eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

Announcement of Interim Results for the Six Months Ended 31 January 2015

RESULTS

The board of directors ("**Directors**" and "**Board**", respectively) of eSun Holdings Limited ("**Company**") announces the unaudited condensed consolidated results of the Company and its subsidiaries ("**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	
	Notes	**31 January 2015 (Unaudited) *HK$'000***	31 January 2014 (Unaudited) *HK$'000*
TURNOVER	*3*	**1,292,050**	1,220,405
Cost of sales		**(717,376)**	(767,569)
Gross profit		**574,674**	452,836
Other revenue		**105,157**	119,163
Selling and marketing expenses		**(98,461)**	(68,986)
Administrative expenses		**(306,827)**	(330,481)
Other operating gains		**929**	38,231
Other operating expenses		**(190,065)**	(172,546)
Fair value losses on cross currency swaps		**(112,721)**	–
Fair value gains on investment properties		**257,354**	597,147
PROFIT FROM OPERATING ACTIVITIES	*4*	**230,040**	635,364
Finance costs	*5*	**(147,091)**	(206,676)
Share of profits and losses of joint ventures		**71,181**	9,094
Share of profits and losses of associates		**(94)**	(505)
PROFIT BEFORE TAX		**154,036**	437,277

CONDENSED CONSOLIDATED INCOME STATEMENT *(continued)*
For the six months ended 31 January 2015

	Notes	Six months ended 31 January 2015 (Unaudited) HK$'000	Six months ended 31 January 2014 (Unaudited) HK$'000
PROFIT BEFORE TAX		**154,036**	437,277
Income tax expense	*6*	**(135,472)**	(150,445)
PROFIT FOR THE PERIOD		**18,564**	286,832
Attributable to:			
Owners of the Company		**(22,172)**	113,547
Non-controlling interests		**40,736**	173,285
		18,564	286,832
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*7*		
Basic		**(HK$0.018)**	HK$0.091
Diluted		**(HK$0.018)**	HK$0.091

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 January 2015

	Six months ended	
	31 January 2015 (Unaudited)	31 January 2014 (Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**18,564**	286,832
OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX		
Exchange realignment on translation of foreign operations	**78,570**	198,123
Reclassification adjustments relating to disposal of foreign operations during the period	**(106)**	(1,763)
Change in fair value of an available-for-sale investment	**363**	5,776
Share of other comprehensive income of joint ventures	**5,876**	14,315
Net gain on cash flow hedges	**–**	63,979
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX	**84,703**	280,430
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**103,267**	567,262
Attributable to:		
Owners of the Company	**22,378**	262,257
Non-controlling interests	**80,889**	305,005
	103,267	567,262

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 January 2015

	Notes	**31 January 2015 (Unaudited) *HK$'000***	31 July 2014 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,481,962**	2,836,175
Properties under development		**857,690**	644,353
Investment properties		**14,564,044**	13,909,411
Film rights		**31,642**	37,360
Film products		**81,957**	80,298
Music catalogs		**14,325**	16,371
Goodwill		**123,440**	123,440
Investments in joint ventures		**1,236,438**	1,136,546
Investments in associates		**29,399**	32,842
Available-for-sale investments		**152,634**	154,553
Deposits, prepayments and other receivables		**789,449**	156,124
Pledged and restricted time deposits		**167,970**	204,957
Deferred tax assets		**5,050**	5,421
Total non-current assets		**20,536,000**	19,337,851
CURRENT ASSETS			
Properties under development		**1,019,149**	924,889
Completed properties for sale		**1,183,878**	1,354,049
Films under production		**250,957**	259,292
Inventories		**39,838**	22,073
Debtors	*9*	**207,564**	255,699
Deposits, prepayments and other receivables		**392,368**	314,831
Prepaid tax		**44,264**	44,765
Pledged and restricted time deposits and bank balances		**1,006,361**	559,009
Cash and cash equivalents		**2,393,648**	3,454,948
		6,538,027	7,189,555
Asset classified as held for sale	*10*	**269,053**	–
Total current assets		**6,807,080**	7,189,555

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)
31 January 2015

	Notes	**31 January 2015 (Unaudited) *HK$'000***	31 July 2014 (Audited) *HK$'000*
CURRENT LIABILITIES			
Creditors and accruals	*11*	**1,037,025**	1,013,580
Deposits received and deferred income		**449,827**	287,512
Tax payable		**207,359**	186,465
Finance lease payables		**6**	3
Interest-bearing bank loans, secured		**944,381**	708,382
Loan from a joint venture		**167,993**	–
Convertible notes	*12*	**134,213**	127,995
Total current liabilities		**2,940,804**	2,323,937
NET CURRENT ASSETS		**3,866,276**	4,865,618
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,402,276**	24,203,469
NON-CURRENT LIABILITIES			
Long-term deposits received		**88,439**	92,564
Finance lease payables		**–**	8
Interest-bearing bank loans, secured		**1,588,941**	1,604,858
Other borrowings		**243,380**	240,229
Fixed rate senior notes	*13*	**2,247,948**	2,232,738
Guaranteed notes	*14*	**784,555**	794,589
Derivative financial instruments		**137,883**	25,162
Deferred tax liabilities		**2,709,655**	2,633,212
Total non-current liabilities		**7,800,801**	7,623,360
Net assets		**16,601,475**	16,580,109
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**621,606**	621,606
Reserves		**8,310,910**	8,304,579
		8,932,516	8,926,185
Non-controlling interests		**7,668,959**	7,653,924
Total equity		**16,601,475**	16,580,109

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2015

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group ("**Financial Statements**") for the six months ended 31 January 2015 have not been audited by the Company's independent auditors but have been reviewed by the Company's Audit Committee.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of preparation adopted in the preparation of these unaudited Financial Statements for the period under review are the same as those used in the Group's audited consolidated financial statements 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 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. SEGMENT INFORMATION

Segment revenue/results:

	Property development Six months ended		Property investment Six months ended		Media and entertainment Six months ended		Film production and distribution Six months ended		Cinema operation Six months ended		Corporate and others Six months ended		Consolidated Six months ended	
	31 January 2015 (Unaudited) *HK$'000*	31 January 2014 (Unaudited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 January 2014 (Unaudited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 January 2014 (Unaudited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 January 2014 (Unaudited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 January 2014 (Unaudited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 January 2014 (Unaudited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 January 2014 (Unaudited) *HK$'000*
Segment revenue:														
Sales to external customers	**231,018**	307,006	**305,162**	282,637	**360,045**	307,978	**207,731**	164,671	**122,319**	103,298	**65,775**	54,815	**1,292,050**	1,220,405
Intersegment sales	**–**	–	**1,875**	–	**312**	–	**3,429**	–	**972**	–	**462**	–	**7,050**	–
Other revenue	**1,467**	99	**56,073**	62,925	**4,180**	5,920	**615**	1,574	**10,030**	12,318	**508**	1,190	**72,873**	84,026
Total	**232,485**	307,105	**363,110**	345,562	**364,537**	313,898	**211,775**	166,245	**133,321**	115,616	**66,745**	56,005	**1,371,973**	1,304,431
Elimination of intersegment sales													**(7,050)**	–
Total revenue													**1,364,923**	1,304,431
Segment results	**29,838**	(8,179)	**380,942**	718,715	**36,963**	44,743	**12,621**	(17,575)	**(3,472)**	(520)	**(111,805)**	(146,550)	**345,087**	590,634
Unallocated interest and other revenue	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**32,284**	35,137
Fair value losses on cross currency swaps	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(112,721)**	–
Impairment of asset classified as held for sale	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(34,934)**	–
Gain on disposal of subsidiaries	**–**	–	**–**	–	**324**	9,593	**–**	–	**–**	–	**–**	–	**324**	9,593
Profit from operating activities													**230,040**	635,364
Finance costs													**(147,091)**	(206,676)
Share of profits and losses of joint ventures	**71,416**	15,410	**–**	–	**1,721**	(6,002)	**(1,956)**	(314)	**–**	–	**–**	–	**71,181**	9,094
Share of profits and losses of associates	**–**	–	**–**	–	**(270)**	(329)	**(2)**	–	**178**	(176)	**–**	–	**(94)**	(505)
Profit before tax													**154,036**	437,277
Income tax expense													**(135,472)**	(150,445)
Profit for the period													**18,564**	286,832

3. SEGMENT INFORMATION *(continued)*

Other segment information:

	Property development Six months ended		Property investment Six months ended		Media and entertainment Six months ended		Film production and distribution Six months ended		Cinema operation Six months ended		Corporate and others Six months ended		Consolidated Six months ended	
	31 January 2015 (Unaudited) *HK$'000*	31 January 2014 (Unaudited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 January 2014 (Unaudited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 January 2014 (Unaudited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 January 2014 (Unaudited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 January 2014 (Unaudited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 January 2014 (Unaudited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 January 2014 (Unaudited) *HK$'000*
Fair value gains on investment properties	**–**	–	**257,354**	597,147	**–**	–	**–**	–	**–**	–	**–**	–	**257,354**	597,147

Segment assets/liabilities:

	Property development		Property investment		Media and entertainment		Film production and distribution		Cinema operation		Corporate and others		Consolidated	
	31 January 2015 (Unaudited) *HK$'000*	31 July 2014 (Audited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 July 2014 (Audited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 July 2014 (Audited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 July 2014 (Audited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 July 2014 (Audited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 July 2014 (Audited) *HK$'000*	**31 January 2015 (Unaudited) *HK$'000***	31 July 2014 (Audited) *HK$'000*
Segment assets	**3,877,748**	2,994,925	**16,773,443**	16,447,832	**326,057**	342,156	**906,350**	920,348	**297,586**	309,591	**3,308,530**	3,927,507	**25,489,714**	24,942,359
Investments in joint ventures	**1,178,498**	1,100,591	**–**	–	**39,461**	28,289	**18,479**	7,666	**–**	–	**–**	–	**1,236,438**	1,136,546
Investments in associates	**–**	–	**–**	–	**(25)**	(337)	**19,388**	19,384	**10,036**	13,795	**–**	–	**29,399**	32,842
Unallocated assets													**318,476**	415,659
Asset classified as held for sale													**269,053**	–
Total assets													**27,343,080**	26,527,406
Segment liabilities	**609,305**	445,957	**341,601**	308,517	**134,986**	113,416	**196,789**	238,126	**71,594**	77,925	**221,016**	209,715	**1,575,291**	1,393,656
Unallocated liabilities													**9,166,314**	8,553,641
Total liabilities													**10,741,605**	9,947,297

4. PROFIT FROM OPERATING ACTIVITIES

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

	Six months ended	
	31 January 2015	31 January 2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of completed properties sold	**168,782**	281,979
Outgoings in respect of rental income	**81,095**	72,740
Cost of film rights, licence rights and film products	**109,102**	115,059
Cost of artiste management services, advertising agency services, and services for entertainment events provided	**183,983**	142,769
Costs of theatrical releasing and concessionary sales	**49,749**	41,833
Cost of inventories sold	**124,665**	113,189
Total cost of sales	**717,376**	767,569
Depreciation[##]	**74,825**	70,462
Impairment of other receivables, net**	**–**	19,593
Impairment of property, plant and equipment**	**17,925**	15,775
Impairment of asset classified as held for sale**	**34,934**	–
Fair value loss on options**	**–**	5,172
Amortisation of film rights[#]	**6,362**	12,555
Amortisation of film products[#]	**56,664**	55,060
Amortisation of music catalogs[#]	**2,046**	2,304
Amortisation of other intangible assets[#]	**–**	3,693
Provision for amounts due from joint ventures**	**2,105**	586
Gain on disposal of a joint venture*	**–**	(6,049)
Gain on disposal of subsidiaries*	**(324)**	(9,593)
Reversal of provision for advances to artiste[#]	**(4,836)**	(2,983)
Foreign exchange differences, net**/*	**5,332**	(10,187)

* These items are included in "Other operating gains" on the face of the unaudited condensed consolidated income statement.

** These items are included in "Other operating expenses" on the face of the unaudited condensed consolidated income statement.

[#] These items are included in "Cost of sales" on the face of the unaudited condensed consolidated income statement.

[##] Depreciation charges of HK$62,085,000 (six months ended 31 January 2014: HK$57,727,000) are included in "Other operating expenses" on the face of the unaudited condensed consolidated income statement of which HK$50,087,000 (six months ended 31 January 2014: HK$49,030,000) are for serviced apartments and related leasehold improvements and HK$11,998,000 (six months ended 31 January 2014: HK$8,697,000) are related to cinema operation.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended	
	31 January 2015 (Unaudited)	31 January 2014 (Unaudited)
	HK$'000	*HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**60,002**	67,321
Bank loans repayable beyond five years	**6,610**	–
Other borrowings wholly repayable within five years	**2,847**	2,847
US$200,000,000 fixed rate senior notes ("**2007 Notes**")	**–**	65,390
RMB1,800,000,000 fixed rate senior notes ("**2013 Notes**")	**71,324**	71,844
First Completion Convertible Notes	**–**	10,167
Second Completion Convertible Notes	**6,218**	2,929
RMB650,000,000 guaranteed notes	**34,425**	–
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
Guaranteed notes	**2,735**	–
Bank financing charges and direct costs	**12,366**	13,381
	210,443	248,678
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	**147,091**	206,676

6. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the periods ended 31 January 2015 and 31 January 2014. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended	
	31 January 2015 (Unaudited) ***HK$'000***	31 January 2014 (Unaudited) *HK$'000*
Current		
– Hong Kong		
Charge for the period	**2,669**	3,438
– Elsewhere		
Charge for the period	**366**	859
– Mainland China		
Corporate income tax		
Charge for the period	**41,538**	32,795
Land appreciation tax		
Charge for the period	**26,558**	27,978
	71,131	65,070
Deferred tax	**64,341**	109,677
Tax indemnity	**–**	(24,302)
Total tax charge for the period	**135,472**	150,445

In connection with the listing of Lai Fung Holdings Limited ("**Lai Fung**" and its subsidiaries collectively known as "**Lai Fung Group**") 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 has undertaken to indemnify the Lai Fung Group in respect of certain potential Mainland China income tax and land appreciation tax payable or shared by the Lai Fung Group in consequence of the disposal of any of the property interests attributable to the Lai Fung Group through its subsidiaries and its joint ventures as at 31 October 1997. During the period ended 31 January 2014, an amount of HK$24,302,000 was receivable by the Lai Fung Group under the aforesaid indemnities.

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

The calculation of basic earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to owners of the Company and ordinary shares of 1,243,212,165 (six months ended 31 January 2014: 1,243,212,165) in issue during the period.

The calculation of diluted earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to owners of the Company, adjusted for the effect of dilutive potential ordinary shares arising from adjustment to the share of profit of Lai Fung based on dilution of its earnings per share. 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/(loss) per share calculation, and weighted average number of ordinary shares assumed to have been issued at no consideration as if all the Company's outstanding share options have been considered.

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY *(continued)*

The exercise of share options of the Company has an anti-dilutive effect on the basic loss per share amount presented during the period ended 31 January 2015.

The conversion of the outstanding convertible notes issued by Media Asia Group Holdings Limited has an anti-dilutive effect on the basic earnings/(loss) per share amounts presented during the periods ended 31 January 2015 and 31 January 2014.

The calculations of basic and diluted earnings/(loss) per share are based on:

	Six months ended	
	31 January 2015 (Unaudited)	31 January 2014 (Unaudited)
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company, used in the basic earnings/(loss) per share calculation	**(22,172)**	113,547
Effect of dilutive potential ordinary shares arising from adjustment to the share of profit of a subsidiary based on dilution of its earnings per share	**(103)**	(317)
Earnings/(loss) for the purpose of diluted earnings/(loss) per share	**(22,275)**	113,230
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	**1,243,212,165**	1,243,212,165
Effect of dilution – weighted average number of ordinary shares:		
– Share options	**–**	862,313
Weighted average number of ordinary shares in issue during the period used in the diluted earnings/(loss) per share calculation	**1,243,212,165**	1,244,074,478

8. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31 January 2015 (six months ended 31 January 2014: Nil).

9. DEBTORS

The trading terms of the Group (other than the Lai Fung Group) with its customers are mainly on credit. Invoices are normally payable within 30 to 90 days of issuance, except for certain well-established customers, where the terms are extended to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise its credit risk. Overdue balances are regularly reviewed by senior management. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries. The Group's trade receivables are non-interest-bearing.

The Lai Fung 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 Lai Fung Group, the settlement of which is in accordance with the respective agreements. In view of the aforementioned and the fact that the Lai Fung Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables of the Lai Fung Group were interest-free.

An ageing analysis of the trade debtors, net of provision for doubtful debts, based on payment due date, as at 31 January 2015 and 31 July 2014 is as follows:

	31 January 2015 (Unaudited) ***HK$'000***	31 July 2014 (Audited) *HK$'000*
Trade debtors:		
Neither past due nor impaired	**124,101**	154,564
1 – 90 days past due	**67,007**	81,583
Over 90 days past due	**16,456**	19,552
Total	**207,564**	255,699

The carrying amounts of debtors approximate their fair values.

10. ASSET CLASSIFIED AS HELD FOR SALE

On 23 November 1993, Grand Wealth Limited ("**Grand Wealth**"), an indirect wholly-owned subsidiary of Lai Fung, 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 in relation to a property development project in Guangzhou, the People's Republic of China ("**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 Lai Fung 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 the Company having approved the Transaction.

The Transaction constituted a major transaction for the Company under Chapter 14 of the Listing Rules and was subject to reporting, announcement and shareholders' approval requirements. Further details of which are set out in a joint announcement of Lai Fung and the Company dated 15 January 2015, and in a circular of the Company dated 16 February 2015. The Supplemental Agreement and the Transaction were approved by the shareholders of the Company 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**	–

10. ASSET CLASSIFIED AS HELD FOR SALE *(continued)*

In accordance with HKFRS 5, asset classified as held for sale with a carrying amount of HK$303,987,000 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$34,934,000, which was included in "Other operating expenses" on the face of the condensed consolidated income statement for the period.

11. CREDITORS AND ACCRUALS

An ageing analysis of the trade creditors, prepared based on the date of receipt of the goods and services purchased/payment due date, as at 31 January 2015 and 31 July 2014 is as follows:

	31 January 2015 (Unaudited) ***HK$'000***	31 July 2014 (Audited) *HK$'000*
Trade creditors:		
Less than 30 days	**177,142**	171,533
31 – 60 days	**15,503**	8,356
61 – 90 days	**1,117**	1,071
Over 90 days	**5,822**	1,228
	199,584	182,188
Other creditors and accruals	**837,441**	831,392
Total	**1,037,025**	1,013,580

The carrying amounts of creditors and accruals approximate their fair values.

12. CONVERTIBLE NOTES

The fair value of liability component of the Second Completion Convertible Notes as at 31 January 2015 was approximately HK$134,346,000 (31 July 2014: HK$128,539,000).

13. FIXED RATE SENIOR NOTES

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

On 4 April 2007, Lai Fung 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, Lai Fung 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.

13. FIXED RATE SENIOR NOTES *(continued)*

The fair value of the 2013 Notes was estimated at approximately HK$2,144,858,000 (31 July 2014: HK$2,199,063,000), which was determined by reference to the closing prices of the 2013 Notes published by a leading global financial market data provider as at the end of the reporting period.

14. GUARANTEED NOTES

RMB650,000,000 8.375% Secured Guaranteed Notes due 2018

On 24 June 2014, eSun International Finance Limited, a wholly-owned subsidiary of the Company, issued RMB650,000,000 (equivalent to approximately HK$809,364,000) of 8.375% secured guaranteed notes (the "**Guaranteed Notes**"), which will mature on 24 June 2018 for bullet repayment. The Guaranteed Notes bear interest from 25 June 2014 and are payable semi-annually in arrears on 24 June and 24 December of each year, commencing on 24 December 2014. The Guaranteed Notes are listed on the Stock Exchange.

15. COMPARATIVE AMOUNTS

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

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

Media and Entertainment/Film Production and Distribution/Cinema Operation

The Mainland China entertainment market continues to grow at an unprecedented pace. The Group continues to expand its media and entertainment businesses in Mainland China, maximising income from its film, TV, music, live entertainment, artiste management and cinema in this fast growing market. The Group is well positioned to capitalise on this trend with its solid foundation in the industry and achieved good progress for the six months ended 31 January 2015.

- Films – continued drive to increase its original production of films which appeal to Chinese language audiences and foresees a solid distribution pipeline in the year to come with a slate of films currently in development and production. Emphasis will be put on focusing on increasing production capabilities and deriving more fee related income from the production.

- Live Entertainment – successfully produced and promoted a large number of major concerts in Hong Kong and Mainland China performed by prominent local, Asian and international artistes. The Group is expanding its activities and continues to be a driving force in this area whilst exploring other types of live entertainment such as musicals and theatrical performances in addition to concerts.

- TV – expanded its activities in production and investments in quality TV drama series in line with the continued strong demand for good programmes from TV stations and online video websites in Mainland China as well as a way to provide exposure and training for the Group's stable of artistes. The Group will focus on developing scripts of early episodes of different series as a way to secure investors' and TV stations' interests early therefore to secure distribution and co-development opportunities. Moreover, the Group is also looking to move into other types of TV programmes such as variety shows and reality series which shall create synergy with the Group's other media and entertainment businesses.

- Artiste Management – expanded its Chinese artiste roster as well as collaborated with high profile Asian artistes such as top Korean music groups. With the diverse projects including film, TV, music and live events which ensure maximum commercial value and appeal. The Group is in a good position to attract stars and develop new talents.

- Music – as international music labels are coming to a mutually acceptable licensing model with major Chinese music portals, the long awaited pay model for digital music is taking shape. With a vast and well-known Chinese music library under management and a continual supply of new hits, the Group is poised to capitalise on this new economic model.

- Cinema – acquisition of Intercontinental Group Holdings Limited bolstered the Group's ambition in this segment and supplemented the film distribution segment of the Group in Hong Kong and Mainland China.

The popularity of Korean artistes and related entertainment products becomes a worldwide phenomenon. The Group has taken a number of strategic moves to seize the opportunities. In September 2014, Media Asia Group Holdings Limited ("**MAGHL**", and together with its subsidiaries, "**MAGHL Group**") entered into an agreement with SM Entertainment Group ("**SM**"), the market leader in music and artiste management businesses in Korea, and the Fubon Group, a leading financial and communications conglomerate in Taiwan, to set up a media and entertainment investment fund to invest in film and TV projects with the main focus on Mainland China and the global Chinese language audience. The fund will provide strong financial support for the production of projects under development by the Group's Film and TV Divisions led by Mr. Gordon Chan, a famed Director and Producer, and Mr. Tommy Leung, ex-TVB Head of Drama Production who joined the Group last year respectively. The Group believes that a strong artiste roster will complement its media and entertainment businesses and has extended the alliance with SM to act as the exclusive management agent of Zhang Li Yin, f(x) and EXO in Mainland China, in addition to Super Junior.

In summary, the Group believes that its integrated media platform comprising film, TV, music, artiste and events management, live entertainment and cinema presents the most balanced and synergistic approach to growing a Chinese entertainment powerhouse. The Group will continue to optimise its resources and strive towards this goal.

Mainland China Property Market

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% Gross Domestic Product ("**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 regional focus of Lai Fung Holdings Limited ("**Lai Fung**", and together with its subsidiaries, "**Lai Fung Group**"), a non-wholly-owned subsidiary of the Company, coupled with the rental-led strategy that the Lai Fung 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. Lai Fung Group is affected without exception but to a lesser extent as it is blessed with a quality rental portfolio. Nevertheless, Lai Fung 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 Lai Fung Group for the challenges and opportunities ahead.

Lai Fung 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 the Company, with 80% held by Lai Fung Group and 20% held by the Company. 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 Lai Fung 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 the construction work is expected to commence in the second half of this 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 jointly by the Company and Lai Fung on 15 January 2015 was approved by the shareholders of the Company on 5 March 2015 and it is expected to complete before the end of 2015. This would enable Lai Fung Group to consolidate its ownership of the office units in Guangzhou Eastern Place Phase V completely and provide additional flexibility and strategic value to Lai Fung Group. The acquisition of the remaining 5% interest in Shanghai May Flower Plaza completed in January 2015 demonstrated Lai Fung Group's commitment in consolidating interests in quality rental assets.

** For identification purposes only*

Asset enhancement aimed at improving foot traffic at the higher levels of the retail podium of 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.

Lai Fung 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 income statement in the current and coming financial years. The Lai Fung Group has submitted an application to return the site located on Guan Lu Road in Yuexiu District in Guangzhou to the Guangzhou government and is now discussing with the authorities on this issue. As at 31 January 2015, Lai Fung Group has a landbank of 10.2 million square feet.

The Group's consolidated cash position of HK$3,568.0 million (HK$1,276.1 million excluding Lai Fung Group and MAGHL Group) with a net debt to equity ratio of 28.5% as at 31 January 2015 provides the Group with full confidence and the means to review opportunities more actively. However, the Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2015, the Group recorded a turnover of HK$1,292.1 million, representing an increase of 5.9% from HK$1,220.4 million during the same period last year. The gross profit increased by approximately 26.9% to HK$574.7 million (2014: HK$452.8 million).

For the six months ended 31 January 2015, net loss attributable to owners of the Company was approximately HK$22.2 million (2014: net profit of HK$113.5 million). Basic loss per share was HK$0.018 (2014: basic earnings per share: HK$0.091). The significant decrease is primarily due to: (a) a significantly lower revaluation gain arising in the revaluation of the investment properties of Lai Fung Group for the period ended 31 January 2015 as compared to the same period last year; and (b) the fair value losses, mainly as a result of worse than expected outlook on Renminbi depreciation, arising on cross currency swaps which were entered into in relation to RMB1.8 billion senior notes issued by Lai Fung in 2013. The effect of the fair value losses on the consolidated income statement of the Group 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.

Net loss attributable to owners of the Company for the period excluding the effect of property revaluations was approximately HK$121.3 million (2014: net loss of HK$110.1 million). Net loss per share attributable to owners of the Company excluding the effect of property revaluations was HK$0.098 per share.

Excluding the effect of property revaluations and fair value losses on cross currency swaps, net loss attributable to owners of the Company for the period ended 31 January 2015 decreased to approximately HK$63.4 million as compared to the same period last year. Net loss per share attributable to owners of the Company excluding the effect of property revaluations and fair value losses on cross currency swaps decreased from HK$0.089 to HK$0.051 per share, correspondingly.

Profit/(loss) attributable to owners of the Company (HK$' million)	**Six months ended 31 January** **2015**	2014
Reported	**(22.2)**	113.5
Adjustments in respect of investment properties		
Revaluation of properties	**(132.2)**	(299.2)
Deferred tax on investment properties	**33.1**	74.8
Non-controlling interests' share of revaluation movements less deferred tax	**–**	0.8
Net loss after tax excluding revaluation gains of investment properties	**(121.3)**	(110.1)
Net loss after tax excluding revaluation gains of investment properties and fair value losses on cross currency swaps	**(63.4)**	(110.1)

Equity attributable to owners of the Company as at 31 January 2015 amounted to HK$8,932.5 million, up from HK$8,926.2 million as at 31 July 2014. Net asset value per share attributable to owners of the Company increased to HK$7.185 per share as at 31 January 2015 from HK$7.180 per share as at 31 July 2014.

Media and Entertainment

For the six months ended 31 January 2015, this segment recorded a turnover of HK$360.0 million (2014: HK$308.0 million) and segment result decreased from a profit of HK$44.7 million to a profit of HK$37.0 million.

Live Entertainment

For the six months ended 31 January 2015, the Group organised and invested in 39 (2014: 59) shows by popular local, Asian and internationally renowned artistes, including EXO, SM Town, Super Junior, Show Lo, Sammi Cheng, Miriam Yeung, Grasshopper, Justin Lo and C AllStar.

Music Production, Distribution and Publishing

For the six months ended 31 January 2015, the Group released 45 (2014: 53) albums, including titles by Super Junior, Henry@SJM, Sammi Cheng, Miriam Yeung, C AllStar and RubberBand.

The Group is expected to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution.

Artiste Management

The Group has a strong artiste management team and a sizeable number of talents and will continue to expand its profile and in tandem with our growing TV drama production and film production business. The Group had more than 42 artistes under its management for the six months ended 31 January 2015.

Film and TV Program Production and Distribution

For the six months ended 31 January 2015, this segment recorded a turnover of HK$207.7 million (2014: HK$164.7 million). Segment results improved from a loss of HK$17.6 million to a profit of HK$12.6 million.

For the six months ended 31 January 2015, the Group released 3 films, namely *Break Up 100*, *Don't Go Breaking My Heart II* and *Miss Granny (20, Once Again)* and distributed 13 films and 83 videos during the period under review. High profile titles include *Fury*, *Paddington*, *Teenage Mutant Ninja Turtles*, *Transformers: Age of Extinction*, *Captain America 2* and *Frozen Sing-along*.

The Group has made investments in production of 4 TV drama series in Mainland China which are expected to generate return to the Group in the coming financial year.

Cinema Operation

For the six months ended 31 January 2015, this segment recorded a turnover of HK$122.3 million (2014: HK$103.3 million). The Group currently operates 2 cinemas under the brand of "May Flower" in Mainland China and 7 cinemas under the brand of "MCL" in Hong Kong and Mainland China as well as 1 joint venture cinema in Hong Kong. The Group currently has a total of 10 cinemas with 60 screens and 8,314 seats. There are 22 screens with 2,856 seats in Mainland China and 38 screens with 5,458 seats in Hong Kong, respectively. The cinema operation provides a complementary distribution channel for the Group's film production and distribution businesses.

Details on the number of screens and seats of each cinema are as follows:

Cinema	Attributable Interest to the Group (%)	No. of Screens (Note)	No. of Seats (Note)
Mainland China			
Guangzhou May Flower Cinema City	100	7	767
Zhongshan May Flower Cinema City	100	5	931
MCL Cinema City in Shekou	85	5	629
MCL Cinema City in Luohu	85	5	529
Subtotal		**22**	**2,856**
Hong Kong			
MCL Metro Cinema	85	7	957
MCL Telford Cinema	85	6	819
STAR Cinema	85	6	622
MCL Kornhill Cinema	85	5	836
MCL JP Cinema	85	2	658
The Grand Cinema	25.5	12	1,566
Subtotal		**38**	**5,458**
Total		**60**	**8,314**

Note: On 100% basis

Property Investment

The following details are extracted from Lai Fung's results announcement for the six months ended 31 January 2015 and 31 January 2014.

Rental Income

For the six months ended 31 January 2015, Lai Fung 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		**Approximate percentage change**	**Period end occupancy**
	2015 HK$'million	2014 HK$'million	**(%)**	**(%)**
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 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 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 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.

Property Development

The following details are extracted from Lai Fung's results announcement for the six months ended 31 January 2015 and 31 January 2014.

Recognised Sales

For the six months ended 31 January 2015, Lai Fung 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 Shanghai May Flower Plaza and Guangzhou King's Park of which approximately 18,646 and 17,826 square feet of GFA were sold, respectively, achieving sales revenue of HK$88.5 million and HK$91.5 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 Gross Floor Area** Square feet	**Average Selling Price#** HK$/square foot	**Turnover*** HK$' 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 Lai Fung 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, Lai Fung 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 Lai Fung 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 Gross Floor Area** Square feet	**Average Selling Price** # HK$/square foot	**Turnover** # HK$' 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
Subtotal	**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
Subtotal	**208,533**	**2,651.9**	**553.0**
Car-parking Spaces**(47.5% basis)			1.1
Subtotal			**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 Lai Fung 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.*

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS AND GEARING

Cash and Bank Balances

As at 31 January 2015, cash and bank balances held by the Group amounted to HK$3,568.0 million (31 July 2014: HK$4,218.9 million) of which around 30% was denominated in Hong Kong dollar ("**HKD**") and United States dollar ("**USD**") currencies, and over 70% was denominated in Renminbi ("**RMB**"). Cash and bank balances held by the Group excluding cash and bank balances held by MAGHL Group and Lai Fung Group as at 31 January 2015 was HK$1,276.1 million (31 July 2014: HK$1,328.9 million). As HKD is pegged to USD, the Group considers that the corresponding exposure to USD exchange rate fluctuation is nominal. The conversion of RMB denominated cash and bank balances into foreign currencies and the remittance of such foreign currencies denominated balances out of Mainland China are subject to the relevant rules and regulations of foreign exchanges control promulgated by the government authorities concerned. Apart from the cross currency swap arrangements of Lai Fung Group, the Group does not have any derivative financial instruments or hedging instruments outstanding.

Borrowings

As at 31 January 2015, the Group had outstanding consolidated total borrowings (after intra-group elimination) in the amount of HK$6,111.4 million. The borrowings of the Group (other than MAGHL and Lai Fung), MAGHL and Lai Fung, are as follows:

Group (other than MAGHL and Lai Fung)

As at 31 January 2015, the Group has guaranteed notes ("**Guaranteed Notes**") of HK$784.6 million which are denominated in RMB. The Guaranteed Notes are secured by the share charge in respect of the ordinary shares of Lai Fung and MAGHL and the interest reserve accounts, and have the benefit of a keepwell and security shortfall support deed and a deed of equity interest purchase undertaking by Lai Sun Development Company Limited, the controlling shareholder of the Company. The Guaranteed Notes bear interest of 8.375% per annum payable semi-annually in arrears on 24 June and 24 December of each year, with a maturity date of 24 June 2018 for bullet repayment. In addition, there existed unsecured other borrowings due to the late Mr. Lim Por Yen in the principal amount of HK$113.0 million which is interest-bearing at the HSBC prime rate per annum. The Group's recorded interest accruals were HK$71.4 million for the said unsecured other borrowings as at 31 January 2015. At the request of the Group, the executor of Mr. Lim Por Yen's estate confirmed that no demand for the repayment of the outstanding other borrowings or the related interest would be made within one year from 31 January 2015.

MAGHL

As at 31 January 2015, MAGHL has unsecured and unguaranteed 3-year zero coupon Second Completion Convertible Notes with an aggregate outstanding principal amount of approximately HK$182.9 million, comprising approximately HK$44.3 million and approximately HK$138.6 million issued to the Group and other subscribers respectively. Unless previously converted, redeemed, purchased or cancelled in accordance with the terms and conditions of the Second Completion Convertible Notes, it will be redeemed by MAGHL on the maturity date of 8 June 2015 at the principal amount outstanding. For accounting purpose, after deducting the equity portion of the convertible notes from the principal amount, the resultant carrying amount of the Second Completion Convertible Notes as recorded in the Group was HK$134.2 million as at 31 January 2015 after adjusting for (i) accrued interest and (ii) intra-group elimination.

Lai Fung

As at 31 January 2015, Lai Fung Group had total borrowings in the amount of HK$5,171.1 million comprising bank loans of HK$2,533.3 million, fixed rate senior notes of HK$2,247.9 million, loan from a subsidiary of the Company of HK$162.9 million, loan from a joint venture of HK$168.0 million and other borrowing of HK$59.0 million. The maturity profile of Lai Fung 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 and 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 Lai Fung Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 4% of Lai Fung Group's borrowings were interest free.

Apart from the fixed rate senior notes, Lai Fung Group's bank and other borrowings of HK$2,923.2 million were 49% denominated in RMB, 34% in HKD and 17% in USD.

Lai Fung 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**"), Lai Fung 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.

Lai Fung Group's presentation currency is denominated in HKD. Lai Fung Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HKD. Lai Fung 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, Lai Fung Group believes that the corresponding exposure to USD exchange rate fluctuation is nominal. However, Lai Fung Group has a net exchange exposure to RMB as Lai Fung Group's assets are principally located in Mainland China and the revenues are predominantly in RMB. Apart from the aforesaid cross currency swap arrangements, Lai Fung Group does not have any derivative financial instruments or hedging instruments outstanding.

Charge on Assets and Gearing

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$8,485.0 million, completed properties for sale with a total carrying amount of approximately HK$116.4 million, properties under development with a total carrying amount of approximately HK$1,527.7 million, serviced apartments (including related leasehold improvements) with a total carrying amount of approximately HK$1,610.0 million, properties with a total carrying amount of approximately HK$121.1 million and time deposits and bank balances of approximately HK$812.3 million (including HK$235.2 million deposited into an interest reserve account).

In addition, as at 31 January 2015, a revolving term loan facility in the amount of HK$60.0 million was granted by a bank to the Group. The said loan facility is subject to an annual review by the bank for renewal and is secured by a pledge of the Group's land and buildings with a carrying amount of HK$48.7 million as at 31 January 2015. Such bank loan facility had not been utilised by the Group as at 31 January 2015. As at 31 January 2015, unsecured general banking facilities in the amount of HK$99.0 million were granted by other banks to the Group. The said unsecured general banking facilities are subject to annual review by the banks for renewal and the Group had utilised letter of credit and letter of guarantee facilities for an amount of HK$15.8 million as at 31 January 2015. As such, the Group (other than Lai Fung) has the undrawn facilities of HK$143.2 million. The undrawn facilities of Lai Fung Group was HK$1,908.0 million as at 31 January 2015.

As at 31 January 2015, the consolidated net assets attributable to the owners of the Company amounted to HK$8,932.5 million. The gearing ratio, being net debt (total borrowings of HK$6,111.4 million less pledged bank balances and time deposits of HK$1,174.3 million and cash and cash equivalents of HK$2,393.7 million) to net assets attributable to the owners of the Company was approximately 28.5%.

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 for its present requirements to finance its existing operations and projects underway.

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, the Group did not redeem any of its shares listed and traded on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") nor did the Group purchase or sell any of such shares.

In addition, the Group did not redeem any of the 6.875% senior notes due 2018 issued by Lai Fung (Stock Code: 85920) nor the 8.375% secured guaranteed notes due 2018 issued by eSun International Finance Limited (a direct wholly-owned subsidiary of the Company) (Stock Code: 85978), both are listed and traded on the Stock Exchange (collectively, "**Notes**"). The Group did not purchase or sell any of such Notes during the six months ended 31 January 2015.

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 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 of the Company ("**NEDs**", including the independent non-executive directors ("**INEDs**")) is appointed for a specific term. However, all directors of the Company ("**Directors**") are subject to the retirement provisions of the Bye-laws of the Company, which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by shareholders of the Company ("**Shareholders**") and the retiring Directors are eligible for re-election. In addition, any person appointed by the board of Directors ("**Board**") (including a NED) 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 at that meeting. Further, in line with the relevant code provision of the CG Code, each of the Directors appointed to fill a casual vacancy has been/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 ("**Executive Directors**"). As the above selection and nomination policies and procedures have already been in place and the other duties of the nomination committee as set out in the CG Code have long been performed by the full Board effectively, the Board does not consider it necessary to establish a nomination committee at the current stage.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2015, the Group employed a total of around 1,940 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

INVESTOR RELATIONS

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

During the six months ended 31 January 2015, the Company has met with a number of research analysts and investors, attended conferences and 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
March 2015	Post full year results non-deal roadshow	DBS	Kuala Lumpur

** For identification purposes only*

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@esun.com.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company currently comprises three INEDs, namely Dr. Ng Lai Man, Carmen (Chairwoman), Mr. Low Chee Keong and Mr. Alfred Donald Yap. The Audit Committee has reviewed with the management the unaudited interim results (including the unaudited condensed consolidated interim financial statements) of the Company for the six months ended 31 January 2015.

By Order of the Board
Low Chee Keong
Chairman

Hong Kong, 25 March 2015

As at the date of this announcement, the Board comprises four Executive Directors, namely Messrs. Lui Siu Tsuen, Richard (Chief Executive Officer), Chew Fook Aun, Lam Hau Yin, Lester and Yip Chai Tuck; two Non-executive Directors, namely Madam U Po Chu and Mr. Andrew Y. Yan; and four Independent Non-executive Directors, namely Messrs. Low Chee Keong (Chairman), Lo Kwok Kwei, David and Alfred Donald Yap and Dr. Ng Lai Man, Carmen.