB, 2% in USD and 21% in HKD.

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. Apart from the aforesaid cross currency swap arrangements, the Group does not have any derivative financial instruments or hedging instruments outstanding.

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$8,511.9 million, completed properties for sale with a total carrying amount of approximately HK$112.3 million, properties under development with a total carrying amount of approximately HK$1,162.5 million, serviced apartments and related properties with a total carrying amount of approximately HK$652.9 million, a leasehold building with carrying amount of approximately HK$37.9 million and bank balances of approximately HK$577.1 million.

Taking into account the amount of cash being held as at the end of the reporting period, the available banking facilities and the recurring cash flows 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 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 January 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out from time to time in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 31 January 2015 save for the deviations from code provisions A.4.1 and A.5.1 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 ("**Directors**") are subject to the retirement provisions of the Articles of Association of the Company ("**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 the shareholders of the Company and the retiring Directors are eligible for re-election. In addition, in accordance with the provisions of the Articles of Association, any person appointed by the Board as a Director (including a NED) either to fill a casual vacancy or as an addition to the Board will hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and will then be eligible for re-election. 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 ("**EDs**"). 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.

DIRECTORS, EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2015, 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. Lee Tze Yan, Ernest who joined the Board as an ED with effect from 17 January 2015. Mr. Lee is entitled to receive an annual remuneration of HK$1,200,000 and such other remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the results of the Company, his performance, duties and responsibilities as well as the prevailing market conditions. The Group would also like to thank Mr. Lau Shu Yan, Julius who left the Board during the period under review for his valuable contributions to the Company during his tenure.

INVESTOR RELATIONS

To ensure our investors have a better understanding of the Company, our management engages in a pro-active investor relations programme. Our EDs 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.

During the six months ended 31 January 2015, 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 2014	Investors luncheon	RHB-OSK Securities	Hong Kong
October 2014	Post full year results non-deal roadshow	BNP	Hong Kong
October 2014	Post full year results non-deal roadshow	DBS	New York/Boston/ Washington DC/Denver/ Los Angeles/San Francisco
October 2014	Post full year results non-deal roadshow	Daiwa	Paris/Zurich/London
November 2014	Post full year results non-deal roadshow	BNP	Singapore
November 2014	Post full year results non-deal roadshow	DBS	Sydney
December 2014	Post full year results non-deal roadshow	BNP	Shanghai
December 2014	Great China Emerging Market Trends Forum 2015 (2015 年大中華暨新興產業趨勢論壇)	SinoPac Securities	Taipei
January 2015	BNP Paribas Asia Pacific Property & Financial Conference	BNP	Hong Kong
January 2015	The Fifth Daiwa Hong Kong Corporate Summit	Daiwa	Hong Kong

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

Firm	Analyst	Publication Date
DBS	Andy YEE, Danielle WANG, Carol WU & Ken HE	17 October 2014
HSBC	Keith CHAN	17 October 2014

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@laifung.com.

REVIEW OF INTERIM RESULTS

The audit committee of the Company ("**Audit Committee**") currently comprises two of the INEDs, namely Mr. Law Kin Ho and Mr. Lam Bing Kwan, and a NED, Mr. Lucas Ignatius Loh Jen Yuh (alternate: Mr. Chan Boon Seng). 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 2015.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 25 March 2015

As at the date of this announcement, the Board of the Company 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. Cheng Shin How and Mr. Lee Tze Yan, Ernest; two Non-executive Directors, namely Mr. Lucas Ignatius Loh Jen Yuh and Mr. Chan Boon Seng (also alternate to Mr. Lucas Ignatius Loh Jen Yuh); 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.