



LAI SUN GARMENT

Lai Sun Garment (International) Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 191)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31ST JANUARY, 2007

RESULTS

The Board of Directors of Lai Sun Garment (International) Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31st January, 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31st January, 2007

	Notes	Six months ended	
		2007 31st January, HK\$'000 (Unaudited)	2006 2006 HK\$'000 (Audited) (Reclassified)
TURNOVER	3		
Continuing operations		5,372	14,693
Discontinued operation		—	194,588
		<u>5,372</u>	<u>209,281</u>
Cost of sales		(883)	(82,205)
Gross profit		4,489	127,076
Other revenue and gain	4	10,364	22,082
Selling and distribution costs		—	(95,236)
Administrative expenses		(15,006)	(53,656)
Other operating income/(expenses), net		4,059	(599)
Fair value gain on investment properties		21,400	158,799
PROFIT FROM OPERATING ACTIVITIES	5	<u>25,306</u>	<u>158,466</u>
Finance costs	6	(9,061)	(11,497)
Share of profits and losses of associates		82,509	26,763
		<u>98,754</u>	<u>173,732</u>
PROFIT BEFORE TAX			
Continuing operations		98,754	167,464
Discontinued operation		—	6,268
		<u>98,754</u>	<u>173,732</u>
Tax	7		
Continuing operations		(3,745)	(30,398)
Discontinued operation		—	16,146

	Notes	31st January, 2007 HK\$'000 (Unaudited)	31st July, 2006 HK\$'000 (Audited)
CURRENT LIABILITIES			
Tax payable		231	231
Creditors, deposits received and accruals	10	18,082	15,648
Total current liabilities		<u>18,313</u>	<u>15,879</u>
NET CURRENT ASSETS		<u>59,450</u>	<u>24,972</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,417,998</u>	<u>3,229,736</u>
NON-CURRENT LIABILITIES			
Interest-bearing other borrowings		(31,745)	(31,745)
Note payable		(195,000)	(195,000)
Accrued interest payable		(32,322)	(23,313)
Deferred tax liabilities		(23,910)	(20,165)
Total non-current liabilities		<u>(282,977)</u>	<u>(270,223)</u>
		<u>3,135,021</u>	<u>2,959,513</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		16,174	16,174
Share premium account		1,908,840	1,908,840
Asset revaluation reserve		55,494	55,494
Investment revaluation reserve		265,732	265,331
Share option reserve		306	—
Capital reserve		148,694	148,694
Exchange fluctuation reserve		138,303	58,511
Retained earnings		601,478	506,469
		<u>3,135,021</u>	<u>2,959,513</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st January, 2007

	Attributable to equity holders of the Company						Minority
	Share Issued	Share premium	Asset revaluation	Investment revaluation	Share option	Exchange fluctuation	
					Capital	Retained	

Continuing operations		98,754	167,464
Discontinued operation		—	6,268
		98,754	173,732
Tax	7		
Continuing operations		(3,745)	(30,398)
Discontinued operation		—	16,146
		(3,745)	(14,252)
PROFIT FOR THE PERIOD			
Continuing operations		95,009	137,066
Discontinued operation		—	22,414
		95,009	159,480
Attributable to:			
Equity holders of the Company			
Continuing operations		95,009	87,327
Discontinued operation		—	12,313
		95,009	99,640
Minority interests		—	59,840
		95,009	159,480
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic			
— For profit for the period		HK 5.87 cents	HK 6.16 cents
— For profit from continuing operations		HK 5.87 cents	HK 5.40 cents
Diluted			
— For profit for the period		N/A	N/A
— For profit from continuing operations		N/A	N/A
CONDENSED CONSOLIDATED BALANCE SHEET			
<i>As at 31st January, 2007</i>			
		31st January, 2007	31st July, 2006
		HK\$'000	HK\$'000
	Notes	(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		3,844	4,276
Investment properties		140,500	119,100
Properties under development		152,210	138,494
Interests in associates		2,428,048	2,268,218
Available-for-sale equity investments		466,946	466,946
Loan receivable		—	40,730
Promissory note receivable		167,000	167,000
Total non-current assets		3,358,548	3,204,764
CURRENT ASSETS			
Debtors, deposits and other receivables	9	9,252	6,159
Cash and cash equivalents		68,511	34,692
Total current assets		77,763	40,851

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st January, 2007

	Attributable to equity holders of the Company										
	Issued capital	Share premium account	Asset revaluation reserve	Investment revaluation reserve	Share option reserve	Capital reserve	Exchange fluctuation reserve	Retained earnings	Sub-total	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31st July, 2006 and 1st August, 2006 (Audited)	16,174	1,908,840	55,494	265,331	—	148,694	58,511	506,469	2,959,513	—	2,959,513
Share of reserve movements of an associate	—	—	—	401	306	—	79,792	—	80,499	—	80,499
Net income recognised directly in equity	—	—	—	401	306	—	79,792	—	80,499	—	80,499
Profit for the period	—	—	—	—	—	—	—	95,009	95,009	—	95,009
At 31st January, 2007 (Unaudited)	16,174	1,908,840	55,494	265,732	306	148,694	138,303	601,478	3,135,021	—	3,135,021
At 31st July, 2005 and 1st August, 2005 (Audited)	808,712	1,116,302	55,799	(12,663)	—	148,694	43,544	626,940	2,787,328	201,745	2,989,073
Exchange realignment: Subsidiaries	—	—	—	—	—	—	1,278	—	1,278	—	1,278
Changes in fair values of available-for-sale equity investments	—	—	—	83,892	—	—	—	—	83,892	—	83,892
Share of reserve movement of an associate	—	—	—	—	—	—	4,897	—	4,897	—	4,897
Net income recognised directly in equity	—	—	—	83,892	—	—	6,175	—	90,067	—	90,067
Profit for the period	—	—	—	—	—	—	—	99,640	99,640	59,840	159,480
Total recognised income for the period	—	—	—	83,892	—	—	6,175	99,640	189,707	59,840	249,547
Capital reduction	(792,538)	792,538	—	—	—	—	—	—	—	—	—
Contribution from minority equity holders	—	—	—	—	—	—	—	—	—	10,859	10,859
At 31st January, 2006 (Audited)	16,174	1,908,840	55,799	71,229	—	148,694	49,719	726,580	2,977,035	272,444	3,249,479

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31st January, 2007 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

The condensed consolidated interim financial statements for the six months ended 31st January, 2006 had been audited by the Company's auditors. Upon the disposal of all the shares of Crocodile Garments Limited ("CGL"), a former subsidiary of the Group, which was principally engaged in manufacture and trading of garments and property investment, held by the Group in May 2006, the Group ceased the business of manufacture and trading of garments. Certain comparative amounts as shown in the condensed consolidated income statement and its relevant notes for the six months ended 31st January, 2006 have been reclassified to present this information by continuing operations and discontinued operation so as to achieve a comparable presentation of result for the current period. Such reclassification has not been reviewed or audited by the Company's auditors.

2. Significant accounting policies

The significant accounting policies and basis of presentation used in the preparation of these interim financial statements are the same as those used in the Group's audited consolidated financial statements for the year ended 31st July, 2006, except as described below:

2.1 Impact of new and revised Hong Kong Financial Reporting Standards ("HKFRS", which also include HKASs and Interpretations)

The HKICPA has issued a number of new and revised HKFRSs, which are generally effective for accounting periods beginning on or after 1st January, 2006. The Group has adopted the following new and revised HKFRSs which are pertinent to its operations and relevant to these unaudited condensed consolidated interim financial statements:

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HK(IFRIC) — Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC) — Int 8	Scope of HKFRS 2

The adoption of these new and revised HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group's unaudited condensed consolidated interim financial statements.

2.2 Impact of issued but not yet effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these unaudited condensed consolidated interim financial statements:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) — Int 11	HKFRS2 — Group and Treasury Share Transactions
HK(IFRIC) — Int 12	Service Concession Arrangements

HKAS 1 Amendment shall be applied for annual periods beginning on or after 1st January, 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for annual periods beginning on or after 1st January, 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates many of the disclosure requirements of HKAS 32.

HKFRS 8 shall be applied for annual periods beginning on or after 1st January, 2009. The standard requires the disclosure of information about the operating segments of the Group, the products and services provided by the segments, the geographical areas in which the Group operates, and revenues from the Group's major customers. The standard will supersede HKAS 14 "Segment Reporting".

HK(IFRIC) — Int 10, HK(IFRIC)-Int 11 and HK(IFRIC)-Int 12 shall be applied for annual periods beginning on or after 1st November, 2006, 1st March, 2007 and 1st January, 2008 respectively.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of the HKAS 1 Amendment, HKFRS 7 and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. Segment information

(a) Business segments

The Group is currently focusing on its property development and property investment businesses. The Group was also involved in the business of manufacture and trading of garments which was discontinued during the year ended 31st July, 2006.

The following table presents revenue and profit/(loss) for the Group's business segments:

Continuing operations				Discontinued operation		Consolidated
Property development	Property investment	Others	Sub-total	Garment operation		
Six months ended	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended	

5. Profit from operating activities

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

	Continuing operations		Discontinued operation		Total	
	Six months ended		Six months ended		Six months ended	
	31st January, 2007		31st January, 2006		31st January, 2007	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	(Reclassified)		(Reclassified)		(Reclassified)	
Depreciation	915	870	—	5,808	915	6,678
Reversal of impairment for loan and interest receivable*	(4,059)	—	—	—	(4,059)	—
Write-back of provision for slow-moving inventories**	—	—	—	(2,922)	—	(2,922)
Loss on disposal of items of property, plant and equipment	—	—	—	14	—	14
	<u>—</u>	<u>—</u>	<u>—</u>	<u>14</u>	<u>—</u>	<u>14</u>

* This item is included in "Other operating income/(expenses), net" on the face of the condensed consolidated income statement.

** This item is included in "Cost of sales" on the face of the condensed consolidated income statement.

6. Finance costs

	Six months ended	
	31st January,	
	2007	2006
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
	(Reclassified)	
Interests on:		
Bank loans and overdrafts wholly repayable within five years	—	802
Note payable and other borrowings wholly repayable within five years	9,011	10,695
Total interest expense	9,011	11,497
Bank charges and refinancing charges	50	—
	<u>9,061</u>	<u>11,497</u>
Attributable to continuing operations	9,061	10,695
Attributable to a discontinued operation	—	802
	<u>9,061</u>	<u>11,497</u>

7. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (six months ended 31st January, 2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in places in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended	
	31st January,	
	2007	2006
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
	(Reclassified)	
Provision for the period:		
Deferred tax	3,745	24,858
Prior periods' overprovision:		
Mainland China	—	(10,606)
Tax charge for the period	<u>3,745</u>	<u>14,252</u>

The Group is currently focusing on its property development and property investment businesses. The Group was also involved in the business of manufacture and trading of garments which was discontinued during the year ended 31st July, 2006.

The following table presents revenue and profit/(loss) for the Group's business segments:

	Continuing operations				Discontinued operation				Consolidated			
	Property development		Property investment		Others		Sub-total		Garment operation			
Six months ended	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended		
31st January, 2007	31st January, 2006	31st January, 2007	31st January, 2006	31st January, 2007	31st January, 2006	31st January, 2007	31st January, 2006	31st January, 2007	31st January, 2006	31st January, 2007	31st January, 2006	
HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	
Segment revenue:												
Sales to external customers	—	—	5,372	8,473	—	6,220	5,372	14,693	—	194,588	5,372	209,281
Other revenue and gain	—	—	—	107	—	—	—	107	—	13,310	—	13,417
Total	—	—	5,372	8,580	—	6,220	5,372	14,800	—	207,898	5,372	222,698
Segment results	—	—	10,883	150,810	—	(5,128)	10,883	145,682	—	4,119	10,883	149,801
Unallocated other revenue and gain							10,364	5,714	—	2,951	10,364	8,665
Unallocated other operating income							4,059	—	—	—	4,059	—
Profit from operating activities							25,306	151,396	—	7,070	25,306	158,466

(b) **Geographical segments**

The following table presents revenue for the Group's geographical segments:

	Hong Kong		Mainland China		Consolidated	
	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended
31st January, 2007	31st January, 2006	31st January, 2007	31st January, 2006	31st January, 2007	31st January, 2006	31st January, 2006
HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Audited)
Segment revenue:						
Sales to external customers	5,372	131,698	—	77,583	5,372	209,281
Attributable to a discontinued operation	—	(123,225)	—	(71,363)	—	(194,588)
Revenue from continuing operations	5,372	8,473	—	6,220	5,372	14,693

4. **Other revenue and gain**

	Continuing operations		Discontinued operation		Total	
	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended	Six months ended
31st January, 2007	31st January, 2006	31st January, 2007	31st January, 2006	31st January, 2007	31st January, 2006	31st January, 2006
HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Audited)
Royalty income	—	—	—	11,532	—	11,532
Unrealised gain on revaluation of equity investments at fair value through profit or loss	—	696	—	—	—	696
Dividend income from equity investments at fair value through profit or loss	—	458	—	—	—	458
Interest income from bank deposits	941	963	—	2,951	941	3,914
Other interest income	9,423	3,597	—	—	9,423	3,597
Others	—	107	—	1,778	—	1,885
	10,364	5,821	—	16,261	10,364	22,082

Provision for the period:		
Deferred tax	3,745	24,858
Prior periods' overprovision:		
Mainland China	—	(10,606)
Tax charge for the period	3,745	14,252
Attributable to continuing operations	3,745	30,398
Attributable to a discontinued operation	—	(16,146)
	3,745	14,252

8. **Earnings per share attributable to ordinary equity holders of the Company**

The calculation of basic earnings per share is based on profit for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the period.

The diluted earnings per share for the six months ended 31st January, 2007 and 2006 have not been disclosed as no diluting event existed during these periods.

The calculation of basic earnings per share is based on:

	Six months ended	
	31st January,	
	2007	2006
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation:		
From continuing operations	95,009	87,327
From discontinued operation	—	12,313
	95,009	99,640

Earnings

Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation:

From continuing operations	95,009	87,327
From discontinued operation	—	12,313
	95,009	99,640

Shares

Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation

	1,617,423,423	1,617,423,423
--	---------------	---------------

9. **Debtors, deposits and other receivables**

The Group's major businesses are property development and property investment. The major income derived during the interim period is rental income. 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. In view of the Group's trade debtors relate to a number of diversified customers, there is no significant concentration of credit risk. Trade debtors are non-interest bearing.

An aged analysis of the debtors, based on invoice date, as at the balance sheet date is as follows:

	31st January, 2007	31st July, 2006
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Debtors:		
Current to 90 days	219	394
91 to 180 days	2	41
181 to 365 days	—	27
	221	462
Deposits and other receivables	9,031	5,697
	9,252	6,159

10. Creditors, deposits received and accruals

An aged analysis of the creditors, based on invoice date, as at the balance sheet date is as follows:

	31st January, 2007 HK\$'000 (Unaudited)	31st July, 2006 HK\$'000 (Audited)
Creditors:		
Current to 90 days	19	258
Deposits received and accruals	<u>18,063</u>	<u>15,390</u>
	<u>18,082</u>	<u>15,648</u>

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the financial year ending 31st July, 2007. No interim dividend was declared in respect of the previous corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Interim Results

As a result of the disposal of the Group's shareholding in CGL in May 2006, and with the Group ceasing to engage in the now discontinued garment business, the Group recorded a turnover of HK\$5,372,000 for the six months ended 31st January, 2007, compared to a turnover of HK\$209,281,000 for the previous corresponding period (of which HK\$14,693,000 was derived from continuing operations and HK\$194,588,000 from discontinued operation).

For the six months ended 31st January, 2007, the Group recorded a consolidated profit attributable to equity holders of the Company of HK\$95,009,000, compared to HK\$99,640,000 for the previous corresponding period.

Shareholders' equity as at 31st January, 2007 amounted to HK\$3,135,021,000, up from HK\$2,959,513,000 as at 31st July, 2006. Net asset value per share as at 31st January, 2007 was HK\$1.94, as compared to HK\$1.83 as at 31st July, 2006.

Lai Fung Holdings Limited ("Lai Fung")

As at 31st January, 2007, the Group holds an effective 40.58% interest in Lai Fung.

For the six months ended 31st January, 2007, Lai Fung recorded a turnover of HK\$504,666,000 and a consolidated profit attributable to equity holders of HK\$203,544,000, representing a decrease of approximately 15% and an increase of approximately 194%, respectively from the previous corresponding period.

During the period, Lai Fung derived a turnover of HK\$111,625,000 from gross rental income from Shanghai Hong Kong Plaza and Guangzhou Mayflower Plaza, up approximately 18% from the previous corresponding period. Lai Fung also derived a turnover of HK\$393,041,000 from sale of development properties, down approximately 21% from the previous corresponding period. Substantially most of the turnover from sale of development properties during the period was attributable to the sale of residential units at Guangzhou Eastern Place Phase IV.

Lai Sun Development Company Limited ("LSD")

LSD and eSun

LSD will continue to improve its tenant mix in its investment properties so as to strength its rental income base. LSD is also actively looking for development projects which offer good investment returns.

LSD is still evaluating the possible redevelopment of The Ritz-Carlton Hong Kong. Redevelopment of The Ritz-Carlton Hong Kong is likely to significantly enhance the recurring rental income and the capital value of the property, after completion of such redevelopment.

eSun's Macao Studio City project will dramatically transform its businesses. Given its mega-scale and its unique positioning in Macau — a new integrated leisure, convention and retail centre in Asia, we expect Macao Studio City will stand as the major entertainment destination for visitors from Greater China and other parts of the world. It will become an important platform for the eSun Group to expand and monetarize its entertainment and media expertise. Upon the completion of Macao Studio City project, the eSun Group will become an operator of integrated leisure and entertainment venues as well as a provider of media and entertainment contents and services. On the media and entertainment businesses, the eSun Group will continue to consolidate its position in the media and entertainment industry.

According to the current plan, the Macao Studio City joint venture intends to tap the international capital markets in the middle of 2007 to raise debt financing to fund its construction and development costs. Foundation work of Macao Studio City will start in the second quarter of 2007 and construction of the superstructure is expected to commence in the fourth quarter of 2007. First phase of the project is scheduled to open in 2009.

79 Hoi Yuen Road, Kwun Tong, Hong Kong

On completion of this joint redevelopment with CGL, the Group will retain the retail portion of this redeveloped property. This redevelopment is expected to be completed by the end of 2009 and by then will augment the Group's recurring rental income base.

Liquidity and Financial Resources

The Group has diverse sources of financing comprising internal funds generated from the Group's business operations, and bank and other borrowings.

As at 31st January, 2007, total borrowings (comprising the note payable of HK\$195 million and a loan of HK\$32 million payable to the late Mr. Lim Por Yen) amounted to HK\$227 million. As at that date, consolidated net assets of the Group amounted to HK\$3,135 million. The debt to equity ratio as expressed in a percentage of total borrowings to consolidated net assets as at that date was approximately 7.2%.

The note payable of HK\$195 million and a loan of HK\$32 million payable to the late Mr. Lim Por Yen have maturity dates on 30th April, 2006 and 30th November, 2005, respectively. The Group has received confirmation from the executor of the estate of the late Mr. Lim Por Yen that such note and loan payables are not repayable within one year from the balance sheet date.

The Group's borrowings were maintained as floating rate debts. Attention will be paid to the interest rate movements. Hedging instruments will be employed when necessary to hedge against unanticipated interest rate volatilities.

As at 31st January, 2007, certain investment properties with carrying value of approximately HK\$137

corresponding period. Lai Fung also derived a turnover of HK\$593,041,000 from sale of development properties, down approximately 21% from the previous corresponding period. Substantially most of the turnover from sale of development properties during the period was attributable to the sale of residential units at Guangzhou Eastern Place Phase IV.

Lai Sun Development Company Limited (“LSD”)

As at 31st January, 2007, the Group holds an effective 11.18% interest in LSD.

For the six months ended 31st January, 2007, LSD recorded a total turnover of HK\$458,030,000 and a consolidated profit attributable to equity holders of HK\$600,103,000, representing an increase of approximately 13% and 159%, respectively from the previous corresponding period.

During the period, LSD derived a turnover of HK\$143,999,000 from gross rental income from its investment properties portfolios and a turnover of HK\$297,755,000 from its hotel operations, up approximately 9% and 16%, respectively from the previous corresponding period. During the period, LSD hotel operations achieved the following average occupancy and average daily room rate compared to the previous corresponding period:

	For the six months ended 31st January, 2007		2006		
	Effective ownership	Average occupancy (%)	Average daily room rate	Average occupancy (%)	Average daily room rate
The Ritz-Carlton Hong Kong	65%	86	HK\$2,768	83	HK\$2,349
Majestic Hotel, Kowloon, Hong Kong	50%	92	HK\$686	93	HK\$593
Caravelle Hotel, Ho Chi Minh, Vietnam	26%	71	US\$141	71	US\$113

During the period, LSD derived share of profits from associates of HK\$402,398,000, up approximately 515% from the previous corresponding period largely due to a gain on completion in sale of 40% effective interest in the Macao Studio City project to its joint venture partner by eSun Holdings Limited (“eSun”), in which LSD has 34.83% interest as at 31st January, 2007.

Prospects

Lai Fung

Lai Fung will continue to focus on property development projects located in prime areas in core cities in China. It currently has a sizeable rental property portfolio with an aggregate gross floor area (“GFA”) attributable to the Lai Fung Group of around 200,000 sq.m., and has property under development and land bank with an aggregate GFA attributable to the Lai Fung Group of around 1 million sq.m. in Shanghai, Guangzhou and Zhongshan.

For Lai Fung’s investment properties, given the tremendous potential in rental rates in Shanghai and Guangzhou in the next few years due to strong consumer spending and office demand, Lai Fung will strive to improve the rental income from its investment properties through improvement of tenant mix, and major renovations.

For Lai Fung’s development properties, Lai Fung has accelerated its property development schedule and expects the completion volume to increase significantly in the next few years.

In future, Lai Fung seeks to expand its land bank in core cities such as Shanghai and Guangzhou where it already has a strong presence and is also actively looking for land acquisition targets in Beijing.

The Group’s borrowings were maintained as floating rate debts. Attention will be paid to the interest rate movements. Hedging instruments will be employed when necessary to hedge against unanticipated interest rate volatilities.

As at 31st January, 2007, certain investment properties with carrying value of approximately HK\$137 million were pledged to a bank to secure banking facility granted to the Group.

Cash and bank balances held by the Group as at 31st January, 2007 amounted to approximately HK\$69 million, which was considered adequate to cover the working capital requirement of the Group.

The Group’s monetary assets and liabilities and transactions are principally denominated in Hong Kong dollar. The Group does not have any significant exposure to exchange rate risk.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31st January, 2007, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company’s listed securities.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the accounting period covered by the interim report save for the deviations from code provision A.4.1.

Under code provision A.4.1, non-executive directors should be appointed for a specific term and be subject to re-election. None of the existing non-executive Directors of the Company was appointed for a specific term. However, all Directors of the Company are subject to the retirement provisions in the Articles of Association of the Company which provide that the Directors for the time being shall retire from office by rotation once every three years since their last election at each annual general meeting and a retiring Director shall be eligible for re-election.

REVIEW OF INTERIM RESULTS

The interim results of the Company for the six months ended 31st January, 2007 has been reviewed by the audit committee of the Company. The audit committee comprises the three independent non-executive Directors of the Company, namely, Messrs. Wan Yee Hwa, Edward, Leung Shu Yin, William and Chow Bing Chiu.

By Order of the Board
Lam Kin Ming
Chairman

Hong Kong, 13th April, 2007

As at the date of this announcement, the executive Directors of the Company are Mr. Lam Kin Ming, Mr. Lam Kin Ngok, Peter, Mr. Shiu Kai Wah, Mr. Lam Kin Hong, Matthew, Mr. Tam Kin Man, Kraven and Mr. Lam Hau Yin, Lester (also alternate to Madam U Po Chu); the non-executive Directors are Madam U Po Chu, Mr. Chiu Wai, Madam Lai Yuen Fong and Miss Lam Wai Kei, Vicky (alternate Director to Madam Lai Yuen Fong); and the independent non-executive Directors are Mr. Wan Yee Hwa, Edward, Mr. Leung Shu Yin, William and Mr. Chow Bing Chiu.