LAI SUN DEVELOPMENT

Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 488)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2015

RESULTS

The board of directors (the "**Board**") of Lai Sun Development Company 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

		Six months ended 31 January	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
TURNOVER	*3*	**777,643**	1,224,654
Cost of sales		**(330,720)**	(623,059)
Gross profit		**446,923**	601,595
Other revenue		**30,703**	37,818
Selling and marketing expenses		**(11,631)**	(33,758)
Administrative expenses		**(177,007)**	(153,749)
Other operating expenses, net		**(43,316)**	(40,957)
Employee share option benefits		**(528)**	-
Fair value gains on investment properties		**709,727**	340,218
Provision for tax indemnity	*4*	**-**	(139,017)
PROFIT FROM OPERATING ACTIVITIES	*5*	**954,871**	612,150
Finance costs	*6*	**(84,100)**	(122,489)
Share of profits and losses of associates		**(9,571)**	43,467
Share of profits and losses of joint ventures		**103,305**	49,151
Discount on acquisition of additional interest in an associate	*7*	**-**	99,382
PROFIT BEFORE TAX		**964,505**	681,661
Tax	*8*	**(40,606)**	(44,986)
PROFIT FOR THE PERIOD		**923,899**	636,675
Attributable to:			
Owners of the Company		**908,382**	622,028
Non-controlling interests		**15,517**	14,647
		923,899	636,675
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*9*		
Basic		**HK$0.045**	HK$0.031
Diluted		**HK$0.045**	HK$0.031

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2015

	Six months ended 31 January	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**923,899**	636,675
OTHER COMPREHENSIVE (EXPENSE)/INCOME		
Other comprehensive (expense)/income to be reclassified to profit or loss in subsequent periods:		
Change in fair values of available-for-sale financial assets	**(14,944)**	4,150
Exchange realignments	**(58,614)**	11,141
Share of other comprehensive income of an associate	**18,675**	59,380
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD	**(54,883)**	74,671
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**869,016**	711,346
Attributable to:		
Owners of the Company	**853,499**	696,733
Non-controlling interests	**15,517**	14,613
	869,016	711,346

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	*10*	**2,260,061**	554,635
Prepaid land lease payments		**22,442**	22,955
Investment properties		**14,552,340**	12,669,295
Properties under development for sale		**611,696**	109,158
Interests in associates		**3,840,146**	3,841,870
Interests in joint ventures		**5,621,865**	6,018,543
Available-for-sale financial assets		**1,225,441**	1,232,466
Pledged bank balances and time deposits		**-**	138,049
Deposits paid and other receivables		**83,517**	727,468
Total non-current assets		**28,217,508**	25,314,439
CURRENT ASSETS			
Completed properties for sale		**721,177**	832,633
Equity investments at fair value through profit or loss		**5,220**	2,159
Inventories		**9,366**	8,106
Debtors, deposits paid and other receivables	*11(a)*	**140,855**	134,032
Pledged bank balances and time deposits		**167,127**	-
Cash and cash equivalents		**1,139,846**	1,671,478
Total current assets		**2,183,591**	2,648,408
CURRENT LIABILITIES			
Creditors, deposits received and accruals	*11(b)*	**309,794**	299,723
Tax payable		**140,193**	132,825
Bank borrowings		**1,285,594**	416,808
Total current liabilities		**1,735,581**	849,356
NET CURRENT ASSETS		**448,010**	1,799,052
TOTAL ASSETS LESS CURRENT LIABILITIES		**28,665,518**	27,113,491
NON-CURRENT LIABILITIES			
Bank borrowings		**3,037,841**	2,274,414
Guaranteed notes		**2,701,248**	2,698,122
Deferred tax		**114,988**	111,620
Provision for tax indemnity	*4*	**729,387**	729,387
Long term rental deposits received		**68,292**	71,087
Deferred rental		**4,375**	4,366
Total non-current liabilities		**6,656,131**	5,888,996
		22,009,387	21,224,495
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**3,135,561**	3,129,961
Investment revaluation reserve		**1,116,943**	1,131,735
Share option reserve		**65,172**	64,469
Hedging reserve		**(963)**	(963)
Capital reduction reserve		**4,692**	4,692
General reserve		**646,700**	646,700
Other reserve		**249,622**	256,582
Statutory reserve		**20,469**	-
Exchange fluctuation reserve		**71,621**	111,712
Retained profits		**16,267,474**	15,379,503
Proposed final dividend		**-**	50,157
		21,577,291	20,774,548
Non-controlling interests		**432,096**	449,947
		22,009,387	21,224,495

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 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 and with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of presentation used in the preparation of these interim financial statements are the same as those used in the Group's audited consolidated financial statements for the year ended 31 July 2014.

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

During the year ended 31 July 2014, management changed its reporting segments to (i) property development and sales; (ii) property investment; (iii) hotel operation; (iv) restaurant operation; and (v) others as a result of growing importance of the restaurant operation segment to the operation of the Group. The corresponding information for the six months ended 31 January 2014 has been re-presented accordingly.

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 operation**		**Restaurant operation**		**Others**		**Eliminations**		**Consolidated**	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***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	**177,644**	722,742	**299,942**	237,011	**186,481**	183,488	**102,293**	69,565	**11,283**	11,848	**-**	-	**777,643**	1,224,654
Intersegment sales	-	**-**	**6,128**	7,577	**180**	**-**	-	**-**	**11,434**	14,267	**(17,742)**	(21,844)	-	**-**
Other revenue	**2,037**	1,331	**1,169**	672	**25**	2	**507**	654	**2,313**	1,669	**-**	-	**6,051**	4,328
Total	**179,681**	724,073	**307,239**	245,260	**186,686**	183,490	**102,800**	70,219	**25,030**	27,784	**(17,742)**	(21,844)	**783,694**	1,228,982
Segment results	**53,290**	259,779	**240,113**	185,782	**35,838**	41,665	**2,245**	(15,773)	**(5,562)**	1,692	-	**-**	**325,924**	473,145
Interest income from bank deposits - unallocated													**2,427**	10,253
Unallocated revenue													**22,225**	23,237
Fair value gains on investment properties	-	**-**	**709,727**	340,218	-	**-**	-	**-**	-	**-**	**-**	-	**709,727**	340,218
Employee share option benefits - unallocated													**(528)**	-
Unallocated expenses													**(104,904)**	(95,686)
Provision for tax indemnity													**-**	(139,017)
Profit from operating activities													**954,871**	612,150
Finance costs													**(84,100)**	(122,489)
Share of profits and losses of associates	**445**	15	-	**-**	-	**-**	**(541)**	(1,859)	-	**-**	-	**-**	**(96)**	(1,844)
Share of profits and losses of associates - unallocated													**(9,475)**	45,311
Share of profits and losses of joint ventures	**(219)**	6,106	**103,524**	43,045	-	**-**	-	**-**	-	**-**	-	**-**	**103,305**	49,151
Discount on acquisition of additional interest in an associate													**-**	99,382
Profit before tax													**964,505**	681,661
Tax													**(40,606)**	(44,986)
Profit for the period													**923,899**	636,675

3. SEGMENT INFORMATION (continued)

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

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Others		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)	**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*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**1,571,181**	1,495,842	**14,646,625**	12,732,170	**2,429,057**	885,267	**315,845**	272,520	**107,245**	46,726	**19,069,953**	15,432,525
Interests in associates	**6,232**	7,199	**-**	-	**-**	-	**14,836**	18,610	**-**	-	**21,068**	25,809
Interests in associates - unallocated											**3,819,078**	3,816,061
Interests in joint ventures	**933,848**	1,494,050	**4,688,017**	4,524,493	**-**	-	**-**	-	**-**	-	**5,621,865**	6,018,543
Unallocated assets											**1,869,135**	2,669,909
Total assets											**30,401,099**	27,962,847
Segment liabilities	**46,461**	70,333	**165,117**	151,066	**80,346**	61,587	**15,159**	17,180	**6,967**	6,537	**314,050**	306,703
Bank borrowings											**4,323,435**	2,691,222
Guaranteed notes											**2,701,248**	2,698,122
Other unallocated liabilities											**1,052,979**	1,042,305
Total liabilities											**8,391,712**	6,738,352

4. PROVISION FOR TAX INDEMNITY

Pursuant to an indemnity deed (the "**Lai Fung Tax Indemnity Deed**") dated 12 November 1997 entered into between the Company and Lai Fung Holdings Limited ("**Lai Fung**"), the Company 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 the Company 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 the Company do not cover (i) new properties acquired by Lai Fung subsequent to the listing of the shares of Lai Fung on The Stock Exchange of Hong Kong Limited (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 Property Interests currently held by Lai Fung as at 31 January 2015 which are covered under the Lai Fung Tax Indemnity Deed and the prevailing tax rates and legislation governing PRC income tax and LAT, the total amount of tax indemnity given by the Company is estimated to be approximately HK$1,350,000,000 (31 July 2014: HK$1,350,000,000).

As at 31 January 2015 and 31 July 2014, after taking into account the plan and status of the Property Interests 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$729,387,000. During the six months ended 31 January 2014, the Group recognised an additional provision for tax indemnity of HK$139,017,000 in the condensed consolidated income statement.

5. PROFIT FROM OPERATING ACTIVITIES

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

	Six months ended 31 January	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation#	**24,061**	15,592
Amortisation of prepaid land lease payments*	**513**	514
Fair value (gain)/loss on a listed equity investment at fair value through profit or loss*	**(3,061)**	1,222
Interest income from bank deposits	**(2,427)**	(10,253)
Other interest income	**(1,997)**	(212)
Dividend income from listed equity investments at fair value through profit or loss	**-**	(25)
Dividend income from unlisted available-for-sale financial assets	**(22,149)**	(23,000)

Depreciation charge of approximately HK$22,107,000 (Six months ended 31 January 2014: HK$14,364,000) 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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**38,547**	34,711
Interest on guaranteed notes wholly repayable within five years	**79,412**	79,552
Bank financing charges	**7,343**	9,453
	125,302	123,716
Less: Amount capitalised in a hotel development project (note 10)	**(31,000)**	-
Amount capitalised in properties under development for sale	**(10,202)**	(1,227)
	84,100	122,489

7. DISCOUNT ON ACQUISITION OF ADDITIONAL INTEREST IN AN ASSOCIATE

During the period from November 2013 to December 2013, the Group acquired 1.33% additional interest in eSun Holdings Limited ("**eSun**") from the public shareholders at a cost of approximately HK$18,545,000 and the Group'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.

8. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (Six months ended 31 January 2014: 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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**22,138**	34,914
Overseas	**15,100**	8,438
	37,238	43,352
Deferred tax	**3,368**	1,634
Tax charge for the period	**40,606**	44,986

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Six months ended 31 January	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share	**908,382**	622,028
Effect of dilutive potential ordinary shares arising from adjustment to the share of profit of an associate based on dilution of its earnings per share	**(47)**	(163)
Earnings for the purpose of diluted earnings per share	**908,335**	621,865
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**20,063,065**	20,062,893
Effect of dilutive potential ordinary shares arising from share options	**84,783**	98,999
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**20,147,848**	20,161,892

10. PROPERTY, PLANT AND EQUIPMENT

During the current period, increase in property, plant and equipment (net of depreciation and disposals) of approximately HK$1,705 million mainly includes additions to a hotel development project as disclosed in the Company's circular dated 20 June 2014 amounting to HK$1,730 million.

11. 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 a 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 2015 (Unaudited) *HK$'000*	31 July 2014 (Audited) *HK$'000*
Trade debtors:		
Not yet due or less than 30 days past due	**8,372**	8,278
31 - 60 days past due	**3,424**	1,397
61 - 90 days past due	**522**	201
Over 90 days past due	**3,868**	1,059
	16,186	10,935
Other receivables	**54,678**	61,283
Deposits paid and prepayments	**69,991**	61,814
	140,855	134,032

(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 2015 (Unaudited) *HK$'000*	31 July 2014 (Audited) *HK$'000*
Trade creditors:		
Not yet due or less than 30 days past due	**12,004**	8,967
31 - 60 days past due	**285**	770
61 - 90 days past due	**19**	199
Over 90 days past due	**67**	174
	12,375	10,110
Other payables and accruals	**140,708**	158,050
Deposits received and other provisions	**156,711**	131,563
	309,794	299,723

12. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform with the current period's presentation.

INTERIM ORDINARY DIVIDEND

The Board of the Company has resolved not to declare the payment of an interim ordinary dividend for the financial year ending 31 July 2015. No interim ordinary dividend was declared in respect of the last corresponding period.

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. 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 continues to perform steadily notwithstanding the challenging conditions. The retail market is supported by low unemployment with steady visitor arrivals and the office leasing market is gradually improving. The residential market continues to be slow generally since the introduction of control measures in late 2012 and early 2013 but new launches reported robust prices being achieved. The Hong Kong Government implemented a new round of policy measures since the period end to cool down price increases particularly for smaller units, all of which suggests that underlying demand remains strong. 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 despite the government's emphasis and effort. Labour supply shortage in the construction industry is driving wage inflation and continues to pose a challenge on the cost management side.

The Group weathered the challenging conditions well. The rental portfolio of approximately 1.7 million square feet generated steady rental income at high occupancy rates. Rental income increased through tenant mix adjustments and rental reversion. With the sale of the residential units in Ocean One being completed and before the completion of the Tseung Kwan O project and the Ma Tau Kok project, sales revenue for the current and coming financial years will be driven by the sale of the 339 Tai Hang Road project.

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, the Ma Tau Kok project in April 2014 and the Ocean Park Hotel in May 2014, the Group continued to participate in government tenders to grow the pipeline. The completion of the Observatory Road project in 2015 will add an attributable rental gross floor area ("**GFA**") of approximately 82,600 square feet in the prime Tsim Sha Tsui area of Hong Kong when it is completed in the third quarter of 2015. Pre-leasing of this property is going well.

The acquisition of 107 and 100 Leadenhall Street in London bolstered our portfolio in the United Kingdom. Both properties are freehold commercial properties located in the heart of the city of London. These properties added 273,100 square feet to our rental portfolio and each generated historical gross yields net of management fees of between 5.5% to approximately 6.0% and is expected to generate good rental income as well as redevelopment potential to the Group in the long run. The renovation work for 36 Queen Street has been completed and is now leased and a meaningful contribution is expected in this financial year.

The change in board lot size from 1,000 shares to 15,000 shares announced by the Group on 21 January 2015 is effective from 9:00 a.m. on 11 February 2015. This change is in line with a request from shareholders at the Company's last annual general meeting in December 2014.

The Group's strong cash position of HK$1,307.0 million of cash on hand with a net debt to equity ratio of 26.5% as at 31 January 2015 provides the Group full confidence and the means to review opportunities more actively. The Group's gearing excluding the London portfolio all of which have a positive carry net of financing costs is 18.6%. 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 2015, the Group recorded turnover of HK$777.6 million (2014: HK$1,224.7 million) and a gross profit of HK$446.9 million (2014: HK$601.6 million), representing a decrease of approximately 36.5% and 25.7%, respectively over the same period last year. The decrease in turnover and gross profit was primarily due to fewer available stocks of properties for sale after the completion of the sale of the residential units of Ocean One during the period under review. Turnover from rental income, sales of properties, restaurants and hotel and other operations during the period was HK$299.9 million (2014: HK$237.0 million), HK$177.6 million (2014: HK$722.7 million), HK$102.3 million (2014: HK$69.6 million) and HK$197.8 million (2014: HK$195.4 million), respectively.

For the six months ended 31 January 2015, net profit attributable to owners of the Company was approximately HK$908.4 million (2014: HK$622.0 million), representing an increase of approximately 46.0% over the same period last year. The substantial increase is a mix of lower profit before revaluation of the Group's investment properties and a substantial increase in revaluation of the Group's investment properties during the period under review. Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK$92.8 million (2014: HK$178.5 million). Basic earnings per share including and excluding the effect of property revaluations was HK$0.045 (2014: HK$0.031) and HK$0.005 (2014: HK$0.009), respectively.

Profit attributable to owners of the Company (HK$ million)	**Six months ended 31 January**	
	2015	2014
Reported	**908.4**	622.0
Adjustments in respect of revaluation gains of investment properties held by		
- the Company and subsidiaries	**(709.7)**	(340.2)
- associates and joint ventures	**(105.9)**	(103.3)
Net profit after tax excluding revaluation gains of investment properties	**92.8**	178.5

Equity attributable to owners of the Company as at 31 January 2015 amounted to HK$21,577.3 million, up from HK$20,774.5 million as at 31 July 2014. Net asset value per share attributable to owners of the Company increased by 3.8% to HK$1.074 per share as at 31 January 2015 from HK$1.035 per share as at 31 July 2014.

PROPERTY PORTFOLIO COMPOSITION

As at 31 January 2015, the Group maintained a property portfolio with attributable GFA of approximately 2.6 million square feet. Approximate attributable GFA (in '000 square feet) of the Group's major properties and number of car-parking spaces is as follows:

	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]	433	1,144	63	-	-	1,640	980
Completed Hotel Properties	-	-	-	-	98	98	-
Properties Under Development[2]	157	-	-	325	366	848	214
Completed Properties Held for Sale[3]	18	-	-	27	-	45	19
Total GFA of major properties of the Group	**608**	**1,144**	**63**	**352**	**464**	**2,631**	**1,213**

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$299.9 million (2014: HK$237.0 million), representing a 26.5% increase over the same period last year. The increase is primarily due to contributions from newly acquired rental properties in London, as well as continued management of tenant mix and rental reversion at major investment properties during the period under review.

The Group wholly owns three major investment properties in Hong Kong, namely Cheung Sha Wan Plaza, Causeway Bay Plaza 2 and Lai Sun Commercial Centre.

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

	Six months ended 31 January			
	2015 HK$ million	2014 HK$ million	% Change	Period end occupancy (%)
Hong Kong				
Cheung Sha Wan Plaza (including car-parking spaces)	**146.2**	134.6	8.6	98.5
Causeway Bay Plaza 2 (including car-parking spaces)	**81.7**	73.0	11.9	99.9
Lai Sun Commercial Centre (including car-parking spaces)	**27.7**	24.1	14.9	97.2
Others	**5.8**	5.3	9.4	N/A
Subtotal:	**261.4**	237.0	10.3	
London, United Kingdom				
36 Queen Street	**11.2**	-	N/A	85.4
107-112 Leadenhall Street	**24.1**	-	N/A	100.0
100 Leadenhall Street	**3.2**	-	N/A	100.0
Subtotal:	**38.5**	-	N/A	
Total:	**299.9**	237.0	26.5	
Rental proceeds from joint venture project				
Hong Kong				
CCB Tower* (50% basis)	**57.1**	50.5	13.1	94.4%

CCB Tower is a joint venture project with China Construction Bank Corporation ("CCB**") in which each of the Group and CCB has an effective 50% interest. For the six months ended 31 January 2015, the rental proceeds recorded by the joint venture is HK$114.1 million.*

Review of major investment properties

Hong Kong Properties

Cheung Sha Wan Plaza
The asset comprises of a 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 689,100 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 the HSBC's branch and 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
The Group has a 50:50 interest with 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 added approximately 115,000 square feet of attributable GFA to our portfolio. CCB Tower is now almost fully leased out with 15 floors of the office floors, 2 banking hall floors and certain area on ground floor and the first floor leased by CCB for its Hong Kong operations.

Overseas Properties

36 Queen Street, London EC4 1HJ, United Kingdom
In February 2011, the Group acquired an office building in the city in central London located at 36 Queen Street. Completed in 1986, it comprises approximately 60,800 square feet gross internal area of office accommodation extending over basement, ground and six upper floors. Comprehensive refurbishment and renovation work has been completed and the building is being leased out during the period.

107-112 Leadenhall Street, London EC3A 4AF, United Kingdom
In April 2014, the Group acquired a property located at the core of the insurance district in central London, surrounded by 30 St Mary Axe (commonly known as the Gherkin), Lloyd's of London and Willis Building at 51 Lime Street. It is a freehold commercial property housing both retail and offices. The building comprises approximately 146,600 square feet gross internal area of office accommodation extending over basement, lower ground floor, ground floor, mezzanine floor and seven upper floors. The building is currently fully leased out.

100 Leadenhall Street, London EC3, United Kingdom
Following the acquisition of 107-112 Leadenhall in April 2014, the Group announced the acquisition of 100 Leadenhall in November 2014 which was completed in January 2015. This property comprises a basement, a lower ground floor, ground floor and nine upper floors and provides approximately 126,500 square feet net internal area of offices and ancillary accommodation. The property is currently let to ACE Global Markets Limited for a term of 16 years expiring on 17 January 2018.

PROPERTY DEVELOPMENT

For the six months ended 31 January 2015, recognised turnover from sales of properties was HK$177.6 million (2014: HK$722.7 million), representing a decrease of 75.4% over the same period last year. The significant decrease was due to the completion of 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 total development cost (including land cost and lease modification premium) is about HK$730 million. Pre-sales commenced in December 2012.

During the period under review, we have completed the sale of 7 residential units and 14 car-parking spaces with total sales proceeds of HK$81.3 million recognised during the period under review and the average selling price based on saleable area is approximately HK$13,700 per square foot as at 31 January 2015. All units have been sold other than two shops and several car-parking spaces.

335-339 Tai Hang Road, Hong Kong
The Group wholly owns the site located at 335-339 Tai Hang Road, Hong Kong. The Group has developed 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 about HK$670 million.

The property is now open for sale. As at 31 January 2015, we have completed the sale of 1 residential unit with total sales proceeds of HK$96.4 million recognised during the period under review and the average selling price based on saleable area is approximately HK$40,000 per square foot as at 31 January 2015.

Review of major projects under development

2-12 Observatory Road
The Group 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 to be redeveloped into a multi-storey commercial building with a total GFA of approximately 165,000 square feet (excluding car-parking spaces). The total development cost is estimated to be approximately HK$2.3 billion including land value of approximately HK$1.8 billion. The new building is expected to be completed in the third quarter of 2015.

Area 68A2, Tseung Kwan O
In November 2012, the Group 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 an area of approximately 229,000 square feet with a permitted total GFA of approximately 573,000 square feet split into approximately 459,000 square feet for residential use and approximately 114,000 square feet for non-industrial 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 fourth quarter of 2017.

Ocean Hotel project
The Group was named the most preferred proponent by Ocean Park for the Ocean Hotel project in October 2013 and was officially awarded the project in May 2014. The Ocean Hotel, to be operated by the Marriott group, will provide a total of 471 rooms and approximately 366,000 square feet of attributable rental space to the existing rental portfolio attributable to the Group of approximately 1.7 million square feet. The total development cost is estimated to be approximately HK$4.4 billion. Completion is expected to be in the fourth quarter of 2017.

Ma Tau Kok project
Since securing the Tseung Kwan O site in November 2012, the Group participated in a number of government tenders. Other than the Ocean Park Hotel project, the Group was successful in April 2014 in its bid for the development right to the San Shan Road/Pau Chung Street project from the Urban Renewal Authority, Hong Kong in Ma Tau Kok, Kowloon, Hong Kong. The lot has an area of approximately 12,600 square feet with a permitted total GFA of approximately 113,400 square feet split into approximately 94,500 square feet for residential use and approximately 18,900 square feet for non-industrial use. The total development cost is estimated to be approximately HK$1.0 billion and the completion is expected to be in the first quarter of 2018.

RESTAURANT OPERATION

For the six months ended 31 January 2015, the restaurant operation contributed HK$102.3 million to the Group's turnover (2014: HK$69.6 million), representing an increase of approximately 47.0% from the same period last year. The contribution from the restaurants segment was boosted by the new restaurants added, including CIAK-In The Kitchen and China Tang Hong Kong at Landmark in Central, Hong Kong which were opened in December 2013.

The restaurant operation includes the Group's interests in 12 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, Michelin 1-star Italian restaurant CIAK-In The Kitchen at Landmark, Michelin 1-star Japanese restaurant Wagyu Kaiseki Den, 8 ½ Otto e Mezzo BOMBANA Shanghai, Opera BOMBANA in Beijing, Gin Sai, Rozan, Kowloon Tang, Island Tang, Chiu Tang and China Tang Hong Kong at Landmark in Central, Hong Kong.

HOTEL OPERATION

Turnover from hotel operation was derived from the Group's operation of the Caravelle Hotel in Ho Chi Minh City, Vietnam. For the six months ended 31 January 2015, the hotel operation contributed HK$186.5 million to the Group's turnover (2014: HK$183.5 million).

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 a mixture of French colonial and traditional Vietnamese style and has 335 superbly appointed rooms, suites, exclusive Signature Floors, Signature Lounge and a specially equipped room for the disabled. Total GFA attributable to the Group is approximately 98,400 square feet.

The Group was awarded the hotel tender at Ocean Park in May 2014 and the Ocean Park Hotel, to be operated by the Marriott group, will provide a total of 471 rooms upon its completion in 2017. The Group is optimistic about the prospects of the Ocean Park Hotel project given the strong popularity of Ocean Park, which is underpinned by robust growth in visitor numbers to Hong Kong coinciding with its expansion.

The hotel operation has 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, Zhongshan and Hengqin. The hotel division will manage Lai Fung's serviced apartments in Shanghai 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.

INTERESTS IN ASSOCIATES (eSun)

As at 31 January 2015, the Group's interest in eSun is 41.92%.

Film production and distribution and media and entertainment divisions demonstrated improvements across the board. Lai Fung's results were encouraging given the challenging operating environment in the property sector in Mainland China.

The steady fundamental performance was offset by the incremental interest expense related to the guaranteed notes issued in June 2014 and other non-cash items in Lai Fung such as lower revaluation gains and fair value loss on the cross currency swap and led to a decrease in share of profit of HK$45.3 million to share of loss of HK$9.3 million.

INTERESTS IN JOINT VENTURES

During the period under review, contribution from joint ventures increased to HK$103.3 million (2014: HK$49.2 million), representing an increase of 110.0%. This is primarily due to stronger revaluation gain of the Observatory Road project.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 January 2015, cash and bank balances and undrawn facilities held by the Group amounted to HK$1,307.0 million and HK$1,606.4 million, respectively.

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

As at 31 January 2015, the Group had bank borrowings of approximately HK$4,323.4 million and guaranteed notes of approximately HK$2,701.2 million. The net debt to equity ratio expressed as a percentage of the total outstanding net debt (being the total outstanding bank borrowings and guaranteed notes less the pledged and unpledged bank balances and time deposits) to consolidated net assets attributable to owners of the Company was approximately 26.5%. The Group's gearing excluding the London portfolio all of which had a positive carry net of financing costs was approximately 18.6%. As at 31 January 2015, the maturity profile of the bank borrowings of HK$4,323.4 million was spread over a period of less than 5 years with HK$1,285.6 million repayable within 1 year, HK$1,317.9 million repayable in the second year and HK$1,719.9 million repayable in the third to fifth years. All the Group's borrowings carried interest on a floating rate basis except for the guaranteed notes issued in January 2013 which has a fixed rate of 5.7% per annum.

As at 31 January 2015, certain investment properties with carrying amounts of approximately HK$14,357.0 million, certain properties under development for sale of approximately HK$502.5 million and certain bank balances and time deposits with banks of approximately HK$167.1 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. Certain shares in joint ventures held by the Group were pledged to banks to secure loan facilities granted to joint ventures of the Group. Certain 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 investments in United Kingdom with the assets and liabilities denominated in Pounds Sterling. The investments were partly financed by bank borrowings denominated in Pounds Sterling in order to minimise the net foreign exchange exposure. 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 2015, the Company did not redeem any of its shares listed and traded on The Stock Exchange of Hong Kong Limited ("**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 ("**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 2015 save for the deviations from code provisions A.4.1, A.5.1 and E.1.2.

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 shareholders of the Company ("**Shareholders**") and the retiring Directors are eligible for re-election. In addition, any person appointed by the Board as an additional Director (including a NED) will hold office only until the next annual general meeting of the Company ("**AGM**") and will then be eligible for re-election. Further, in line with the relevant code provision of the CG Code, each of the Directors appointed to fill a casual vacancy would/will be subject to election by the Shareholders at the first general meeting after his/her appointment. In view of these, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1 and, therefore, does not intend to take any remedial steps in this regard.

Under code provision A.5.1, a nomination committee comprising a majority of the independent non-executive directors should be established and chaired by the chairman of the board or an independent non-executive director.

The Company has not established a nomination committee whose functions are assumed by the full Board. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors ("**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.

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

Due to other pre-arranged business commitments which must be attended to by Dr. Lam Kin Ngok, Peter, the Chairman, he was not present at the AGM held on 9 December 2014. However, Mr. Chew Fook Aun, the Deputy Chairman and an ED present at that AGM took the chair of that AGM pursuant to Article 71 of the Articles of Association to ensure an effective communication with the Shareholders thereat.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2015, 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 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	Organiser	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
BNP	Patrick C WONG, Wee Liat LEE	3 October 2014
BNP	Patrick C WONG, Wee Liat LEE	16 October 2014
DBS	Allen CHAN, Jeff YAU	19 December 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@laisun.com.

REVIEW OF INTERIM RESULTS

The audit committee of the Company ("**Audit Committee**") currently comprises two INEDs, Mr. Leung Shu Yin, William and Mr. Lam Bing Kwan and a NED, Dr. Lam Kin Ming. 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
Lam Kin Ngok, Peter
Chairman

Hong Kong, 25 March 2015

As at the date of this announcement, the Board comprises the following members:

Executive Directors:	*Dr. Lam Kin Ngok, Peter (Chairman) and Messrs. Chew Fook Aun (Deputy Chairman), Lau Shu Yan, Julius (Chief Executive Officer) and Lam Hau Yin, Lester;*
Non-Executive Directors:	*Dr. Lam Kin Ming and Madam U Po Chu; and*
Independent Non-Executive Directors:	*Messrs. Lam Bing Kwan, Leung Shu Yin, William and Ip Shu Kwan, Stephen.*