LAI FUNG HOLDINGS

Lai Fung Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1125)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2016

RESULTS

The board of directors (the "**Board**") of Lai Fung Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 31 January 2016 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement

For the six months ended 31 January 2016

	Notes	For the six months ended 31 January **2016** (Unaudited) HK$'000	2015 (Unaudited) HK$'000
TURNOVER	3	**833,552**	538,055
Cost of sales		**(363,032)**	(217,424)
Gross profit		**470,520**	320,631
Other income and gains		**64,135**	76,468
Selling and marketing expenses		**(28,482)**	(24,280)
Administrative expenses		**(144,927)**	(142,702)
Other operating expenses, net		**(99,257)**	(72,888)
Fair value losses on cross currency swaps	11	**—**	(112,721)
Fair value gains on investment properties		**226,381**	236,688
PROFIT FROM OPERATING ACTIVITIES	4	**488,370**	281,196
Finance costs	5	**(83,014)**	(100,807)
Share of profits of joint ventures		**88,641**	148,651
PROFIT BEFORE TAX		**493,997**	329,040
Tax	6	**(177,184)**	(144,181)
PROFIT FOR THE PERIOD		**316,813**	184,859
ATTRIBUTABLE TO:			
Owners of the Company		**303,213**	184,256
Non-controlling interests		**13,600**	603
		316,813	184,859

Condensed Consolidated Income Statement (continued)
For the six months ended 31 January 2016

	Note	**For the six months ended 31 January** **2016** **(Unaudited)** **HK$'000**	2015 (Unaudited) HK$'000
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	7		
Basic		**HK$0.019**	HK$0.011
Diluted		**HK$0.019**	HK$0.011

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 January 2016

	Note	For the six months ended 31 January **2016** (Unaudited) HK$'000	2015 (Unaudited) HK$'000
PROFIT FOR THE PERIOD		**316,813**	184,859
OTHER COMPREHENSIVE INCOME/(EXPENSES) TO BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX			
Impairment of investment properties under construction		—	(267)
Exchange differences arising on translation to presentation currency		**(859,775)**	70,996
Share of other comprehensive income/ (expenses) of joint ventures		**(45,377)**	3,168
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the period	11	**(119,047)**	—
Reclassification adjustments for exchange gain included in the condensed consolidated income statement		**119,348**	—
		301	—
		(904,851)	73,897
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE PERIOD		**(588,038)**	258,756
ATTRIBUTABLE TO:			
Owners of the Company		**(587,144)**	257,717
Non-controlling interests		**(894)**	1,039
		(588,038)	258,756

Condensed Consolidated Statement of Financial Position
As at 31 January 2016

	Notes	**31 January 2016 (Unaudited) HK$'000**	31 July 2015 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,283,105**	1,326,096
Prepaid land lease payments		**4,751**	5,115
Investment properties		**14,310,898**	14,479,603
Properties under development		**1,206,851**	1,617,398
Investments in joint ventures		**732,490**	739,028
Deposit for acquisition of an investment property		**230,400**	—
Total non-current assets		**17,768,495**	18,167,240
CURRENT ASSETS			
Properties under development		**584,744**	278,459
Completed properties for sale		**973,546**	1,341,754
Debtors, deposits and prepayments	8	**441,916**	327,379
Prepaid tax		**44,905**	36,254
Pledged and restricted time deposits and bank balances		**986,892**	1,292,830
Cash and cash equivalents		**1,419,225**	1,571,281
		4,451,228	4,847,957
Asset classified as held for sale		**251,309**	265,432
Total current assets		**4,702,537**	5,113,389
CURRENT LIABILITIES			
Creditors and accruals	9	**630,131**	650,843
Deposits received and deferred income		**417,896**	220,549
Interest-bearing bank loans, secured		**2,335,896**	2,487,367
Loans from a joint venture		**353,056**	372,897
Tax payable		**361,052**	339,194
Total current liabilities		**4,098,031**	4,070,850
NET CURRENT ASSETS		**604,506**	1,042,539
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,373,001**	19,209,779

Condensed Consolidated Statement of Financial Position (continued)
As at 31 January 2016

	Notes	**31 January 2016 (Unaudited) HK$'000**	31 July 2015 (Audited) HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,373,001**	19,209,779
NON-CURRENT LIABILITIES			
Long-term deposits received		**104,091**	103,369
Interest-bearing bank loans, secured		**389,505**	533,780
Advances from a former substantial shareholder		**55,101**	58,198
Loans from a fellow subsidiary		**218,069**	229,244
Fixed rate senior notes	10	**2,105,311**	2,220,914
Derivative financial instruments	11	**253,269**	111,654
Deferred tax liabilities		**2,335,721**	2,407,392
Total non-current liabilities		**5,461,067**	5,664,551
		12,911,934	13,545,228
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,619,770**	1,612,968
Reserves		**11,214,183**	11,853,385
		12,833,953	13,466,353
Non-controlling interests		**77,981**	78,875
		12,911,934	13,545,228

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2016 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**" and the "**Stock Exchange**") and the Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements for the period under review are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 July 2015. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2015.

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

3. OPERATING SEGMENT INFORMATION

	For the six months ended 31 January (Unaudited)					
	Property development		Property investment		Consolidated	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue/results:						
Segment revenue						
Sales to external customers	**523,411**	231,018	**310,141**	307,037	**833,552**	538,055
Other revenue	**351**	1,467	**52,497**	57,788	**52,848**	59,255
Total	**523,762**	232,485	**362,638**	364,825	**886,400**	597,310
Segment results	**170,178**	62,137	**383,424**	397,701	**553,602**	459,838
Interest income from bank deposits					**8,572**	13,133
Unallocated gains					**2,715**	4,080
Fair value losses on cross currency swaps					—	(112,721)
Impairment of asset classified as held for sale					—	(33,474)
Unallocated expenses, net					**(76,519)**	(49,660)
Profit from operating activities					**488,370**	281,196
Finance costs					**(83,014)**	(100,807)
Share of profits of joint ventures	**88,641**	148,651	—	—	**88,641**	148,651
Profit before tax					**493,997**	329,040
Tax					**(177,184)**	(144,181)
Profit for the period					**316,813**	184,859
Other segment information:						
Fair value gains on investment properties	—	—	**226,381**	236,688	**226,381**	236,688
Impairment of investment properties under construction*	—	—	—	(356)	—	(356)
Reversal of write-down of completed properties for sale to net realisable value	**148**	—	—	—	**148**	—
Impairment of other receivables	**(23,493)**	—	—	—	**(23,493)**	—
Loss on disposal of items of property, plant and equipment	**(8)**	(72)	**(81)**	—	**(89)**	(72)

* *Impairment of investment properties under construction of HK$356,000 was recognised in other comprehensive income during the period ended 31 January 2015.*

	Property development		Property investment		Consolidated	
	31 January 2016 (Unaudited)	31 July 2015 (Audited)	**31 January 2016 (Unaudited)**	31 July 2015 (Audited)	**31 January 2016 (Unaudited)**	31 July 2015 (Audited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets/liabilities:						
Segment assets	**3,106,956**	3,462,149	**15,831,254**	15,809,833	**18,938,210**	19,271,982
Investments in joint ventures	**732,490**	739,028	—	—	**732,490**	739,028
Unallocated assets					**2,549,023**	3,004,187
Asset classified as held for sale					**251,309**	265,432
Total assets					**22,471,032**	23,280,629
Segment liabilities	**589,241**	479,129	**409,621**	350,757	**998,862**	829,886
Unallocated liabilities					**8,560,236**	8,905,515
Total liabilities					**9,559,098**	9,735,401

4. PROFIT FROM OPERATING ACTIVITIES

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

	Note	For the six months ended 31 January 2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000
Cost of completed properties sold		**287,579**	136,329
Outgoings in respect of rental income		**75,453**	81,095
Depreciation#		**35,846**	37,420
Ineffective portion of the effective hedge recognised in profit or loss##	11	**22,568**	—
Foreign exchange differences, net##		**19,415**	6,861
Loss on disposal of items of property, plant and equipment##		**89**	72
Amortisation of prepaid land lease payments		**94**	98
Impairment of asset classified as held for sale##		—	33,474
Impairment of other receivables##		**23,493**	—
Reversal of write-down of completed properties for sale to net realisable value##		**(148)**	—

\# *The depreciation charge of HK$30,399,000 (six months ended 31 January 2015: HK$31,528,000) for serviced apartments and related leasehold improvements is included in "Other operating expenses, net" on the face of the condensed consolidated income statement.*

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

5. FINANCE COSTS

	For the six months ended 31 January 2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000
Interest on:		
Bank loans	**71,024**	66,553
2013 Notes (as defined and disclosed in note 10)	**70,944**	71,324
Loans from a joint venture	**7,485**	3,035
Amortisation of:		
Bank loans	**6,407**	7,385
2013 Notes	**3,744**	3,496
Bank financing charges and direct costs	**9,263**	12,366
	168,867	164,159
Less: Capitalised in properties under development	**(45,014)**	(22,839)
Capitalised in investment properties under construction	**(34,736)**	(36,568)
Capitalised in construction in progress	**(6,103)**	(3,945)
	(85,853)	(63,352)
Total finance costs	**83,014**	100,807

6. TAX

No provision for Hong Kong profits tax had been made as the Group had no estimated assessable profits arising in Hong Kong during the period (six months ended 31 January 2015: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	For the six months ended 31 January	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current - Mainland China		
Corporate income tax	**49,818**	38,105
Land appreciation tax	**72,472**	26,558
Deferred	**54,894**	79,518
Total tax charge for the period	**177,184**	144,181

In connection with the listing of the Company on the Stock Exchange (currently on the Main Board), a tax indemnity deed was signed on 12 November 1997, pursuant to which Lai Sun Development Company Limited ("**LSD**") has undertaken to indemnify the Group in respect of certain potential Mainland China income tax and land appreciation tax payable or shared by the Group in consequence of the disposal of any of the property interests attributable to the Group through its subsidiaries and its joint ventures as at 31 October 1997. During the period, no tax indemnity was received by the Group under the aforesaid indemnities (six months ended 31 January 2015: Nil).

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the period attributable to owners of the Company of HK$303,213,000 (six months ended 31 January 2015: HK$184,256,000), and the weighted average number of ordinary shares of 16,130,783,452 (six months ended 31 January 2015: 16,102,201,162) in issue during the period.

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

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

	For the six months ended 31 January	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	**303,213**	184,256
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**16,130,783,452**	16,102,201,162
Effect of dilution – weighted average number of ordinary shares:		
Share options	–	16,115,270
	16,130,783,452	16,118,316,432

8. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group maintains various credit policies for different business operations in accordance with business practices and market conditions in which the respective subsidiaries operate. Sales proceeds receivable from the sale of properties are settled in accordance with the terms of the respective contracts. Rent and related charges in respect of the leasing of properties are receivable from tenants, and are normally payable in advance with rental deposits received in accordance with the terms of the tenancy agreements. Serviced apartments charges are mainly settled by customers on a cash basis except for those corporate clients who maintain credit accounts with the Group, the settlement of which is in accordance with the respective agreements. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables of the Group were interest-free.

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

	31 January 2016 (Unaudited) HK$'000	31 July 2015 (Audited) HK$'000
Trade receivables, net:		
Within one month	**107,002**	219,888
One to three months	**2,859**	1,952
Over three months	**2,887**	2,264
	112,748	224,104
Other receivables, deposits and prepayments, net of impairment	**329,168**	103,275
Total	**441,916**	327,379

9. CREDITORS AND ACCRUALS

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

	31 January 2016 (Unaudited) HK$'000	31 July 2015 (Audited) HK$'000
Trade payables:		
Within one month	**95,185**	39,315
One to three months	**671**	9,951
Over three months	**73**	—
	95,929	49,266
Accruals and other payables	**534,202**	601,577
Total	**630,131**	650,843

10. FIXED RATE SENIOR NOTES

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

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

11. DERIVATIVE FINANCIAL INSTRUMENTS

	31 January 2016 (Unaudited) HK$'000	31 July 2015 (Audited) HK$'000
Financial liabilities – Cross currency swap agreements (the "**CCS**")	**253,269**	111,654

The carrying amounts of the CCS are the same as their fair values.

The CCS are designated as hedging instruments in respect of the 2013 Notes and the CCS balances vary with the changes in foreign exchange forward rates.

The effectiveness of the cash flow hedges is assessed semi-annually by the Group. The assessment results of the cash flow hedges are set out as follows:

(a) As at 31 January 2016, the cash flow hedges of the 2013 Notes are assessed to be highly effective and the movements in the financial liabilities arising from the CCS during the period are as follows:

	Note	**31 January 2016 (Unaudited) HK$'000**
Carrying amount at beginning of the period		**111,654**
Fair value losses charged to the hedge reserve		**119,047**
Ineffective portion of the effective hedge recognised in profit or loss	4	**22,568**
Carrying amount at end of the period		**253,269**

(b) As at 31 January 2015, the cash flow hedges of the 2013 Notes were assessed to be ineffective and did not qualify for hedge accounting. The fair value losses of HK$112,721,000 arising from changes in the fair values of the CCS during the period ended 31 January 2015 was charged to the condensed consolidated income statement.

INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2016 (six months ended 31 January 2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Major global economies continue to struggle despite continuous support from central banks around the world. The run up to the presidential election in the US and geopolitical uncertainties around the world such as those in the Middle East cast a shadow over the already delicate economic environment.

The Central government continued its emphasis on quality and sustainable growth through implementing a combination of proactive fiscal policy and prudent monetary policy. A combination of cuts in the benchmark interest rates; and reduction in reserve requirement ratio for banks and devaluation of the Renminbi have been made to sustain the economic growth momentum in China. More specific measures for the property sector implemented include: relaxation of the transaction taxes; lowering of down payment requirement; and encourage migrant workers to own properties during the period under review. The property sector is an important economic pillar and continues to be shaped significantly by government policies. The Central Government's approach to the economy is certainly good news to the sector in the long run and supportive fiscal policy would be beneficial to investors and developers alike.

The Group's regional focus coupled with the rental-led strategy that the Group adopted since 2012 has demonstrated resilience against such a challenging operating environment. The rental portfolio of approximately 2.9 million square feet, primarily in Shanghai and Guangzhou, delivered steady performance in rental income at close to full occupancies for the key assets despite a general slowdown in retail sales.

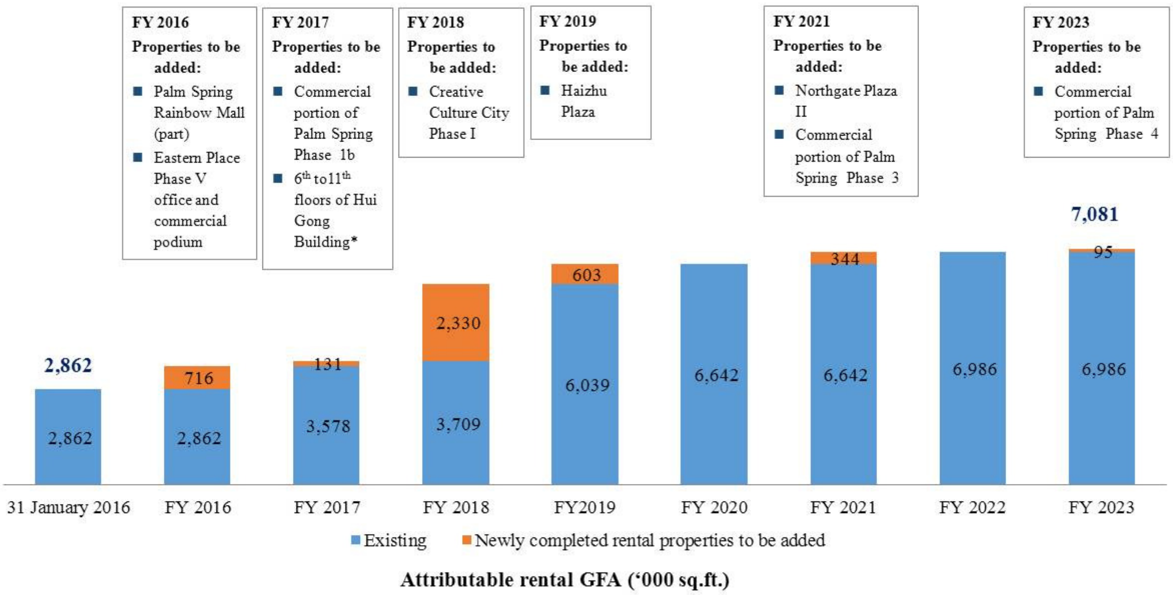
During the six months ended 31 January 2016, the Group performed admirably against a weakened market but suffered from currency translation against a depreciated Renminbi on a reported basis. The sale of Guangzhou Eastern Place Phase V residential portion, Shanghai May Flower Plaza office apartment units and Zhongshan Palm Spring residential units underpinned this set of results and once again confirmed the strength and depth of the underlying demand.

The Group has a number of projects in various stages of development in Shanghai, Guangzhou, Zhongshan and Hengqin. The rental portfolio is expected to increase from approximately 2.9 million square feet to approximately 7.1 million square feet through developing the existing projects in the next few years. On 30 September 2015, the Group entered into an agreement to acquire the 6th to 11th floors of Hui Gong Building that is physically connected to Northgate Plaza I in Shanghai, together with the right to use 20 car-parking spaces in the basement ("**Hui Gong Building**") which will facilitate the redevelopment plan of Northgate Plaza I and the adjacent Northgate Plaza II and enhance the overall value of the combined development once they are redeveloped. This transaction has been approved by the shareholders of the Company's ultimate holding company, eSun Holdings Limited ("**eSun**") at a special general meeting on 11 December 2015 and is now pending for completion.

The remaining residential units in Guangzhou Dolce Vita Phases IV and V, Guangzhou King's Park, Guangzhou Eastern Place Phase V and Zhongshan Palm Spring are expected to contribute to the income statement of the Group in the current and coming financial years. The Group will continue its prudent and flexible approach in growing its landbank.

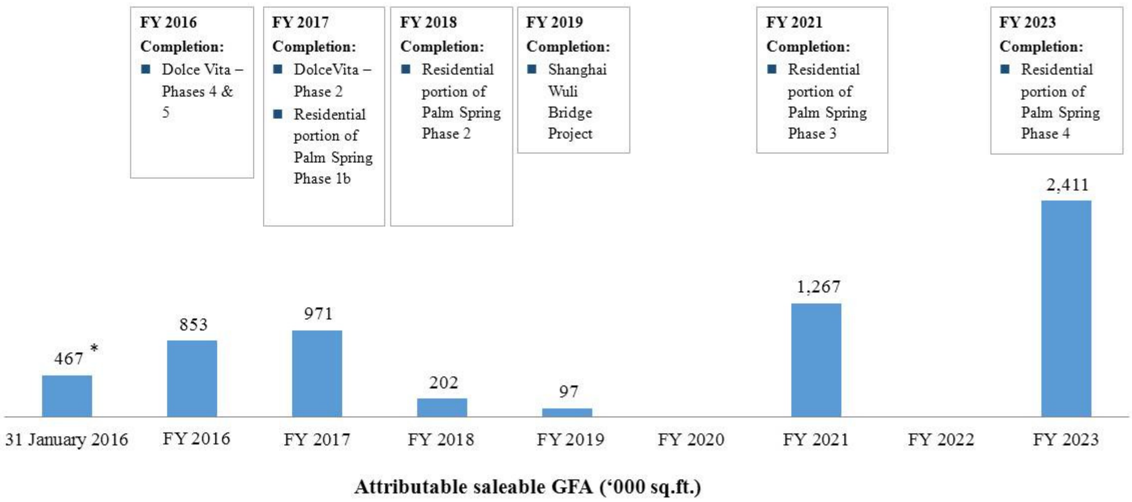
Set out below is the expected growth of the rental portfolio of the Group and pipeline of development projects of the Group as at 31 January 2016:

Rental Portfolio



** Acquisition of the 6th to 11th floors of Hui Gong Building on 30 September 2015 was approved by eSun's shareholders at a special general meeting on 11 December 2015 and is now pending for completion.*

For-sale Projects



** excluding commercial portion of the Zhongshan Palm Spring which will be reclassified as completed properties held for rental purposes as it is being leased out over time*

As at 31 January 2016, the Group has a landbank of 9.8 million square feet. The Group's strong cash position of HK$2,406.1 million of cash on hand with a net debt to equity ratio of 24% as at 31 January 2016 provides the Group with full confidence and the means to review opportunities more actively.

OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2016, the Group recorded a turnover of HK$833.6 million (2015: HK$538.1 million) and a gross profit of HK$470.5 million (2015: HK$320.6 million), representing an increase of approximately 54.9% and 46.8%, respectively over the same period last year. Set out below is the turnover by segment:

	Six months ended 31 January **2016 (HK$ million)**	2015 (HK$ million)	**Difference (HK$ million)**	**% change**
Rental income	**310.1**	307.1	3.0	1.0%
Sales of properties	**523.5**	231.0	292.5	126.6%
Total:	**833.6**	538.1	295.5	54.9%

Net profit attributable to owners of the Company was approximately HK$303.2 million (2015: HK$184.3 million), representing an increase of approximately 64.5% over the same period last year. The increase is primarily due to (a) increased profit contribution from the recognition of the sale of properties for the six months ended 31 January 2016 as compared to the same period last year; and (b) a significant fair value loss arising on the cross currency swaps which were entered into in relation to the Company's RMB1.8 billion senior notes issued in 2013 charged to the income statement in the same period last year. No such fair value loss was recorded in the income statement in the period under review. This increase in net profit attributable to owners of the Company was offset against a depreciated Renminbi during the period under review. Basic earnings per share was HK$0.019 (2015: HK$0.011).

Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK$134.9 million (2015: HK$6.8 million). Basic earnings per share excluding the effect of property revaluations increased to HK$0.0084 (2015: HK$0.0004). Net profit attributable to owners of the Company excluding revaluation gains of investment properties, fair value losses on cross currency swaps and ineffective portion of the effective hedge recognised in profit or loss was approximately HK$157.5 million (2015: HK$119.5 million).

Profit attributable to owners of the Company (HK$ million)	Six months ended 31 January **2016**	2015
Reported	**303.2**	184.3
Adjustments in respect of investment properties		
Revaluation of properties	**(226.4)**	(236.7)
Deferred tax on investment properties	**56.6**	59.2
Non-controlling interests' share of revaluation movements less deferred tax	**1.5**	0.0
Net profit after tax excluding revaluation gains of investment properties	**134.9**	6.8
Adjustments in respect of fair value losses on cross currency swaps	**-**	112.7
Adjustments in respect of ineffective portion of the effective hedge recognised in profit or loss	**22.6**	-
Net profit after tax excluding adjustments in respect of investment properties, fair value losses on cross currency swaps and ineffective portion of the effective hedge recognised in profit or loss	**157.5**	119.5

Net assets attributable to owners of the Company as at 31 January 2016 amounted to HK$12,834.0 million, representing a 4.7% decrease from HK$13,466.4 million as at 31 July 2015. Net asset value per share attributable to owners of the Company decreased to HK$0.792 per share as at 31 January 2016 from HK$0.835 per share as at 31 July 2015. The decrease in net asset value is primarily due to the depreciation of Renminbi partially offset by net profit earned during the period under review.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and number of car-parking spaces as at 31 January 2016:

	Commercial/ Retail	**Office**	**Serviced Apartments**	**Residential**	**Total (excluding car-parking spaces & ancillary facilities)**	**No. of car-parking spaces**
Completed Properties Held for Rental[1]	1,697	569	-	-	2,266	791
Completed Hotel Properties and Serviced Apartments	-	-	597	-	597	-
Properties Under Development[2]	1,217	1,986	822	5,792	9,817	5,463
Completed Properties Held for Sale	107[3]	76	1	377	561	1,260
Total GFA of major properties of the Group	**3,021**	**2,631**	**1,420**	**6,169**	**13,241**	**7,514**

1. *Completed and rental generating properties*
2. *All properties under construction*
3. *Completed properties for sale, including 94,263 square feet of shopping arcade space which is expected to be reclassified as completed properties held for rental purpose as it is being leased out over time.*

PROPERTY INVESTMENT

Rental Income

For the six months ended 31 January 2016, the Group's rental operations recorded a turnover of HK$310.1 million (2015: HK$307.1 million), representing a 1.0 % increase over the same period last year. Breakdown of rental turnover by major rental properties is as follows:

	Six months ended 31 January			
	2016 HK$ million	2015 HK$ million	**% Change**	**Period end occupancy (%)**
Shanghai				
Shanghai Hong Kong Plaza	**197.6**	202.7	-2.5	Retail: 89.9% Office: 97.7% Serviced Apartments: 87.1%
Shanghai May Flower Plaza	**34.7**	28.2	23.0	Retail: 94.8% Hotel: 82.5%
Shanghai Regents Park	**6.6**	6.8	-2.9	99.7%
Shanghai Northgate Plaza I	**4.1**	5.2	-21.2	63.2%
Guangzhou				
Guangzhou May Flower Plaza	**54.6**	52.4	4.2	98.3%
Guangzhou West Point	**8.7**	8.5	2.4	97.6%
Zhongshan				
Zhongshan Palm Spring	**3.8**	3.3	15.2	Retail: 86.0%* Serviced Apartments: 46.7%
Total:	**310.1**	**307.1**	**1.0**	

excluding self-use area

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

	Six months ended 31 January 2016			Six months ended 31 January 2015		
	Group interest	**Turnover (HK$ million)**	**Attributable GFA (square feet)**	Group interest	Turnover (HK$ million)	Attributable GFA (square feet)
Shanghai						
Shanghai Hong Kong Plaza	100%			100%		
Retail		83.6	468,434		88.6	468,434
Office		48.3	360,687		47.7	360,687
Serviced Apartments (room revenue and F&B)		62.3	354,239		62.7	354,239
Car-parking spaces		3.4	N/A		3.7	N/A
		197.6	**1,183,360**		202.7	1,183,360
Shanghai May Flower Plaza	100%			100%		
Retail		14.7	320,314		13.8	320,314
Hotel (room revenue and F&B)		18.8	143,846		13.7	143,846
Car-parking spaces		1.2	N/A		0.7	N/A
		34.7	**464,160**		28.2	464,160
Shanghai Regents Park	95%			95%		
Retail		5.4	77,959		5.5	77,959
Car-parking spaces		1.2	N/A		1.3	N/A
		6.6	**77,959**		6.8	77,959
Shanghai Northgate Plaza I	99%			99%		
Retail		-	190,425		-	190,425
Office		3.9	128,931		4.9	128,931
Car-parking spaces		0.2	N/A		0.3	N/A
		4.1	**319,356**		5.2	319,356
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		47.1	357,424		45.0	357,424
Office		5.6	79,431		5.5	79,431
Car-parking spaces		1.9	N/A		1.9	N/A
		54.6	**436,855**		52.4	436,855
Guangzhou West Point	100%			100%		
Retail		**8.7**	**171,968**		8.5	171,968
Guangzhou Eastern Place Phase V	100%			100%		
Retail		**-**	**23,326**		-	-
Zhongshan						
Zhongshan Palm Spring	100%			100%		
Retail		1.4	86,842		0.8	61,942
Serviced Apartments (room revenue)		2.4	98,556		2.5	98,556
		3.8	**185,398**		3.3	160,498
Total:		**310.1**	**2,862,382**		307.1	2,814,156

Rental income performed steadily as a whole with high occupancy in all the major properties. The significant increase in turnover of Shanghai May Flower Plaza is mainly driven by a better performance of the STARR Hotel Shanghai since its soft opening in November 2013 with an average occupancy rate of 83% during the period under review. A portion of the Zhongshan Palm Spring Rainbow Mall, amounting to approximately 48% of total GFA, has been reclassified as rental properties as the floor space was leased out. Further reclassification and rental income recognition will take place in due course as the property becomes fully leased.

REVIEW OF MAJOR RENTAL PROPERTIES

Shanghai Hong Kong Plaza
Shanghai Hong Kong Plaza is a twin-tower property located on both the North and South sides of the street at a prime location on Huaihaizhong Road in Huangpu District, Shanghai. The twin-towers are connected by a footbridge.

The property's total GFA is approximately 1.18 million square feet excluding 350 car-parking spaces. The property comprises an office tower, shopping arcades and a serviced apartment tower with total GFA of approximately 360,700 square feet, 468,400 square feet and 354,200 square feet, respectively. The property is directly above the Huangpi South Road Metro Station and is within walking distance of Xintiandi, a well-known landmark in Shanghai. The shopping arcades are now one of the most visible high-end retail venues for global luxury brands in the area. Anchor tenants include The Apple Store, Cartier, Coach, GAP, MCM, Shiatzy Chen, Tiffany, Y3 and internationally renowned luxury brands and a wide array of dining options. Asset enhancement aimed at improving foot traffic at the higher levels of the retail podium of the Shanghai Hong Kong Plaza has been completed and new tenants have moved in by the end of 2014.

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

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

Shanghai May Flower Plaza
Shanghai May Flower Plaza is a mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Zhabei District in Shanghai. This project is situated near the Zhongshan Road North Metro Station.

The Group acquired the 5% minority interest in this property in January 2015 and now owns 100% in the retail podium which has approximately 320,300 square feet of GFA including the basement commercial area. The asset is positioned as a community retail facility with Lotte Mart as the anchor tenant.

Shanghai Northgate Plaza
Shanghai Northgate Plaza I comprises office units, a retail podium (now closed and pending redevelopment) and car-parking spaces. Located on Tian Mu Road West in the Zhabei District of Shanghai near the Shanghai Railway Terminal, this property has a total GFA of approximately 322,600 square feet excluding car-parking spaces and ancillary area. The Group acquired the 2% minority interest in this property in July 2014 and now owns 99% of this property.

Shanghai Northgate Plaza II is a vacant site adjacent to Northgate Plaza I. The site area of Northgate Plaza II is approximately 44,300 square feet and its buildable GFA is approximately 259,900 square feet excluding car-parking spaces and ancillary facilities. In September 2015, the Group acquired the 6th to 11th floors of Hui Gong Building which is physically connected to Northgate Plaza I, together with the right to use 20 car-parking spaces in the basement. The Group plans to redevelop Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together under a comprehensive redevelopment plan. The redeveloped project will include an office tower, a shopping arcade and underground car-parking spaces. The Group is currently discussing the redevelopment proposal with professional consultants and local authorities.

Guangzhou May Flower Plaza
Guangzhou May Flower Plaza is a prime property situated at Zhongshanwu Road, Yuexiu District directly above the Gongyuanqian Metro Station in Guangzhou, the interchange station of Guangzhou Subway Lines No. 1 and 2. This 13-storey complex has a total GFA of approximately 436,900 square feet excluding 136 car-parking spaces.

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

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

Guangzhou West Point
Guangzhou West Point is located on Zhongshan Qi Road and is within walking distance from the Ximenkou Subway Station. This is a mixed-use property where the Group has sold all the residential and office units and retained a commercial podium with GFA of approximately 172,000 square feet. Tenants of the retail podium include renowned restaurants and local retail brands.

Zhongshan Palm Spring Mall
Zhongshan Palm Spring Mall is the commercial element of the wholly owned residential project, Zhongshan Palm Spring. Zhongshan Palm Spring is located in Caihong Planning Area, West District of Zhongshan. It has a total GFA of approximately 181,100 square feet and excluding self-use area, the occupancy rate as at period end was approximately 86%.

Hotel and Serviced Apartments

Ascott Huaihai Road Shanghai
Ascott Huaihai Road in Shanghai Hong Kong Plaza is managed by the Ascott Group and it is one of a premier collection of the Ascott Limited's serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence with total GFA of approximately 357,000 square feet and approximately 354,200 square feet GFA attributable to the Group has 308 contemporary apartments of various sizes: studios (640-750 sq.ft.), one-bedroom apartments (915-1,180 sq.ft.), two-bedroom apartments (1,720 sq.ft.), three-bedroom apartments (2,370 sq.ft.) and two luxurious penthouses on the highest two floors (4,520 sq.ft.). An average occupancy rate of 87.1% was achieved during the period under review and the average room tariff was approximately HK$1,300.

STARR Hotel Shanghai
STARR Hotel Shanghai soft opened in November 2013 and is a 17-storey hotel located in the Mayflower Lifestyle complex right in the heart of the Zhabei inner ring road district, within walking distance to Lines 1, 3 and 4 of the Shanghai Metro Station with easy access to major motorways. There are 239 fully furnished and equipped hotel units with stylish separate living room, bedroom, fully-equipped kitchenette and luxurious bathroom amenities for short or extended stays to meet the needs of the business travelers from around the world and the total GFA is approximately 143,800 square feet. The GFA attributable to the Group is approximately 143,800 square feet. An average occupancy rate of 82.5% was achieved during the period under review since its soft opening in November 2013 and the average room tariff was approximately HK$516.

STARR Resort Residence Zhongshan
STARR Resort Residence Zhongshan comprises two 16-storey blocks located in the Palm Lifestyle complex in Zhongshan Western District at Cui Sha Road. It is 30 minutes away from Zhongshan ferry pier and an ideal place for weekend breaks with a wide range of family oriented facilities such as an outdoor Swimming Pool, Gym, Yoga Room, Reading Room, Wine Club, Card Game / Mahjong Room, Tennis Court, etc. There are 90 fully furnished serviced apartment units with kitchenette, unit type one- and two-bedroom suite and the total GFA is approximately 98,600 square feet. The resort also has a F&B outlet of 80 seats, suitable for private party and BBQ, etc. An average occupancy rate of 46.7% was achieved during the period under review and the average room tariff was approximately HK$389.

PROPERTY DEVELOPMENT

Recognised Sales
For the six months ended 31 January 2016, the Group's property development operations recorded a turnover of HK$523.5 million (2015: HK$231.0 million) from sale of properties, representing a 126.6% increase in sales revenue over the same period last year.

Total recognised sales was primarily driven by the sales performance of Guangzhou Eastern Place Phase V and Zhongshan Palm Spring of which approximately 57,943 and 69,642 square feet of GFA were sold, respectively, achieving sales revenue of HK$322.0 million and HK$91.6 million, respectively.

For the six months ended 31 January 2016, average selling price recognised as a whole (excluding Guangzhou Dolce Vita) increased slightly to approximately HK$3,598 per square foot (2015: HK$3,521 per square foot) against a depreciated Renminbi. Sales of Guangzhou Dolce Vita performed well and achieved an average selling price of HK$3,100 per square foot. This is recognised as a component of "Share of profits of joint ventures" in the condensed consolidated income statement.

Breakdown of turnover for the six months ended 31 January 2016 from property sales is as follows:

Recognised basis	**Approximate GFA** Square feet	**Average Selling Price#** HK$/square foot	**Turnover*** HK$ million
Shanghai May Flower Plaza			
Residential Units	5,083	5,170	24.8
Office Apartment Units	11,994	3,704	41.9
Guangzhou Eastern Place			
Residential Units - Phase V	57,943	5,892	322.0
Guangzhou King's Park			
Residential Units	9,569	4,789	43.2
Zhongshan Palm Spring			
Residential High-Rise Units	9,160	707	6.1
Residential House Units	60,482	1,498	85.5
Total	**154,231**	**3,598**	**523.5**
Recognised sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units**(47.5% basis)	118,954	3,081	345.8
Retail Units**(47.5% basis)	798	5,971	4.5
Subtotal	**119,752**	**3,100**	**350.3**
Car-parking Spaces**(47.5% basis)			13.2
Total			**363.5**

Before business tax

* *After business tax*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand China Holdings Pte. Ltd. ("**CapitaLand China**") in which each of the Group and CapitaLand China has an effective 47.5% interest. For the six months ended 31 January 2016, the recognised sales (after business tax) attributable to the full project is HK$737.4 million (excluding car-parking spaces) and approximately 252,111 square feet (excluding car-parking spaces) of GFA were recognised. The recognised sales from car-parking spaces attributable to the full project is HK$27.8 million.*

Contracted Sales

As at 31 January 2016, the Group's property development operations, excluding Guangzhou Dolce Vita, has contracted but not yet recognised sales of HK$567.6 million from sale of properties (31 July 2015: HK$202.8 million) with an average selling price of HK$1,247 per square foot (31 July 2015: HK$2,642 per square foot). The decrease in the average selling price was due to Renminbi depreciation and sales mix with more sales from Zhongshan Palm Spring. The total contracted but not yet recognised sales of the Group as at 31 January 2016 including Guangzhou Dolce Vita amounted to HK$2,033.7 million (including car-parking spaces of Guangzhou Dolce Vita).

Sales momentum for the remaining units at Shanghai May Flower Plaza, Guangzhou Eastern Place Phase V and Guangzhou King's Park was steady and achieved a blended average selling price of HK$5,090 per square foot, HK$6,149 per square foot and HK$4,783 per square foot respectively. Sales of the remainder of the residential units of Guangzhou Dolce Vita were steady and average selling price decreased slightly to HK$2,423 per square foot (31 July 2015: HK$2,590 per square foot).

Breakdown of contracted but not yet recognised sales as at 31 January 2016 is as follows:

Contracted basis	**Approximate GFA** Square feet	**Average Selling Price#** HK$/square foot	**Turnover#** HK$ million
Shanghai May Flower Plaza			
Residential Units	4,598	5,285	24.3
Office Apartment Units	569	3,515	2.0
Guangzhou Eastern Place			
Residential Units - Phase V	26,086	6,149	160.4
Residential Units - Phase IV	891	4,265	3.8
Guangzhou King's Park			
Residential Units	8,363	4,783	40.0
Zhongshan Palm Spring			
Residential High-rise Units	347,561	708	245.9
Residential House Units	66,932	1,363	91.2
Subtotal	**455,000**	**1,247**	**567.6**
Contracted sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units** (47.5% basis)	604,738	2,423	1,465.5
Subtotal	**604,738**	**2,423**	**1,465.5**
Car-parking Spaces**(47.5% basis)			0.6
Subtotal			**1,466.1**
Total (excluding car-parking spaces)	**1,059,738**	**1,918**	**2,033.1**

\# *Before business tax*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of the Group and CapitaLand China has an effective 47.5% interest. As at 31 January 2016, the contracted but not yet recognised sales attributable to the full project is HK$3,085.2 million (excluding car-parking spaces) and approximately 1,273,133 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$1.2 million.*

Review of major properties completed for sale and under development

Shanghai May Flower Plaza
Shanghai May Flower Plaza is a completed mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Zhabei District in Shanghai and situated near the Zhongshan Road North Metro Station.

The residential portion of Shanghai May Flower Plaza is branded "The Mid-town" which comprises 628 residential units and approximately 627,500 square feet of GFA. During the period under review, 5,083 square feet was recognised at an average selling price of HK$5,170 per square foot, which contributed HK$24.8 million to the turnover. As at 31 January 2016, contracted but not yet recognised sales amounted to HK$24.3 million or 4,598 square feet at an average selling price of HK$5,285 per square foot. As at 31 January 2016, completed residential units held for sale in this development amounted to approximately 4,598 square feet with a carrying amount of approximately HK$7.8 million.

The for sale portion of the office apartments comprised of 96 units with a total GFA of approximately 57,500 square feet. During the period under review, sales of 11,994 square feet was recognised at an average selling price of HK$3,704 per square foot, which contributed HK$41.9 million to the turnover. As at 31 January 2016, contracted but not yet recognised sales amounted to HK$2.0 million or 569 square feet at an average selling price of HK$3,515 per square foot. As at 31 January 2016, completed office apartment units held for sale in this development amounted to approximately 569 square feet with a carrying amount of approximately HK$1.3 million.

Shanghai Wuli Bridge Project
In July 2014, the Group succeeded in the auction for the land use rights of a piece of land located by Huangpu River in Huangpu district in Shanghai with a site area of approximately 74,100 square feet. The proposed development has attributable GFA of approximately 97,460 square feet and is intended to be developed into a high end luxury residential project. This project is expected to complete in the fourth quarter of 2018.

Guangzhou Eastern Place Phase V
Guangzhou Eastern Place is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. The current Phase V development will have a total GFA attributable to the Group of approximately 964,700 square feet, comprising two residential blocks (GFA 319,400 square feet approximately), an office block and ancillary retail spaces (GFA 645,300 square feet approximately). Construction work of residential blocks has been completed during the year ended 31 July 2015 and the office block is expected to complete in the second quarter of 2016.

The residential portion of the Guangzhou Eastern Place Phase V comprised of 317 units. For the six months ended 31 January 2016, 57,943 square feet was recognised at an average selling price of HK$5,892 per square foot, which contributed HK$322.0 million to the turnover. As at 31 January 2016, contracted but not yet recognised sales amounted to HK$160.4 million or 26,086 square feet at an average selling price of HK$6,149 per square foot. As at 31 January 2016, completed residential units held for sale in this development amounted to approximately 153,470 square feet with a carrying amount of approximately HK$393.4 million.

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

Guangzhou Dolce Vita
The Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of the Group and CapitaLand China has a 47.5% interest. This development in Jinshazhou, Hengsha, Baiyun District, Guangzhou will have a total project GFA of approximately 5.860 million square feet. The project will comprise of approximately 2,796 low-rise and high-rise residential units and shopping amenities totaling 3.815 million square feet excluding ancillary facilities and car-parking spaces. It is conveniently located near the business centre of Jinshazhou as well as several shopping

and entertainment areas and is easily accessible via Guangzhou Subway Line 6 and other transport modes. Praised as the model metropolis for Guangzhou and Foshan, Jinshazhou is located in northwest Guangzhou.

The project is divided into five phases of development. Phase I comprising 8 high-rise residential blocks has been sold out. During the period under review, 119,752 square feet attributable to the Group was recognised and generated attributable sale proceeds of HK$350.3 million. As at 31 January 2016, attributable contracted but not yet recognised sales amounted to HK$1,465.5 million or 604,738 square feet at an average selling price of HK$2,423 per square foot. As at 31 January 2016, attributable GFA of completed units held for sale amounted to 103,122 square feet with a carrying amount of approximately HK$141.0 million (excluding car-parking spaces). The remaining GFA under development was approximately 1,814,584 square feet.

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

Phase	Description	Approximate GFA* (square feet)	Expected completion
II	Commercial units	19,397	Q4 2016**
IV	Townhouses and low-rise residential units	128,640	Q2 2016
V	High-rise residential units	1,666,547	Q1 2016

* *Excluding car-parking spaces and ancillary facilities*

** *The commercial units are currently used by the Group as sales centre for the project and expected to be refurbished for sale by end of 2016.*

Guangzhou King's Park

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

During the period under review, sales of 9,569 square feet was recognised at an average selling price of HK$4,789 per square foot, which contributed HK$43.2 million to the turnover. As at 31 January 2016, attributable GFA of completed units held for sale amounted to 15,167 square feet and 57 car-parking spaces with a carrying amount of approximately HK$95.9 million.

Guangzhou Paramount Centre

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

Guangzhou Haizhu Plaza

Guangzhou Haizhu Plaza is located on Chang Di Main Road in Yuexiu District, Guangzhou along the Pearl River. The Group owns the entire project. The proposed development has a total project GFA of approximately 602,800 square feet and is intended to be developed for rental purposes.

Zhongshan Palm Spring

The project is located in Caihong Planning Area, West District of Zhongshan. The overall development has a total planned GFA of approximately 8.016 million square feet. The project will comprise of high-rise residential towers, townhouses, serviced apartments and commercial blocks totaling 6.101 million square feet.

Phase Ia of the project, which was completed during the first half of the financial year ended 31 July 2013, comprises of high-rise residential towers and house units. During the period under review, 9,160 square feet of high-rise residential units and 60,482 square feet of house units were recognised at average selling prices of HK$707 and HK$1,498 per square foot, respectively, which contributed a total of HK$91.6 million to the sales turnover. As at 31 January 2016, contracted but not yet recognised sales for high-rise and townhouses amounted to HK$245.9 million and HK$91.2 million, at average selling prices of HK$708 and HK$1,363 per square foot, respectively. As at 31 January 2016, completed units held for sale in this development amounted to 107,074 square feet with a carrying amount of approximately HK$110.1 million. The remaining GFA under development was approximately 5,044,600 square feet.

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

Phase	Description	Approximate GFA* (square feet)	Expected completion
Ib	High-rise residential units	983,100	Q4 2016
II	Townhouses	202,400	Q3 2017
III	High-rise residential units including commercial units	1,353,200	Q3 2020
IV	High-rise residential units including commercial units	2,505,900	Q3 2022

** Excluding car-parking spaces and ancillary facilities*

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

Hengqin Creative Culture City Phase I

On 25 September 2013, the Company announced it had successfully won Phase I of the Creative Culture City project in Hengqin ("**Phase I CCC**") which is 80% owned by the Group and 20% owned by eSun. Phase I CCC has a total gross floor area of 4.1 million square feet including car parking spaces and ancillary facilities. The minimum investment requirement for Phase I CCC is approximately RMB3.0 billion (equivalent to approximately HK$3.5 billion), of which approximately RMB523.3 million (equivalent to approximately HK$617.4 million) is land cost as per the land grant contract entered into between the Group and The Land and Resources Bureau of Zhuhai on 27 September 2013. The master layout plan for Phase I CCC has been approved in January 2015 and construction work commenced in the end of 2015. The expected GFA breakdown by usage is set out below:

Usage	GFA (square feet)
Cultural themed hotel	596,416
Cultural workshop	430,610
Cultural commercial area	527,376
Performance halls	435,797
Office	559,966
Cultural studios	362,503
Car-parking spaces	564,500
Ancillary facilities and others	671,207
Total:	**4,148,375**

Hyatt group was engaged as the manager for the cultural themed hotel in March 2015. On 30 October 2015, a licensing agreement was entered into with Lionsgate LBE, Inc. ("**LG**") for the development and operation of an Immersive Experience Center ("**IEC**") in Phase I CCC, which expected to be approximately 236,800 square feet, containing multiple interactive experiences with at least 10 to 15 attractions developed from 6 LG intellectual properties plus food and beverage facilities as well as retail concessions. The Group also entered into licensing agreements on 30 October 2015 with a master license holder of National Geographic Society to develop a Family Edutainment Center. The size of the Family Edutainment Center is expected to be approximately 48,400 square feet, containing no less than 5 individual attractions including rides, F&B facilities, retail premises, virtual reality and/or 4-D interactive experiences, and other types of entertainment & educational attractions.

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 January 2016, cash and bank balance held by the Group amounted to HK$2,406.1 million and undrawn facilities of the Group was HK$712.5 million.

As at 31 January 2016, the Group had total borrowings amounting to HK$5,456.9 million (as at 31 July 2015: HK$5,902.4 million), representing a decrease of HK$445.5 million from 31 July 2015. The consolidated net assets attributable to the owners of the Company amounted to HK$12,834.0 million (as at 31 July 2015: HK$13,466.4 million). The gearing ratio, being net debt (total borrowings less cash and bank balances) to net assets attributable to the owners of the Company was approximately 24% (as at 31 July 2015: 23%). The maturity profile of the Group's borrowings of HK$5,456.9 million is well spread with HK$2,689.0 million repayable within 1 year, HK$383.1 million repayable in the second year, HK$2,223.3 million repayable in the third to fifth years and HK$161.5 million repayable beyond the fifth year.

Approximately 45% and 50% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 5% of the Group's borrowings were interest free.

Apart from the fixed rate senior notes, the Group's other borrowings of HK$3,351.6 million were 45% denominated in Renminbi ("**RMB**"), 41% in Hong Kong dollars ("**HKD**") and 14% in United States Dollars ("**USD**").

The Group's fixed rate senior notes of HK$2,105.3 million were denominated in RMB. On 25 April 2013, issue date of the RMB denominated senior notes ("**2013 Notes**"), the Group entered into cross currency swap agreements with financial institutions for the purpose of hedging the foreign currency risk arising from such notes. Accordingly, the 2013 Notes have been effectively converted into USD denominated loans.

The Group's cash and bank balances of HK$2,406.1 million were 88% denominated in RMB, 3% in USD and 9% in HKD.

The Group's presentation currency is denominated in HKD. The Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HKD. The Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against USD and RMB, respectively. Considering that HKD is pegged against USD, the Group believes that the corresponding exposure to USD exchange rate fluctuation is nominal. However, the Group has a net exchange exposure to RMB as the Group's assets are principally located in China and the revenues are predominantly in RMB. Apart from the aforesaid cross currency swap arrangements, the Group does not have any derivative financial instruments or hedging instruments outstanding.

Certain assets of the Group have been pledged to secure borrowings of the Group, including investment properties with a total carrying amount of approximately HK$8,653.3 million, properties under development with a total carrying amount of approximately HK$85.6 million, serviced apartments and related properties with a total carrying amount of approximately HK$580.9 million, a leasehold building with carrying amount of approximately HK$36.8 million, completed properties for sale with a total carrying amount of approximately HK$76.5 million and bank balances of approximately HK$500.4 million.

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

CONTINGENT LIABILITIES

There has been no material change in contingent liabilities of the Group since 31 July 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 January 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out from time to time in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 31 January 2016 save for the deviations from code provisions A.4.1 and A.5.1 as follows:

Under code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election.

None of the existing non-executive directors ("**NEDs**", including the independent non-executive directors ("**INEDs**")) of the Company is appointed for a specific term. However, all directors of the Company ("**Directors**") are subject to the retirement provisions of the Articles of Association of the Company ("**Articles of Association**") which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by the shareholders of the Company and the retiring Directors are eligible for re-election. In addition, in accordance with the provisions of the Articles of Association, any person appointed by the Board as a Director (including a NED) either to fill a casual vacancy or as an addition to the Board will hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and will then be eligible for re-election. In view of these, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1 and, therefore, does not intend to take any remedial steps in this regard.

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

The Company has not established a nomination committee whose functions are assumed by the full Board. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors. 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 2016, the Group employed a total of around 1,300 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

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 2016, 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
October 2015	Post results non-deal roadshow	BNP	Hong Kong
October 2015	Post results non-deal roadshow	DBS	New York/Philadelphia/ Boston/San Francisco
October 2015	Post results non-deal roadshow	Daiwa	Paris/Basel/Zurich/London
November 2015	Post results non-deal roadshow	BNP	Singapore
January 2016	DBS Vickers Pulse of Asia Conference	DBS	Singapore
January 2016	Asia Pacific Financials, Property & Logistics Conference	BNP	Hong Kong
January 2016	The Sixth 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
HSBC	Keith CHAN	20 October 2015

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

REVIEW OF INTERIM RESULTS

The audit committee of the Company ("**Audit Committee**") currently comprises two of the INEDs, namely Mr. Law Kin Ho and Mr. Lam Bing Kwan, and a NED, Mr. Lucas Ignatius Loh Jen Yuh (alternate: Mr. Chan Boon Seng). The Audit Committee has reviewed the unaudited interim results (including the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2016.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 23 March 2016

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